FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

Website: http://www.firstpacific.com

(Stock code: 00142)

2013 Interim Results - Unaudited

FINANCIAL HIGHLIGHTS

- Turnover increased by 4.5% to US$3,123.8 million (HK$24,365.6 million) from US$2,989.5 million (HK$23,318.1 million).
- Profit contribution from operations increased by 0.4% to US$250.3 million (HK$1,952.3 million) from US$249.2 million (HK$1,943.8 million).
- Recurring profit decreased by 8.3% to US$185.1 million (HK$1,443.8 million) from US$201.9 million (HK$1,574.8 million).
- Non-recurring losses of US$3.4 million (HK$26.5 million) were recorded compared with non-recurring gains of US$15.2 million (HK$118.6 million).
- Profit attributable to owners of the parent decreased by 35.4% to US$142.7 million (HK$1,113.1 million) from US$220.8 million (HK$1,722.2 million), reflecting in addition to the decrease in recurring profit and non-recurring losses recorded, also foreign exchange and derivative losses and loss on changes in fair value of plantations recorded.
- Recurring basic earnings per share (calculated based on recurring profit) decreased by 8.2% to U.S. 4.72 cents (HK36.8 cents) from U.S. 5.14 cents (HK40.1 cents).
- Basic earnings per share decreased by 35.2% to U.S. 3.64 cents (HK28.4 cents) from U.S. 5.62 cents (HK43.8 cents).
- An interim dividend of HK8.00 cents (U.S. 1.03 cents) (2012: HK8.00 cents or U.S. 1.03 cents) per ordinary share has been declared, representing a dividend payout ratio of approximately 24% (2012: approximately 19%) of recurring profit.
- Equity attributable to owners of the parent remained flat at US$3,239.1 million (HK$25,265.0 million) at 30 June 2013 compared with US$3,240.0 million (HK$25,272.0 million) at 31 December 2012.
- Consolidated gearing ratio increased to 0.45 times at 30 June 2013 from 0.30 times at 31 December 2012.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT - UNAUDITED

For the six months ended 30 June	Notes	2013 US$m	2012 (Restated)[i] US$m	2013 HK$m*	2012 (Restated)[i] HK$m*
Turnover	2	**3,123.8**	2,989.5	**24,365.6**	23,318.1
Cost of sales		**(2,216.7)**	(2,046.6)	**(17,290.2)**	(15,963.5)
Gross profit		**907.1**	942.9	**7,075.4**	7,354.6
Gain on dilutions, net		**-**	14.4	**-**	112.3
Distribution expenses		**(228.4)**	(208.4)	**(1,781.5)**	(1,625.5)
Administrative expenses		**(255.3)**	(229.0)	**(1,991.4)**	(1,786.2)
Other operating (expenses)/income, net		**(168.5)**	13.2	**(1,314.3)**	103.0
Interest income		**37.2**	39.9	**290.1**	311.2
Finance costs		**(158.3)**	(130.5)	**(1,234.7)**	(1,017.9)
Share of profits less losses of associated companies and joint ventures		**162.6**	152.1	**1,268.3**	1,186.4
Profit before taxation	3	**296.4**	594.6	**2,311.9**	4,637.9
Taxation	4	**(42.5)**	(111.8)	**(331.5)**	(872.1)
Profit for the period		**253.9**	482.8	**1,980.4**	3,765.8
Attributable to:					
Owners of the parent	5	**142.7**	220.8	**1,113.1**	1,722.2
Non-controlling interests		**111.2**	262.0	**867.3**	2,043.6
		253.9	482.8	**1,980.4**	3,765.8
		US¢	US¢	**HK¢***	HK¢*
Earnings per share attributable to owners of the parent	6				
Basic		**3.64**	5.62	**28.4**	43.8
Diluted		**3.59**	5.53	**28.0**	43.1

(i) Refer to Note 1(B)

Details of the dividend declared for the period is disclosed in Note 7.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

For the six months ended 30 June	2013 US$m	2012 (Restated)(i) US$m	2013 HK$m*	2012 (Restated)(i) HK$m*
Profit for the period	**253.9**	482.8	**1,980.4**	3,765.8
Other comprehensive (loss)/income				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	**(221.5)**	(93.9)	**(1,727.7)**	(732.4)
Unrealized gains/(losses) on available-for-sale assets	**17.6**	(6.0)	**137.3**	(46.8)
Realized gain on available-for-sale-assets	**(0.8)**	-	**(6.2)**	-
Unrealized gains on cash flow hedges	**7.9**	0.2	**61.6**	1.6
Realized losses on cash flow hedges	**-**	2.8	**-**	21.8
Income tax related to cash flow hedges	**(0.9)**	-	**(7.0)**	-
Share of other comprehensive income of associated companies and joint ventures	**(68.3)**	31.2	**(532.7)**	243.4
Items that will not be reclassified to profit or loss:				
Actuarial (losses)/gains on defined benefit pension plans	**(2.7)**	0.4	**(21.1)**	3.1
Revaluation deficit of assets	**(1.6)**	-	**(12.5)**	-
Share of other comprehensive income of associated companies and joint ventures	**(2.7)**	-	**(21.1)**	-
Other comprehensive loss for the period, net of tax	**(273.0)**	(65.3)	**(2,129.4)**	(509.3)
Total comprehensive (loss)/income for the period	**(19.1)**	417.5	**(149.0)**	3,256.5
Attributable to:				
Owners of the parent	**(7.6)**	243.6	**(59.3)**	1,900.1
Non-controlling interests	**(11.5)**	173.9	**(89.7)**	1,356.4
	(19.1)	417.5	**(149.0)**	3,256.5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2013 (Unaudited) US$m	At 31 December 2012 (Restated)(i) US$m	At 30 June 2013 (Unaudited) HK$m*	At 31 December 2012 (Restated)(i) HK$m*
Non-current assets					
Property, plant and equipment		**2,714.0**	1,824.3	**21,169.2**	14,229.6
Plantations		**1,177.6**	1,301.5	**9,185.3**	10,151.7
Associated companies and joint ventures		**3,426.1**	3,299.1	**26,723.6**	25,733.0
Goodwill		**1,155.2**	808.2	**9,010.6**	6,304.0
Other intangible assets		**2,467.3**	2,305.8	**19,244.9**	17,985.2
Accounts receivable, other receivables and prepayments	8	**30.8**	190.6	**240.2**	1,486.7
Available-for-sale assets		**174.3**	41.9	**1,359.5**	326.8
Deferred tax assets		**156.8**	132.3	**1,223.0**	1,031.9
Pledged deposits		**11.1**	11.1	**86.6**	86.6
Other non-current assets		**263.0**	288.4	**2,051.5**	2,249.5
		11,576.2	10,203.2	**90,294.4**	79,585.0
Current assets					
Cash and cash equivalents		**1,808.2**	2,175.0	**14,104.0**	16,965.0
Restricted cash		**73.6**	33.1	**574.1**	258.2
Available-for-sale assets		**75.4**	58.7	**588.1**	457.8
Accounts receivable, other receivables and prepayments	8	**928.7**	600.0	**7,243.9**	4,680.0
Inventories		**778.3**	816.7	**6,070.6**	6,370.3
		3,664.2	3,683.5	**28,580.7**	28,731.3
Current liabilities					
Accounts payable, other payables and accruals	9	**1,281.9**	984.4	**9,998.8**	7,678.3
Short-term borrowings		**1,137.1**	926.5	**8,869.4**	7,226.7
Provision for taxation		**47.8**	39.0	**372.8**	304.2
Current portion of deferred liabilities, provisions and payables		**145.8**	119.7	**1,137.3**	933.7
		2,612.6	2,069.6	**20,378.3**	16,142.9
Net current assets		**1,051.6**	1,613.9	**8,202.4**	12,588.4
Total assets less current liabilities		**12,627.8**	11,817.1	**98,496.8**	92,173.4
Equity					
Issued share capital		**38.4**	38.3	**299.5**	298.7
Retained earnings		**1,550.8**	1,479.8	**12,096.2**	11,542.5
Other components of equity		**1,649.9**	1,721.9	**12,869.3**	13,430.8
Equity attributable to owners of the parent		**3,239.1**	3,240.0	**25,265.0**	25,272.0
Non-controlling interests		**4,154.7**	4,010.7	**32,406.6**	31,283.5
Total equity		**7,393.8**	7,250.7	**57,671.6**	56,555.5
Non-current liabilities					
Long-term borrowings		**4,097.5**	3,438.5	**31,960.5**	26,820.3
Deferred liabilities, provisions and payables		**745.1**	691.2	**5,811.8**	5,391.4
Deferred tax liabilities		**391.4**	436.7	**3,052.9**	3,406.2
		5,234.0	4,566.4	**40,825.2**	35,617.9
		12,627.8	11,817.1	**98,496.8**	92,173.4

(i) Refer to Note 1(B)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

US$m	Note	Equity attributable to owners of the parent Issued share capital	Share premium	Share options issued	Other comprehensive income/ (loss) (Note 10)	Differences arising from changes in equities of subsidiary companies	Capital and other reserves	Retained earnings	Total	Non-controlling interests	(Unaudited) Total equity
Balance at 1 January 2012											
As previously reported		38.5	1,289.2	39.7	109.8	248.6	12.3	1,284.6	3,022.7	3,856.5	6,879.2
Prior year adjustments		-	-	-	0.6	-	-	(0.6)	-	-	-
As restated(i)		38.5	1,289.2	39.7	110.4	248.6	12.3	1,284.0	3,022.7	3,856.5	6,879.2
Profit for the period											
As previously reported		-	-	-	-	-	-	222.2	222.2	262.3	484.5
Prior year adjustments	1(B)	-	-	-	-	-	-	(1.4)	(1.4)	(0.3)	(1.7)
As restated(i)		-	-	-	-	-	-	220.8	220.8	262.0	482.8
Other comprehensive income/(loss) for the period											
As previously reported		-	-	-	22.7	-	-	-	22.7	(88.4)	(65.7)
Prior year adjustments		-	-	-	0.1	-	-	-	0.1	0.3	0.4
As restated(i)		-	-	-	22.8	-	-	-	22.8	(88.1)	(65.3)
Total comprehensive income for the period		-	-	-	22.8	-	-	220.8	243.6	173.9	417.5
Issue of shares upon the exercise of share options		0.2	12.0	(3.9)	-	-	-	-	8.3	-	8.3
Repurchase and cancellation of shares		(0.4)	-	-	-	-	0.4	(40.1)	(40.1)	-	(40.1)
Equity-settled share option arrangements		-	-	1.7	-	-	-	-	1.7	-	1.7
Acquisition, dilution and divestment of interests in subsidiary companies		-	-	-	-	1.1	-	-	1.1	12.6	13.7
Dilution of interests in associated companies		-	-	-	-	(0.3)	-	-	(0.3)	-	(0.3)
2011 final dividend paid		-	-	-	-	-	-	(64.2)	(64.2)	-	(64.2)
Dividends payable and paid to non-controlling shareholders		-	-	-	-	-	-	-	-	(149.6)	(149.6)
Balance at 30 June 2012		38.3	1,301.2	37.5	133.2	249.4	12.7	1,400.5	3,172.8	3,893.4	7,066.2
Balance at 1 January 2013											
As previously reported		38.3	1,312.2	33.8	174.9	242.3	0.5	1,431.3	3,233.3	4,010.7	**7,244.0**
Prior year adjustments	1(B)	-	-	-	(41.8)	-	-	48.5	6.7	-	**6.7**
As restated(i)		38.3	1,312.2	33.8	133.1	242.3	0.5	1,479.8	3,240.0	4,010.7	**7,250.7**
Profit for the period		-	-	-	-	-	-	142.7	142.7	111.2	**253.9**
Other comprehensive loss for the period		-	-	-	(149.4)	-	(0.9)	-	(150.3)	(122.7)	**(273.0)**
Total comprehensive loss for the period		-	-	-	(149.4)	-	(0.9)	142.7	(7.6)	(11.5)	**(19.1)**
Issue of shares upon the exercise of share options		0.2	13.2	(4.3)	-	-	-	-	9.1	-	**9.1**
Repurchase and cancellation of shares		(0.1)	-	-	-	-	0.1	(6.1)	(6.1)	-	**(6.1)**
Equity-settled share option arrangements		-	-	4.1	-	-	-	-	4.1	-	**4.1**
Reserve of a disposal group of associated companies classified as held for sale		-	-	-	-	-	13.3	-	13.3	-	**13.3**
Dilution and divestment of interests in subsidiary companies		-	-	-	(6.7)	57.2	-	-	50.5	177.6	**228.1**
Revaluation deficit of assets transferred to retained earnings		-	-	-	-	-	1.4	(1.4)	-	-	**-**
2012 final dividend paid		-	-	-	-	-	-	(64.2)	(64.2)	-	**(64.2)**
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	27.4	**27.4**
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	115.2	**115.2**
Dividends payable and paid to non-controlling shareholders		-	-	-	-	-	-	-	-	(164.7)	**(164.7)**
Balance at 30 June 2013		**38.4**	**1,325.4**	**33.6**	**(23.0)**	**299.5**	**14.4**	**1,550.8**	**3,239.1**	**4,154.7**	**7,393.8**

HK$m*	Note	Equity attributable to owners of the parent Issued share capital	Share premium	Share options issued	Other comprehensive income/ (loss) (Note 10)	Differences arising from changes in equities of subsidiary companies	Capital and other reserves	Retained earnings	Total	Non-controlling interests	(Unaudited) Total equity
Balance at 1 January 2012											
As previously reported		300.3	10,055.7	309.6	856.5	1,939.1	96.0	10,019.9	23,577.1	30,080.7	53,657.8
Prior year adjustments		-	-	-	4.7	-	-	(4.7)	-	-	-
As restated(i)		300.3	10,055.7	309.6	861.2	1,939.1	96.0	10,015.2	23,577.1	30,080.7	53,657.8
Profit for the period											
As previously reported		-	-	-	-	-	-	1,733.1	1,733.1	2,046.0	3,779.1
Prior year adjustments	1(B)	-	-	-	-	-	-	(10.9)	(10.9)	(2.4)	(13.3)
As restated(i)		-	-	-	-	-	-	1,722.2	1,722.2	2,043.6	3,765.8
Other comprehensive income/(loss) for the period											
As previously reported		-	-	-	177.0	-	-	-	177.0	(689.5)	(512.5)
Prior year adjustments		-	-	-	0.9	-	-	-	0.9	2.3	3.2
As restated(i)		-	-	-	177.9	-	-	-	177.9	(687.2)	(509.3)
Total comprehensive income for the period		-	-	-	177.9	-	-	1,722.2	1,900.1	1,356.4	3,256.5
Issue of shares upon the exercise of share options		1.5	93.7	(30.4)	-	-	-	-	64.8	-	64.8
Repurchase and cancellation of shares		(3.1)	-	-	-	-	3.1	(312.8)	(312.8)	-	(312.8)
Equity-settled share option arrangements		-	-	13.3	-	-	-	-	13.3	-	13.3
Acquisition, dilution and divestment of interests in subsidiary companies		-	-	-	-	8.5	-	-	8.5	98.3	106.8
Dilution of interests in associated companies		-	-	-	-	(2.3)	-	-	(2.3)	-	(2.3)
2011 final dividend paid		-	-	-	-	-	-	(500.8)	(500.8)	-	(500.8)
Dividends payable and paid to non-controlling shareholders		-	-	-	-	-	-	-	-	(1,166.9)	(1,166.9)
Balance at 30 June 2012		298.7	10,149.4	292.5	1,039.1	1,945.3	99.1	10,923.8	24,747.9	30,368.5	55,116.4
Balance at 1 January 2013											
As previously reported		298.7	10,235.2	263.6	1,364.3	1,889.9	3.9	11,164.1	25,219.7	31,283.5	**56,503.2**
Prior year adjustments	1(B)	-	-	-	(326.0)	-	-	378.3	52.3	-	**52.3**
As restated(i)		298.7	10,235.2	263.6	1,038.3	1,889.9	3.9	11,542.4	25,272.0	31,283.5	**56,555.5**
Profit for the period		-	-	-	-	-	-	1,113.1	1,113.1	867.3	**1,980.4**
Other comprehensive loss for the period		-	-	-	(1,165.4)	-	(7.0)	-	(1,172.4)	(957.0)	**(2,129.4)**
Total comprehensive loss for the period		-	-	-	(1,165.4)	-	(7.0)	1,113.1	(59.3)	(89.7)	**(149.0)**
Issue of shares upon the exercise of share options		1.6	102.9	(33.5)	-	-	-	-	71.0	-	**71.0**
Repurchase and cancellation of shares		(0.8)	-	-	-	-	0.8	(47.6)	(47.6)	-	**(47.6)**
Equity-settled share option arrangements		-	-	32.0	-	-	-	-	32.0	-	**32.0**
Reserve of a disposal group of associated companies classified as held for sale		-	-	-	-	-	103.7	-	103.7	-	**103.7**
Dilution and divestment of interests in subsidiary companies		-	-	-	(52.2)	446.2	-	-	394.0	1,385.2	**1,779.2**
Revaluation deficit of assets transferred to retained earnings		-	-	-	-	-	10.9	(10.9)	-	-	**-**
2012 final dividend paid		-	-	-	-	-	-	(500.8)	(500.8)	-	**(500.8)**
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	213.6	**213.6**
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	898.6	**898.6**
Dividends payable and paid to non-controlling shareholders		-	-	-	-	-	-	-	-	(1,284.6)	**(1,284.6)**
Balance at 30 June 2013		**299.5**	**10,338.1**	**262.1**	**(179.3)**	**2,336.1**	**112.3**	**12,096.2**	**25,265.0**	**32,406.6**	**57,671.6**

(i) Refer to Note 1(B)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

For the six months ended 30 June	Notes	2013	2012 (Restated)(i)	2013	2012 (Restated)(i)
		US$m	US$m	HK$m*	HK$m*
Profit before taxation		**296.4**	594.6	**2,311.9**	4,637.9
Adjustments for:					
Loss/(gain) on changes in fair value of plantations	3	**164.6**	(7.1)	**1,283.9**	(55.4)
Finance costs		**158.3**	130.5	**1,234.7**	1,017.9
Depreciation	3	**79.3**	66.0	**618.5**	514.8
Amortization of other intangible assets	3	**43.6**	46.0	**340.1**	358.8
Decrease/(increase) in other non-current assets		**17.3**	(12.6)	**134.9**	(98.3)
Foreign exchange and derivative losses, net	3	**15.2**	3.5	**118.6**	27.3
Equity-settled share option expense		**4.7**	1.6	**36.7**	12.5
Loss/(gain) on sale of property, plant and equipment	3	**0.3**	(0.9)	**2.3**	(7.0)
Share of profits less losses of associated companies and joint ventures		**(162.6)**	(152.1)	**(1,268.3)**	(1,186.4)
Interest income		**(37.2)**	(39.9)	**(290.1)**	(311.2)
Increase in accounts receivable, other receivables and prepayments (Non-current)		**(27.0)**	(31.5)	**(210.6)**	(245.7)
Gain on dilution of interests in associated companies	3	**-**	(14.4)	**-**	(112.3)
Others		**(15.8)**	(5.2)	**(123.2)**	(40.6)
		537.1	578.5	**4,189.4**	4,512.3
(Increase)/decrease in working capital		**(181.2)**	81.1	**(1,413.4)**	632.6
Net cash generated from operations		**355.9**	659.6	**2,776.0**	5,144.9
Interest received		**35.4**	38.8	**276.1**	302.6
Interest paid		**(147.9)**	(122.9)	**(1,153.6)**	(958.6)
Taxes paid		**(97.8)**	(111.5)	**(762.8)**	(869.7)
Net cash flows from operating activities		**145.6**	464.0	**1,135.7**	3,619.2
Dividends received from associated companies		**148.1**	159.7	**1,155.2**	1,245.7
Proceeds from disposal of available-for-sale assets		**12.9**	-	**100.6**	-
Preferred share dividends received from a joint venture		**9.8**	6.6	**76.5**	51.5
Proceeds from disposal of property, plant and equipment		**8.5**	1.5	**66.3**	11.7
Dividends received from available-for-sale assets		**2.6**	-	**20.3**	-
Proceeds from disposal of plantations		**1.0**	-	**7.8**	-
Decrease in time deposits with original maturity of more than three months		**0.3**	0.5	**2.3**	3.9
Acquisition of subsidiary companies		**(456.5)**	-	**(3,560.7)**	-
Purchase of property, plant and equipment		**(304.6)**	(181.9)	**(2,375.9)**	(1,418.8)
Investments in associated companies		**(165.1)**	(15.0)	**(1,287.8)**	(117.0)
Loans to an associated company		**(104.4)**	-	**(814.3)**	-
Investments in other intangible assets		**(89.7)**	(83.1)	**(699.7)**	(648.2)
Investments in joint ventures		**(66.7)**	-	**(520.3)**	-
Investments in plantations		**(49.0)**	(45.7)	**(382.2)**	(356.5)
(Increase)/decrease in restricted cash		**(42.3)**	12.6	**(329.9)**	98.3
Acquisition of available-for-sale assets		**(5.5)**	(6.3)	**(42.9)**	(49.1)
Increased investments in associated companies		**(2.6)**	(3.6)	**(20.3)**	(28.1)
Purchase of preferred shares of a joint venture		**-**	(83.4)	**-**	(650.5)
Increased investments in a joint venture		**-**	(63.2)	**-**	(493.0)
Net cash flows used in investing activities		**(1,103.2)**	(301.3)	**(8,605.0)**	(2,350.1)
Net borrowings raised		**371.8**	377.1	**2,900.0**	2,941.4
Proceeds from issue of shares to non-controlling shareholders by subsidiary companies		**149.3**	2.8	**1,164.5**	21.8
Capital contribution from non-controlling interests		**115.2**	-	**898.6**	-
Proceeds from divestment of interest in subsidiary companies		**85.2**	1.3	**664.6**	10.2
Proceeds from issue of shares upon the exercise of share options		**9.1**	8.3	**71.0**	64.7
Dividends paid to shareholders		**(64.2)**	(64.2)	**(500.8)**	(500.8)
Dividends paid to non-controlling shareholders by subsidiary companies		**(29.6)**	(47.8)	**(230.9)**	(372.8)
Repurchase of shares		**(8.9)**	(39.4)	**(69.4)**	(307.3)
Repurchase of subsidiary companies' shares		**-**	(2.1)	**-**	(16.4)
Net cash flows from financing activities		**627.9**	236.0	**4,897.6**	1,840.8
Net (decrease)/increase in cash and cash equivalents		**(329.7)**	398.7	**(2,571.7)**	3,109.9
Cash and cash equivalents at 1 January		**2,161.7**	1,874.9	**16,861.3**	14,624.2
Exchange translation		**(39.7)**	(37.4)	**(309.7)**	(291.7)
Cash and cash equivalents at 30 June		**1,792.3**	2,236.2	**13,979.9**	17,442.4
Representing					
Cash and cash equivalents as stated in the condensed consolidated statement of financial position		**1,808.2**	2,251.6	**14,104.0**	17,562.5
Less bank overdrafts		**(15.9)**	(15.4)	**(124.1)**	(120.1)
Cash and cash equivalents at 30 June		**1,792.3**	2,236.2	**13,979.9**	17,442.4

(i) Refer to Note 1(B)

* *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, changes in accounting policies and impact of new and revised HKFRSs**

(A) Basis of preparation

The condensed interim consolidated 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 consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the Group's 2012 audited financial statements, except for the adoption of new financial reporting standards and interpretations effective on 1 January 2013 as described below.

(B) Changes in accounting policies and impact of new and revised HKFRSs

During the second half of 2012, the Group has changed its accounting policy for obligations for defined benefit pension plans by recognizing all actuarial gains/losses on defined benefit pension plans in the period which they occur in other comprehensive income (i.e. directly into equity) instead of in the income statement.

In addition, with effect from 1 January 2013, the Group has adopted the following new and revised Hong Kong Financial Reporting Standards (HKFRSs) (which include all HKFRSs, HKASs and Hong Kong (International Financial Reporting Interpretations Committee)-Interpretations (HK(IFRIC)-Ints)) issued by the HKICPA:

HKAS 1 Amendments	"Presentation of Items of Other Comprehensive Income"(i)
HKAS 19 (2011)	"Employee Benefits"(ii)
HKAS 27 (2011)	"Separate Financial Statements"(ii)
HKAS 28 (2011)	"Investments in Associates and Joint Ventures"(ii)
HKFRS 1 Amendments	"Government Loans"(ii)
HKFRS 7 Amendments	"Offsetting Financial Assets and Financial Liabilities"(ii)
HKFRS 10	"Consolidated Financial Statements"(ii)
HKFRS 11	"Joint Arrangements"(ii)
HKFRS 12	"Disclosure of Interests in Other Entities"(ii)
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	"Transition Guidance"(ii)
HKFRS 13	"Fair Value Measurement"(ii)
HK(IFRIC)-Int 20	"Stripping Costs in the Production Phase of a Surface Mine"(ii)
Improvements to HKFRSs	"Annual Improvements to HKFRSs 2009-2011 Cycle"(ii)

(i) Effective for annual periods commencing on or after 1 July 2012
(ii) Effective for annual periods commencing on or after 1 January 2013

The Group's adoption of the above pronouncements, except for HKAS 19 (2011), has had no effect on both the profit attributable to owners of the parent for the six-month periods ended 30 June 2013 and 30 June 2012 and the equity attributable to owners of the parent at 30 June 2013 and 31 December 2012, but has only resulted in certain changes to the presentation and disclosures of financial statements. In particular, the Group's adoption of HKAS 1 Amendments has resulted in a change in the presentation of its consolidated statement of comprehensive income in a way that items that could be reclassified (or recycled) to profit or loss at a future point of time when specific conditions are met are now presented separately from items which will never be reclassified (or recycled). The Group's adoption of HKFRS 13 has resulted in the inclusion of certain disclosures specifically required for financial instruments in interim financial statements. The impacts of the Group's adoption of HKAS 19 (2011) are summarized as follows:

HKAS 19 (2011) includes a number of amendments to the accounting treatments for obligations for defined benefit pension plans and other employee benefits. The Group's adoption of HKAS 19 (2011) has resulted in additional changes in its accounting policies which include (a) the replacement of interest cost on defined benefit obligations and expected returns on plan assets recognized in the profit or loss with net interest on net defined benefit liability or asset calculated using the discount rate used to measure the pension benefit obligations; (b) recognition of all past service costs in the period they occur in the income statement instead of on a straight-line basis over the vesting period; and (c) recognition of termination benefits only when the Group can no longer withdraw the offer of those benefits instead of accruing their related costs based on the existence of formal plans.

The effects of the above changes are summarized below:

(a) Effects on the condensed consolidated statement of financial position at 30 June 2013 and 31 December 2012

At 30 June/31 December	2013 US$m	2012 US$m	2013 HK$m*	2012 HK$m*
Assets				
Increase in associated companies and joint ventures	**2.0**	6.7	**15.6**	52.3
	2.0	6.7	**15.6**	52.3
Equity				
Increase in actuarial losses on defined benefit pension plans	**(44.7)**	(41.8)	**(348.7)**	(326.0)
Increase in retained earnings	**46.7**	48.5	**364.3**	378.3
	2.0	6.7	**15.6**	52.3

(b) Effects on the condensed consolidated income statement for the periods ended 30 June 2013 and 2012

For the period ended 30 June	2013 US$m	2012(i) US$m	2013 HK$m*	2012(i) HK$m*
Increase in administrative expenses	**(0.3)**	(0.3)	**(2.3)**	(2.3)
Decrease in other operating income, net	**-**	(0.5)	**-**	(3.9)
Increase in interest income	**0.3**	0.3	**2.3**	2.3
Decrease in share of profits less losses of associated companies and joint ventures	**(4.7)**	(1.3)	**(36.7)**	(10.2)
Decrease in taxation	**-**	0.1	**-**	0.8
Decrease in profit for the period	**(4.7)**	(1.7)	**(36.7)**	(13.3)
Attributable to:				
Owners of the parent	**(4.7)**	(1.4)	**(36.7)**	(10.9)
Non-controlling interests	**-**	(0.3)	**-**	(2.4)
Decrease in profit for the period	**(4.7)**	(1.7)	**(36.7)**	(13.3)
	US¢	US¢	**HK¢***	HK¢*
Decrease in earnings per share attributable to owners of the parent				
Basic	**(0.12)**	(0.04)	**(0.9)**	(0.3)
Diluted	**(0.12)**	(0.04)	**(0.9)**	(0.3)

(i) Included the effects of the Group's change in the accounting policy for obligations for defined benefit pension plans in the second half of 2012

2. Turnover and operating segmental information

For the six months ended 30 June	2013 US$m	2012 US$m	2013 HK$m*	2012 HK$m*
Turnover				
Sale of goods	**2,713.4**	2,617.5	**21,164.5**	20,416.5
Rendering of services	**410.4**	372.0	**3,201.1**	2,901.6
Total	**3,123.8**	2,989.5	**24,365.6**	23,318.1

Operating segmental Information

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's business interests are divided into four main segments, which are telecommunications, infrastructure, consumer food products and natural resources. Geographically, the Board of Directors considers the businesses of the Group are operating in the Philippines, Indonesia and Singapore.

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 2013 and 2012, and total assets and total liabilities at 30 June 2013 and 31 December 2012 regarding the Group's operating segments are as follows.

By principal business activity and geographical market - 2013

For the six months ended/at 30 June	The Philippines			Indonesia	Singapore			
	Telecom-munications US$m	Infrastructure US$m	Natural Resources US$m	Consumer Food Products US$m	Infrastructure US$m	Head Office US$m	**2013 Total US$m**	**2013 Total HK$m***
Revenue								
Turnover	-	368.7	-	2,755.1	-	-	**3,123.8**	**24,365.6**
Results								
Recurring profit	105.2	53.0	3.2	90.5	(1.6)	(65.2)	**185.1**	**1,443.8**
Assets and Liabilities								
Non-current assets (other than financial instruments and deferred tax assets)								
- Associated companies and joint ventures	1,491.3	1,038.7	628.6	267.5	-	-	**3,426.1**	**26,723.6**
- Others	-	2,760.7	-	3,911.5	1,012.8	36.1	**7,721.1**	**60,224.6**
	1,491.3	3,799.4	628.6	4,179.0	1,012.8	36.1	**11,147.2**	**86,948.2**
Other assets	-	738.7	-	2,967.2	97.6	289.7	**4,093.2**	**31,926.9**
Total assets	1,491.3	4,538.1	628.6	7,146.2	1,110.4	325.8	**15,240.4**	**118,875.1**
Borrowings	-	1,231.6	-	1,817.0	453.7	1,732.3	**5,234.6**	**40,829.9**
Other liabilities	-	864.6	-	1,429.5	204.6	113.3	**2,612.0**	**20,373.6**
Total liabilities	-	2,096.2	-	3,246.5	658.3	1,845.6	**7,846.6**	**61,203.5**
Other Information								
Depreciation and amortization	-	(44.2)	-	(77.5)	-	(5.9)	**(127.6)**	**(995.3)**
Loss on changes in fair value of plantations	-	-	-	(164.6)	-	-	**(164.6)**	**(1,283.9)**
Impairment losses	-	(0.2)	-	-	-	-	**(0.2)**	**(1.6)**
Interest income	-	6.2	-	25.7	-	5.3	**37.2**	**290.1**
Finance costs	-	(53.6)	-	(49.0)	-	(55.7)	**(158.3)**	**(1,234.7)**
Share of profits less losses of associated companies and joint ventures	116.6	28.8	7.0	10.2	-	-	**162.6**	**1,268.3**
Taxation	-	(8.8)	-	(26.1)	0.3	(7.9)	**(42.5)**	**(331.5)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	242.9	-	494.6	290.9	35.0	**1,063.4**	**8,294.5**

By principal business activity and geographical market - 2012

For the six months ended 30 June/at 31 December	The Philippines			Indonesia			
	Telecom-munications US$m	Infrastructure US$m	Natural Resources US$m	Consumer Food Products US$m	Head Office US$m	2012 (Restated) Total US$m	2012 (Restated) Total HK$m*
Revenue							
Turnover	-	318.8	-	2,670.7	-	2,989.5	23,318.1
Results							
Recurring profit	95.0	47.7	16.1	90.4	(47.3)	201.9	1,574.8
Assets and Liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	1,560.0	1,065.8	642.7	30.6	-	3,299.1	25,733.0
- Others	-	2,472.4	-	3,999.7	-	6,472.1	50,482.4
	1,560.0	3,538.2	642.7	4,030.3	-	9,771.2	76,215.4
Other assets	-	615.6	-	2,875.6	624.3	4,115.5	32,100.9
Total assets	1,560.0	4,153.8	642.7	6,905.9	624.3	13,886.7	108,316.3
Borrowings	-	1,062.5	-	1,584.6	1,717.9	4,365.0	34,047.0
Other liabilities	-	862.4	-	1,298.8	109.8	2,271.0	17,713.8
Total liabilities	-	1,924.9	-	2,883.4	1,827.7	6,636.0	51,760.8
Other Information							
Depreciation and amortization	-	(44.6)	-	(67.5)	(1.5)	(113.6)	(886.1)
Gain on changes in fair value of plantations	-	-	-	7.1	-	7.1	55.4
Impairment losses	-	(0.5)	-	-	-	(0.5)	(3.9)
Interest income	-	9.0	-	30.4	0.5	39.9	311.2
Finance costs	-	(43.5)	-	(52.3)	(34.7)	(130.5)	(1,017.9)
Share of profits less losses of associated companies and joint ventures	108.2	26.7	18.2	(1.0)	-	152.1	1,186.4
Taxation	-	(10.3)	-	(91.4)	(10.1)	(111.8)	(872.1)
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	256.4	3.6	239.3	-	499.3	3,894.5

3. Profit before taxation

For the six months ended 30 June	2013 US$m	2012 US$m	2013 HK$m*	2012 HK$m*
Profit before taxation is stated after (charging)/crediting				
Cost of inventories sold	**(1,570.7)**	(1,450.1)	**(12,251.5)**	(11,310.8)
Employees' remuneration	**(323.8)**	(285.7)	**(2,525.6)**	(2,228.5)
(Loss)/gain on changes in fair value of plantations	**(164.6)**	7.1	**(1,283.9)**	55.4
Cost of services rendered	**(116.4)**	(123.2)	**(907.9)**	(961.0)
Depreciation	**(79.3)**	(66.0)	**(618.5)**	(514.8)
Amortization of other intangible assets	**(43.6)**	(46.0)	**(340.1)**	(358.8)
Foreign exchange and derivative losses, net	**(15.2)**	(3.5)	**(118.6)**	(27.3)
(Loss)/gain on sale of property, plant and equipment	**(0.3)**	0.9	**(2.3)**	7.0
Impairment losses for accounts receivable[(i)]	**(0.2)**	(0.5)	**(1.6)**	(3.9)
Dividends received from available-for-sale assets	**2.6**	-	**20.3**	-
Gain on disposal of available-for-sale assets	**0.9**	-	**7.0**	-
Gain on dilution of interests in associated companies	**-**	14.4	**-**	112.3

(i) Included in distribution expenses

4. Taxation

No Hong Kong profits tax (2012: Nil) has been provided as the Group had no estimated assessable profits (2012: Nil) arising 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	2013 US$m	2012 (Restated) US$m	2013 HK$m*	2012 (Restated) HK$m*
Subsidiary companies - overseas				
Current taxation	**58.9**	121.0	**459.4**	943.8
Deferred taxation	**(16.4)**	(9.2)	**(127.9)**	(71.7)
Total	**42.5**	111.8	**331.5**	872.1

Included within share of profits less losses of associated companies and joint ventures is taxation of US$35.0 million (HK$273.0 million) (2012: US$47.8 million or HK$372.8 million (Restated)) and which is analyzed as follows.

For the six months ended 30 June	2013 US$m	2012 (Restated) US$m	2013 HK$m*	2012 (Restated) HK$m*
Associated companies and joint ventures - overseas				
Current taxation	**41.4**	42.1	**322.9**	328.4
Deferred taxation	**(6.4)**	5.7	**(49.9)**	44.4
Total	**35.0**	47.8	**273.0**	372.8

5. Profit attributable to owners of the parent

The profit attributable to owners of the parent includes US$15.4 million (HK$120.1 million) of net foreign exchange and derivative losses (2012: US$3.6 million or HK$28.1 million of 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$23.6 million (HK$184.1 million) of loss (2012: US$0.1 million or HK$0.8 million of gain) on changes in fair value of plantations and US$3.4 million (HK$26.5 million) of net non-recurring losses (2012: US$15.2 million or HK$118.6 million of net non-recurring gains (Restated)).

Analysis of foreign exchange and derivative (losses)/gains, net

For the six months ended 30 June	2013 US$m	2012 US$m	2013 HK$m*	2012 HK$m*
Foreign exchange and derivative (losses)/gains, net				
- Subsidiary companies	**(15.2)**	(3.5)	**(118.6)**	(27.3)
- Associated companies and joint ventures	**(7.4)**	7.8	**(57.7)**	60.8
Subtotal	**(22.6)**	4.3	**(176.3)**	33.5
Attributable taxation and non-controlling interests	**7.2**	(0.7)	**56.2**	(5.4)
Total	**(15.4)**	3.6	**(120.1)**	28.1

The non-recurring losses for 2013 mainly represent the Group's debt refinancing costs (US$18.0 million or HK$140.4 million), partly offset by PLDT's gain on disposal of business process outsourcing business (US$12.1 million or HK$94.4 million). The non-recurring gains for 2012 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 Digital Telecommunications Philippines, Inc. (Digitel)'s shares in January 2012.

6. **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$142.7 million (HK$1,113.1 million) (2012: US$220.8 million or HK$1,722.2 million (Restated)) and the weighted average number of ordinary shares of 3,917.9 million (2012: 3,928.8 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$142.7 million (HK$1,113.1 million) (2012: US$220.8 million or HK$1,722.2 million (Restated)) reduced by the dilutive impact of US$0.1 million (HK$0.8 million) (2012: 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 3,917.9 million (2012: 3,928.8 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 49.1 million (2012: 60.3 million) assumed to have been issued at no consideration on the deemed exercise of share options of the Company during the period.

The weighted average number of ordinary shares in issue and assumed to have been issued at no consideration on the deemed exercise of share options of the Company during the period and the prior comparative period have been adjusted to reflect the rights issue of the Company completed subsequent to the end of the reporting period in July 2013.

7. **Ordinary share dividend**

At a meeting held on 28 August 2013, the Directors declared an interim cash dividend of HK8.00 cents (U.S. 1.03 cents) (2012: HK8.00 cents or U.S. 1.03 cents) per ordinary share, equivalent to a total amount of US$44.3 million (HK$345.5 million) (2012: US$39.6 million or HK$308.9 million).

8. **Accounts receivable, other receivables and prepayments**

Included in accounts receivable, other receivables and prepayments are accounts receivable of US$442.7 million (HK$3,453.1 million) (31 December 2012: US$369.9 million or HK$2,885.2 million) with an ageing profile as follows.

	At 30 June 2013 US$m	At 31 December 2012 US$m	**At 30 June 2013 HK$m***	At 31 December 2012 HK$m*
0 to 30 days	**408.4**	336.9	**3,185.5**	2,627.8
31 to 60 days	**14.7**	9.1	**114.7**	71.0
61 to 90 days	**5.2**	8.7	**40.6**	67.9
Over 90 days	**14.4**	15.2	**112.3**	118.5
Total	**442.7**	369.9	**3,453.1**	2,885.2

Indofood generally allows local customers an average of 30 days of credit and export customers 60 days of credit. MPIC (a) allows 14 days of credit for its water service customers, (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 and (c) generally collects charges when services are rendered to its hospital customers, except for certain corporate customers which are allowed an average of 30 days of credit.

9. **Accounts payable, other payables and accruals**

Included in accounts payable, other payables and accruals are accounts payable of US$384.5 million (HK$2,999.1 million) (31 December 2012: US$288.8 million or HK$2,252.6 million) with an ageing profile as follows.

	At 30 June 2013 US$m	At 31 December 2012 US$m	**At 30 June 2013 HK$m***	At 31 December 2012 HK$m*
0 to 30 days	**350.9**	261.0	**2,737.0**	2,035.8
31 to 60 days	**8.3**	7.8	**64.7**	60.8
61 to 90 days	**3.5**	6.7	**27.3**	52.3
Over 90 days	**21.8**	13.3	**170.1**	103.7
Total	**384.5**	288.8	**2,999.1**	2,252.6

10. Other comprehensive income attributable to owners of the parent

	Exchange reserve US$m	Unrealized gains/ (losses) on available-for-sale assets US$m	Unrealized gains/ (losses) on cash flow hedges US$m	Income tax related to cash flow hedges US$m	Actuarial gains/ (losses) on defined benefit pension plans US$m	**Total US$m**	**Total HK$m***
Balance at 1 January 2012							
As previously reported	52.4	51.5	9.4	(3.5)	-	109.8	856.5
Prior year adjustments	-	-	-	-	0.6	0.6	4.7
As restated	52.4	51.5	9.4	(3.5)	0.6	110.4	861.2
Other comprehensive income/(loss) for the period							
As previously reported	31.6	(8.0)	(2.6)	1.7	-	22.7	177.0
Prior year adjustments	-	-	-	-	0.1	0.1	0.9
As restated	31.6	(8.0)	(2.6)	1.7	0.1	22.8	177.9
Balance at 30 June 2012	84.0	43.5	6.8	(1.8)	0.7	133.2	1,039.1
Balance at 1 January 2013							
As previously reported	142.0	29.6	4.4	(1.1)	-	**174.9**	**1,364.3**
Prior year adjustments	-	-	-	-	(41.8)	**(41.8)**	**(326.0)**
As restated	142.0	29.6	4.4	(1.1)	(41.8)	**133.1**	**1,038.3**
Other comprehensive (loss)/income for the period	(148.3)	0.4	1.8	(0.4)	(2.9)	**(149.4)**	**(1,165.4)**
Dilution and divestment of interests in subsidiary companies	(6.7)	-	-	-	-	**(6.7)**	**(52.2)**
Balance at 30 June 2013	**(13.0)**	**30.0**	**6.2**	**(1.5)**	**(44.7)**	**(23.0)**	**(179.3)**

11. Contingent liabilities

(a) At 30 June 2013, except for US$105.1 million (HK$819.8 million) (31 December 2012: US$99.8 million or HK$778.4 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, the Group had no significant contingent liabilities (31 December 2012: Nil).

(b) In the Gamboa Case, the Supreme Court of the Philippines in its decision dated 28 June 2011, or the Gamboa Case Decision, held that "the term 'capital' in Section 11, Article XII of the 1987 Constitution refers only to shares of stock entitled to vote in the election of directors and thus, in the case of PLDT, only to voting common shares, and not to the total outstanding capital stock (common and non-voting preferred shares)". The Gamboa Case Decision reversed earlier opinions issued by the Philippine Securities and Exchange Commission (SEC) that non-voting preferred shares are included in the computation of the 60%-40% Filipino-alien equity requirement of certain economic activities, such as telecommunications which is a public utility under Section 11, Article XII of the 1987 Constitution. Several Motions for Reconsideration of the Gamboa Case Decision were filed by the parties. On 18 October 2012, the Gamboa Case Decision became final and executory.

While PLDT was not a party to the Gamboa Case, the Supreme Court of the Philippines directed the Philippine SEC in the Gamboa Case "to apply this definition of the term 'capital' in determining the extent of allowable foreign ownership in PLDT, and if there is a violation of Section 11, Article XII of the Constitution, to impose the appropriate sanctions under the law."

On 5 July 2011, the Board of Directors of PLDT approved the amendments to the Seventh Article of PLDT's Articles of Incorporation consisting of the sub-classification of its authorized preferred capital stock into preferred shares with full voting rights, or Voting Preferred Stock, and serial preferred shares without voting rights, and other conforming amendments, or the Amendments. The Amendments were approved by the stockholders of PLDT on 22 March 2012 and by the Philippine SEC on 5 June 2012.

On 12 October 2012, the Board of Directors of PLDT approved the specific rights, terms and conditions of the Voting Preferred Stock and authorized the subscription and issuance thereof to BTF Holdings, Inc. (BTFHI), a Filipino corporation. On 16 October 2012, BTFHI subscribed to 150 million newly issued shares of Voting Preferred Stock, or the Voting Preferred Shares, at a subscription price of Peso 1.00 per share for a total subscription price of Pesos 150 million pursuant to a subscription agreement dated 15 October 2012 between BTFHI and PLDT. As a result of the issuance of the Voting Preferred Shares, PLDT's foreign ownership decreased from 58.4% of outstanding Common Stock as at 15 October 2012 to 34.5% of outstanding Voting Stocks (Common Stock and Voting Preferred Stock) as at 16 October 2012.

On 30 May 2013, the Philippine SEC issued SEC Memorandum Circular No. 8, or the Philippine SEC Guidelines, which provides under Section 2 thereof, as follows: "All covered corporations shall, at all times, observe the constitutional or statutory ownership requirement. For purposes of compliance therewith, the required percentage of Filipino ownership shall be applied to both: (a) the total number of outstanding shares of stock entitled to vote in the election of directors; and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors." PLDT was, and continues to be, compliant with the Philippine SEC Guildelines. As at end of July 2013, PLDT's foreign ownership was 32.87% of its outstanding shares entitled to vote (Common and Voting Preferred Shares), and 18.07% of its total outstanding capital stock.

On 10 June 2013, PLDT was served a copy of a Petition for Certiorari under Rule 65 of the Revised Rules of Court, or the Petition, filed with the Supreme Court by Jose M. Roy III as petitioner against the Chairperson of the Philippine SEC, Teresita Herbosa, the Philippine SEC and PLDT as respondents. The Petition primarily questions the constitutionality of the Philippine SEC Guidelines in determining the nationality of a Philippine company pursuant to the Gamboa Case Decision and Section 11, Article XII of the Constitution. Per the Philippine SEC Guidelines, the Philippine nationality requirement of Section 11, Article XII of the Constitution is met if at least 60% of: (a) the outstanding voting stocks; and (b) the outstanding capital stock of the company is owned by Filipinos.

The Petition admits that if the Philippine SEC Guidelines were to be followed, PLDT would be compliant with the nationality requirement of the Philippine Constitution. However, the Petition claims that the Philippine SEC Guidelines do not conform to the letter and spirit of the Constitution and the Gamboa Case Decision supposedly requiring the application of the 60%-40% ownership requirement in favor of Filipino citizens separately to each class of shares, whether common, preferred non-voting, preferred voting or any other class of shares. The Petition also claims that the PLDT Beneficial Trust Fund does not satisfy the effective Filipino-control test for purposes of incorporating BTFHI which acquired the 150 million Voting Preferred Shares.

PLDT has yet to file its Comments to the Petition before the Supreme Court of the Philippines.

12. Employee information

For the six months ended 30 June	**2013 US$m**	2012 US$m	**2013 HK$m***	2012 HK$m*
Employee remuneration (including Directors' remuneration)	**323.8**	285.7	**2,525.6**	2,228.5

Number of employees	**2013**	2012
At 30 June	**85,128**	76,476
Average for the period	**80,837**	74,960

13. Events after reporting period

(a) On 27 May 2013, the Company announced its proposal to raise not less than approximately HK$3,883.3 million (approximately US$500 million) before expenses, by way of a fully underwritten rights issue with a subscription ratio of one rights share for every eight existing shares held at a subscription price of HK$8.10 per one rights share. The rights issue was completed in July 2013 which increased First Pacific's number of shares issued from 3,842 million to 4,322 million. The Company raised net proceeds of approximately HK$3,853.2 million (approximately US$494 million). First Pacific intends to apply the net proceeds of the rights issue principally to finance potential acquisitions and strategic investments and, for any residual balance, for general corporate purpose.

(b) Indofood, a 50.1%-owned subsidiary company of the Group, has a 29.3% interest in China Minzhong Food Corporation Limited (CMFC), a company listed on the Singapore Stock Exchange, acquired at investment costs of approximately US$161.9 million (HK$1,262.8 million).

CMFC issued a statement referring to a report from Glaucus Research Group regarding certain affairs of CMFC and stating it was in the process of reviewing the report and will provide its response shortly. The report has caused a substantial (48%) decrease in the share price of CMFC on 26 August 2013, and CMFC suspended trading of its shares.

Indofood is awaiting the response from CMFC and will inform the market of any further developments if deemed necessary.

14. Comparative amounts

As explained in Note 1(B) to the condensed interim consolidated financial statements, due to the changes in the Group's accounting policies for obligations for defined benefit pension plans and other employee benefits following its change in accounting policy in the second half of 2012 and its adoption of HKAS 19 (2011) "Employee Benefits" with effect from 1 January 2013, certain prior year adjustments have been made and certain comparative amounts have been restated to conform with the current period's accounting treatments and presentation. In addition, the earnings per share information for the six months ended 30 June 2012 have been adjusted retrospectively to reflect the effects of the Company's right issue completed subsequent to the end of the reporting period in July 2013.

15. Approval of the condensed interim consolidated financial statements

The condensed interim consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on 28 August 2013.

2013 GOALS: HALF-YEAR REVIEW

FIRST PACIFIC

Goal: Bring PacificLight Power on-line in December 2013 for contribution to Group earnings and cash flow in 2014
Achievement: Ongoing. As at 30 June 2013, the power plant construction and commissioning remain on track to meet target dates of operation.

Goal: Continue to explore investment opportunities in existing core businesses areas across the region
Achievement: Ongoing. Senior management continue to research potential M&A and investment targets in emerging Asia in the sectors of telecommunications, infrastructure, consumer food products and natural resources.

Goal: Expand sources of production at Philex from just one mine, Padcal, to others, through organic growth and/or via acquisition
Achievement: Ongoing. Development of the Silangan project continues on schedule towards first ore production beginning in 2017 as First Pacific continues to examine potential investment opportunities in the mining sector in emerging Asia.

Goal: Continue to develop the infrastructure portfolio
Achievement: Achieved and ongoing. In January 2013 MPIC subsidiary Metro Pacific Tollways Corporation ("MPTC") expanded its toll road portfolio with an agreement to manage Manila-Cavitex Toll Expressway ("CAVITEX"), a 14-kilometer toll road running from Manila Cavite to Laguna with daily traffic averaging more than 100,000 vehicles. First Pacific and MPIC continue to investigate potential infrastructure investments across emerging Asia.

PLDT

Goal: Maintain double-digit growth in broadband subscribers and revenues
Achievement: Partially achieved and ongoing. Combined broadband subscriber base at 3.2 million (1H12: 3.0 million) of which 2.3 million were wireless broadband subscribers and over 920,000 were Digital Subscriber Line ("DSL") subscribers. To encourage usage, a wide range of packages, including offers bundled with engaging and compelling content have been launched and delivered through PLDT's unrivalled fixed and wireless networks. Broadband service revenues increased 14% to Pesos 12.7 billion (US$306.3 million).

Goal: Return to earnings growth in 2013
Achievement: Ongoing. On track to achieve core income guidance of Pesos 38.3 billion in full-year 2013. Core income in the first half up 5% to Pesos 19.4 billion (US$467.8 million).

Goal: Fortify network advantage with capital expenditure of Pesos 29 billion
Achievement: Ongoing. Capital expenditure for the first six months was Pesos 4.8 billion (US$115.8 million), 49% lower than in the first half of 2012 following higher levels of capital expenditure in 2011-2012 in connection with PLDT's network modernization program. PLDT is on track to expand its 3G coverage to 90% of the Philippines population as well as expand the group's fiber footprint to 76,000 kilometers by year-end 2013.

Goal: Continue initiatives for the further integration of Digitel/Sun into the PLDT group to realize greater operating synergies
Achievement: Achieved and ongoing. EBITDA up 2% to Pesos 40.0 billion (US$964.8 million) and EBITDA margin stood at 49% (1H12: 49%). The integration of Digitel/Sun has allowed PLDT to offer cross-network marketing and promotional offers unmatched by any other domestic telecommunications provider.

Goal: Complete the divestment of SPi business process outsourcing ("BPO") business
Achievement: Achieved. On 30 April 2013, PLDT completed the disposal of 100% interest in SPi Global to Asia Outsourcing Gamma Ltd. ("AOGL"), a company controlled by CVC Capital Partners. PLDT reinvested in 20% of AOGL. The net proceeds from the disposal and the reinvestment was approximately US$320 million. PLDT booked a net gain of Pesos 2.0 billion (US$48.2 million) from the sale.

MPIC

Goal: Participate in further development of the country's infrastructure, such as airports or Manila's light rail systems
Achievement: Ongoing. MPIC submitted a conditional bid for Manila's Light Rail Transit System Line 1 South Extension project. It is in the process of finalizing documents to bid for the redevelopment of the Cebu-Mactan Airport Project and is qualified to bid for the Automated Fare Collection System Project to provide a unified ticketing system for the Metro Rail Transit System.

Goal: Continue to grow the hospital network through investing in hospitals across the Philippines
Achievement: Achieved and ongoing. MPIC completed the acquisition of a 51.0% interest in De Los Santos Medical Center Inc. ("DLSMC") and signed an investment agreement with Central Luzon Doctors' Hospital ("CLDH"). It continues to evaluate opportunities for expansion through investing in additional hospitals in strategic areas of the Philippines, aiming for a total of 3,000 beds across 15 hospitals.

Goal: Continuous expansion of the toll road portfolio
Achievement: Achieved and ongoing. Construction of NLEX Harbour Link's first phase (Segment 9) started in May 2013. MPTC is working on construction plans for NLEX Harbour Link's second phase (Segment 10), NLEX Citilink and the Connector Road projects, an expansion plan for CAVITEX and the integration of Subic Clark Tarlac Expressway ("SCTEX") with North Luzon Expressway ("NLEX").

Goal: Successful resolution of rate rebasing at Maynilad Water Services, Inc. ("Maynilad") and continue expansion of the water business outside Metro Manila
Achievement: Ongoing. The review process for rate rebasing missed its July 2013 expected completion deadline. Maynilad is considering options for resolution of the matter, including arbitration proceedings. In March 2013, Maynilad acquired a 10% interest in Subic Water and Sewerage Co., Inc. ("Subic Water") which serves 40,000 customers in Olongapo City and the Subic Bay Freeport Zone. It continues to explore investment opportunities in water distribution and sewerage management in the Philippines and abroad.

Goal: Support Manila Electric Company's ("Meralco") entry into power generation and participation in Open Access as a retail electricity supplier
Achievement: Achieved and ongoing. Through their investments in FPM Power Holdings Limited ("FPM Power"), First Pacific and Meralco's wholly-owned subsidiary Meralco PowerGen Corporation ("Meralco PowerGen") acquired a 70% interest in PacificLight Power Pte Ltd. ("PacificLight", former GMR Energy (Singapore) Pte Ltd.) based in Singapore. PacificLight's combined cycle combustion turbine power project consists of two 400- megawatt ("MW") natural gas-fired turbines which are on track to begin commercial electricity production by early 2014. When Retail Competition and Open Access for electricity commenced on 26 June 2013, Meralco's Retail Electricity Supply unit ("MPower") successfully signed over 60% of the initial registered contestable customers.

INDOFOOD
Goal: Accelerate growth by increasing new product innovation and expanding business categories
Achievement: Ongoing. Fourteen products among other three new flavors for bag noodles under the brand names of Sarimi and Supermi, jumbo cup noodles, soy bean chips with chili padi, ginger biscuits, and cereal snacks including packaging rejuvenation for dairy products were launched during the period. New investments in non-alcoholic beverage with Asahi and in beverage producer PT Pepsi-Cola Indobeverages ("PCIB") is expected to commence commercial production in 2014, in oil and fat products with Tsukishima will add new margarine products, whipped non-dairy filling creams, batter conditioners, and oil and fat derivative products for the bakery, confectionery and restaurant industries.

Goal: Further enhance supply chain
Achievement: Achieved and ongoing. Invested in a mainland Chinese vegetable producer and processor, established a beverage manufacturing and bottling businesses, and acquired an Indonesian forestry company. Details are in the Review of Operations section.

Goal: Further improve services
Achievement: Ongoing. Continue to increase service level to customers.

PHILEX
Goal: Resumption of permanent operations at the Padcal mine
Achievement: Ongoing. Operations at the Padcal mine resumed on 8 March 2013 following the temporary lifting of the suspension order. Mining operations continue while consultations continue between the Company and the relevant government agencies.

Goal: Continue development of the Silangan Project
Achievement: Ongoing. Declaration of Mining Project Feasibility ("DMPF") covering the Boyongan ore body was filed with the Philippine Mines and Geosciences Bureau ("MGB") in February 2013. Exploration and development work continues and is on track to commence commercial production in 2017.

Goal: Fulfill the Company's obligations under the Kalayaan joint venture agreement with Manila Mining Corporation
Achievement: Ongoing. Work is ongoing in the preparation of the feasibility study that is required to be filed with Manila Mining Corporation by May 2014. Completion of this report and its acceptance by Manila Mining Corporation will allow the Company to increase its stake in this property from 5% to 60%.

Goal: Continue to enhance the public's perception of the benefits of mining to the Philippines
Achievement: Ongoing. The strengthened Corporate Affairs Department is working closely with all stakeholders in the mining industry (including government agencies, non-government organizations, the Bureau of Mines, private institutions and the public) to improve the reputation of the mining industry and promote the benefit of mining to the Philippine economy.

Goal: Complete a capital raising exercise to enhance Philex's financial position
Achievement: Ongoing. In March 2013, Philex's board approved a rights offering of common shares to raise approximately Pesos 12.3 billion (US$284.7 million) mainly for the purposes of repaying US$128.6 million of loans from First Pacific and funding the development of the Silangan Project. The rights offering is expected to be launched in the second half of 2013.

REVIEW OF OPERATIONS

FIRST PACIFIC

Improved operating results in the first half of 2013 signal an improved financial performance and outlook for First Pacific Group ("the Group") companies going forward. PLDT returned to earnings growth while Indofood and MPIC delivered their strongest-ever half-year results. Philex's Padcal mine returned to operations after a seven-month shutdown and immediately moved to full-rate production and improved grades of ore. Consolidated contribution from operations rose 0.4% to US$250.3 million in the period. First Pacific's Board of Directors approved an interim dividend of HK8.0 cents (U.S. 1.03 cents), representing a payout of 24% of recurring profit. Last year's interim dividend of HK8.0 cents (U.S. 1.03 cents) represented approximately 19% of that period's recurring profit.

Below is an analysis of results by individual company.

Contribution summary

For the six months ended 30 June	Turnover **2013**	Turnover 2012	Contribution to Group profit[(i)] **2013**	Contribution to Group profit[(i)] 2012
US$ millions				(Restated)[(ii)]
PLDT[(iii)]	**-**	-	**105.2**	95.0
MPIC	**368.7**	318.8	**53.0**	47.7
Indofood	**2,755.1**	2,670.7	**90.5**	90.4
Philex[(iii)]	**-**	-	**3.2**	16.1
FPM Power	**-**	-	**(1.6)**	-
Contribution from operations[(iv)]	**3,123.8**	2,989.5	**250.3**	249.2
Head Office items:				
– Corporate overhead			**(18.2)**	(11.3)
– Net interest expense			**(42.5)**	(34.6)
– Other expenses			**(4.5)**	(1.4)
Recurring profit[(v)]			**185.1**	201.9
Foreign exchange and derivative (losses)/gains [(vi)]			**(15.4)**	3.6
(Loss)/gain on changes in fair value of plantations			**(23.6)**	0.1
Non-recurring items[(vii)]			**(3.4)**	15.2
Profit attributable to owners of the parent			**142.7**	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 net 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 share of PLDT's gain on disposal of business process outsourcing (BPO) 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.

Turnover up 4% to US$3.1 billion from US$3.0 billion

- owing to strong sales growth at Indofood delivering a 3% increase in its share of contribution followed by a 16% increase in MPIC's sales

Contribution from operations to US$250.3 million from US$249.2 million

- reflecting higher contribution from PLDT, MPIC and Indofood
- mostly offset by lower contribution from Philex due to shorter operating period and lower metal prices being realized

Recurring profit down 8% to US$185.1 million from US$201.9 million

- due to a 61% increase in corporate overhead to US$18.2 million with inclusion of share option expense for the period
- a 23% increase in net interest expense to US$42.5 million as a result of higher average debt balance for the period
- offset by increase in contribution from operations

Non-recurring losses at US$3.4 million vs. a gain of US$15.2 million	• Declines in the closing exchange rates of the peso and rupiah against the U.S. dollar
Reported profit down 35% to US$142.7 million from US$220.8 million	• reflecting lower recurring profit • a loss on changes in the fair value of plantations of US$23.6 million • owing to non-recurring losses vs. gain in the first half of 2012

The Group's operating results are denominated in local currencies, principally the peso, the rupiah and the Singapore dollar (S$), 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.

Closing	**At 30 June 2013**	At 31 December 2012	Six months change	At 30 June 2012	One year change
Peso	**43.20**	41.05	-5.0%	42.12	-2.5%
Rupiah	**9,929**	9,670	-2.6%	9,480	-4.5%
S$	**1.268**	1.222	-3.6%	1.265	-0.2%

Average	**Six months ended 30 June 2013**	12 months ended 31 December 2012	Six months change	Six months ended 30 June 2012	One year change
Peso	**41.46**	42.08	+1.5%	42.72	+3.0%
Rupiah	**9,750**	9,392	-3.7%	9,202	-5.6%
S$	**1.247**	1.245	-0.2%	1.260	+1.0%

During the period, the Group recorded net foreign exchange and derivative losses of US$15.4 million (1H12: gains of US$3.6 million), which may be further analyzed as follows:

For the six months ended 30 June US$ millions	**2013**	2012
Head Office	**(2.4)**	(2.6)
PLDT	**(6.0)**	5.6
MPIC	**0.1**	0.4
Indofood	**(3.7)**	0.4
Philex	**(0.7)**	(0.2)
FPM Power	**(2.7)**	-
Total	**(15.4)**	3.6

Rights Issue

On 10 July 2013, First Pacific completed a rights offering on the basis of one rights share for every eight existing shares at a price of HK$8.1 (US$1.04) per rights share. The offering raised over US$500 million (before expenses) to finance potential acquisitions and strategic investments, and for any residue balance for general corporate purpose.

Additional Investments

Infrastructure

On 15 March 2013, Maynilad acquired a 10% interest in Subic Water for a consideration of Pesos 211 million (US$5.1 million). Subic Water serves 40,000 customers in Olongapo City and the Subic Bay Freeport Zone.

On 28 March 2013, First Pacific and Meralco's wholly-owned subsidiary Meralco PowerGen completed the acquisition of 70% of PacificLight, a company building a power plant located on Jurong Island, Singapore, for a total investment cost of approximately US$550 million. First Pacific holds 60% of the investment vehicle FPM Power and Meralco PowerGen owns the remaining 40%. PacificLight's combined cycle combustion turbine power project consists of two 400 megawatt natural gas-fired turbines which are on track to begin commercial electricity production by early 2014. The remaining 30% of the project continues to be held by Petronas Power Sdn Bhd, a subsidiary of Malaysia's state-owned oil and gas company.

On 3 June 2013, MPIC completed the acquisition of 51.0% interest in DLSMC in Quezon City, Metro Manila which has an authorized bed capacity of 150, for a consideration of Pesos 133 million (US$3.1 million)

On 24 June 2013, MPIC signed an investment agreement with CLDH in Tarlac City, which has bed capacity of 200.

In July 2013, MPIC's 50% owned company Beacon Electric Asset Holdings Inc. ("Beacon Electric") acquired additional 18.3 million shares of Meralco for a consideration of Pesos 5.1 billion (US$118.1 million). It increased Beacon Electric's interest in Meralco to 49.96% from 48.3%.

Foods/Consumer

In February 2013, Indofood acquired in aggregate a 29.3% interest in China Minzhong Food Corporation Limited ("CMFC") for a total consideration of approximately S$195.2 million (US$161.9 million). CMFC is a leading integrated vegetable processor in the People's Republic of China with cultivation, processing and sales capabilities. It is listed in Singapore.

On 27 June 2013, PT Indofood CBP Sukses Makmur Tbk ("ICBP") through joint venture companies with Asahi Group Holdings Southeast Asia Pte. Ltd. signed a conditional share purchase agreement to acquire all outstanding shares of PCIB for a total consideration of US$30 million. PCIB is involved in the manufacturing, marketing and distribution of non-alcoholic drinks.

Natural Resources

On 8 March 2013, PT Salim Ivomas Pratama Tbk ("SIMP") and its subsidiary PT PP London Sumatra Indonesia Tbk ("Lonsum") invested a total of Rupiah 330 billion (US$34.0 million) for SIMP to acquire an effective interest of 79.7% in PT Mentari Pertiwi Makmur ("MPM"). MPM is an investment company, engaging through its subsidiary in industrial forest plantations totaling 73,330 hectares in East Kalimantan Province.

On 5 April 2013, Philex Petroleum Corporation ("Philex Petroleum") increased its interest in Pitkin Petroleum Plc ("Pitkin") to 50.3% from 18.5% by acquiring new and existing shares for a total consideration of approximately US$34.8 million.

On 25 June 2013, Indofood Agri Resources Ltd. ("IndoAgri"), completed the acquisition of a 50% interest in Companhia Mineira de Açúcar e Álcool Participações ("CMAA") for a consideration of approximately Brazilian Real 143.4 million (US$66.6 million). CMAA is involved in the sugar, ethanol and co-generation industry in Brazil.

Capital Management

Interim Dividend

The First Pacific Board has declared an interim dividend of HK8.0 cents (U.S. 1.03 cents) (1H12: HK8.0 cents (U.S. 1.03 cents)) per share, (unchanged from a year earlier). The interim dividend represents a payout ratio of 24% of recurring profit to shareholders.

The Board has confirmed that capital allocation will remain as a combination of dividends and share repurchases taking into consideration economic conditions in the markets of Group operating companies and Head Office finances and investment plans. Full-year dividend payments will be at least 25% of recurring profit while the approved share repurchases budget for the last two financial years were 10% of recurring profit.

Share Repurchase Program

First Pacific completed the two-year share repurchase program on 4 June 2012. As part of the focus on shareholder returns, during the first half of 2013, First Pacific repurchased and cancelled a total of 4.9 million shares at an average price of HK$9.77 (US$1.25) per share. The share repurchase was limited by the blackout of the Company's corporate activities.

Debt Profile

At 30 June 2013, net debt at the Head Office stood at US$1.6 billion while gross debt stood at US$1.7 billion with an average maturity of approximately 6.6 years. Approximately 14% of the Head Office's borrowings were floating rate bank loans while fixed rate bonds comprised the remainder. Unsecured debts accounted for approximately 60% of Head Office borrowings. Blended interest rate was approximately 5.5% per annum.

Net interest expense increased 23% during the first half of 2013 to US$42.5 million as a result of a higher average debt level and higher interest rates on debts with a longer average maturity.

Interest Cover

For the first half of 2013, Head Office recurring operating cash inflow before interest expenses was approximately US$140.9 million and net cash interest payments were approximately US$42.5 million. For the 12 months ended 30 June 2013, the cash interest cover was approximately 3.6 times**.**

Foreign Currency Hedging

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 currencies on a transactional basis. There is no hedging arrangement for the balance sheet.

2013 Outlook

After a difficult 2012 for PLDT and Philex, there is a turnaround in the fortunes of these two companies even as Indofood and MPIC drive to new record high half-year 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 there risk of contagion from the Eurozone's economic and financial difficulties, slower growth in China and uncertainty in the U.S.

Following First Pacific's recent US$500 million capital-raising and refinancing of US$640 million bank borrowings, and in light of continuing financial prudence by the Group's operating companies, the Group is in a strong position to satisfy our investment ambitions.

The management is continuing to seek value-creating investments in the four areas of telecommunications, infrastructure, consumer food products and natural resources.

PLDT

PLDT contributed a profit of US$105.2 million to the Group (1H12 restated: US$95.0 million). This represents approximately 42% (1H12: 38%) of First Pacific's aggregate contribution derived from the operations of subsidiary and associated companies for the period. The 11% improvement in profit contribution principally reflected higher recurring profit and a 3% appreciation of the average Peso rate against the U.S. dollar.

Consolidated core net income up 5% to Pesos 19.4 billion (US$467.8 million) from Pesos 18.4 billion (US$431.7 million)	• Reflecting higher wireless and fixed line service revenues, lower compensation and benefits expense, depreciation and provision for income tax • Includes gains from the sale of Philweb Corporation ("Philweb") shares • Partly offset by higher subsidies
Reported net income up 2% to Pesos 19.7 billion (US$475.3 million) from Pesos 19.3 billion (US$451.4 million)	• due to higher core net income and gain from the sale of BPO business • offset by higher foreign exchange and derivative losses • adjustment of certain manpower reduction related expenses due to the adoption of revised Philippine Account Standard ("PAS") 19
Consolidated service revenues up 2% to Pesos 81.1 billion (US$2.0 billion) from Pesos 79.7 billion (US$1.9 billion)	• reflecting rise in non-SMS data revenues • broadband and internet revenues, including mobile internet browsing revenues, up 13% to account for 21% of total service revenues • partly offset by declines in service revenues from national long distance, international long distance, cellular international voice and satellite revenues, which represent 19% of total service revenues • cellular SMS, cellular domestic voice and local exchange revenues, which constitute 60% of total service revenues, remained stable
EBITDA up 2% to Pesos 40.0 billion (US$964.8 million) from Pesos 39.1 billion (US$915.3 million)	• reflecting higher revenues and lower cash operating expenses in the first half 2013 (excluding the effect of adopting revised PAS 19) as Pesos 1.7 billion (US$39.8 million) in manpower reduction expenses were booked in the first half of 2012
EBITDA margin stood at 49%	• reflecting wireless margin of 49% • fixed line margin improved to 37% from 34%
Consolidated free cash flow down 1% to Pesos 20.7 billion (US$499.3 million) from Pesos 20.8 billion (US$486.9 million)	• resulting from lower cash from deconsolidated operations offset by higher cash from operations and lower capital expenditure

Capital Expenditure

Capital expenditure for 2013 is estimated at Pesos 29.0 billion (US$699.5 million), 20% lower than in 2012. Capital expenditure for the period was Pesos 4.8 billion (US$115.8 million) , 49% lower than in the first half of 2012. PLDT is on track to expand its 3G coverage to 90% of the Philippine population by year end 2013, as well as expand its fiber footprint to 76,000 kilometers. Network expansion and enhancement, which at the end of June 2013 included the roll out of 1,100 LTE sites, 71,000 kilometers of fiber and new systems to implement its multi-media strategy, enables PLDT to offer a wide array of wireless, fixed line and broadband services.

Debt Profile

As at 30 June 2013, PLDT recorded a consolidated net debt of US$1.8 billion, down from US$1.9 billion as at 31 December 2012, reflecting cash and cash equivalents higher by US$ 68.8 million reflecting higher cash flows from operating activities and proceeds from sale of investments. Gross debt at US$2.7 billion of which 70% due in and after 2015, 51% was U.S. dollar-denominated, only 36% of the total debt is unhedged after take into account of hedging in place and U.S. dollar cash on hand.

Capital Management

Interim Dividend

PLDT's Board of Directors declared an interim dividend of Pesos 63 (US$1.5) per share payable on 27 September 2013 to stockholders on record as of 30 August 2013, fulfilling PLDT's commitment to pay out a regular dividend of 70% of core net income. The interim dividend paid in 2012 was Pesos 60 (US$1.4) per share.

Share Buyback

In 2008, PLDT's board approved a share buyback program of up to 5 million shares. As of 30 June 2013, PLDT had bought back 2.7 million shares into treasury at an average cost of Pesos 2,388 (US$58) 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.

Asset Disposal

On 30 April 2013, PLDT completed the disposal of 100% interest in its business process outsourcing business under SPi Global to AOGL, a company controlled by CVC Capital Partners. PLDT reinvested in 20% of AOGL. The net proceeds from the disposal and reinvestment was approximately US$320 million. PLDT booked a net gain of Pesos 2.0 billion (US$48.2 million) from the sale.

Financial Investment in Philippine Depositary Receipts ("PDRs") of MediaQuest Holdings, Inc. ("MediaQuest")

In May 2012, PLDT announced its financial investment, through ePLDT, of Pesos 6.0 billion (US$140.4 million) in PDRs to be issued by MediaQuest, which would give PLDT a 40% economic interest in MediaScape Inc. ("MediaSpace") which operates a direct-to-home ("DTH") pay-TV business under the brand name CignalTV. MediaQuest is a wholly-owned entity of the PLDT Beneficial Trust Fund, its major investments in media assets including TV5 and CignalTV. At the end of July 2013, CignalTV had over 515,000 subscribers.

In March 2013, PLDT announced an additional financial investment through ePLDT of Pesos 3.6 billion (US$86.8 million) in MediaQuest PDRs, for a 40% economic interest in SatVentures Inc. (a wholly-owned subsidiary of MediaQuest), which in turn holds the residual 60% economic interest in MediaScape. ePLDT will also invest Pesos 1.95 billion (US$47.0 million) in additional MediaQuest PDRs for 100% economic interest in Hastings Holdings (a wholly-owned subsidiary of MediaQuest), which holds minority stakes in the Philippine Star, the Philippine Daily Inquirer and BusinessWorld, three major newspapers in the Philippines.

These financial investments are part of PLDT's overall strategy of broadening the PLDT group's distribution platforms to enhance its ability to deliver multi-media content across PLDT group's extensive broadband and mobile networks.

As of 31 July 2013, PLDT has advanced Pesos 3.1 billion (US$71.8 million) as deposit for future PDR subscriptions.

Wireless

PLDT Group's combined cellular subscriber base grew by 5% to 73.4 million (31 December 2012: 69.9 million) representing approximately 67% of the total cellular market in the Philippines based on subscribers and approximately 60% in terms of revenues. Smart and Sun's combined prepaid subscriber base increased 5% to 71.2 million, accounting for 97% of its total cellular subscriber base. Postpaid subscribers dipped by 3% to 2.2 million from end 2012 largely due to elimination of inactive accounts in the Sun brand during the first quarter. PLDT's combined postpaid market share remained the biggest in the Philippine market with 54% of all postpaid cellular subscribers. A total of 54% of PLDT postpaid subscribers own smartphones.

At the end of the period, the cellular SIM penetration rate (counting multiple SIM) in the Philippines was over 110%.

Combined broadband subscribers –DSL fixed and wireless – stood at 3.2 million. This accounted for approximately 64% of the broadband subscriber market in the Philippines. Wireless broadband subscribers amounted to 2.3 million of which 1.8 million were using the Smart network and the remaining were Sun subscribers.

Wireless service revenues up 2% to Pesos 57.7 billion (US$1.4 billion) from Pesos 56.7 billion (US$1.3 billion)

- reflecting continued growth of non-SMS data revenues
- wireless broadband revenues, inclusive of mobile internet revenues, up 21%
- a 2% increase in cellular voice revenues
- partly offset by slightly lower cellular –SMS revenues

Wireless EBITDA down 1% to Pesos 28.1 billion (US$677.8 million) from Pesos 28.2 billion (US$660.1 million)

- due to higher handsets subsidies in line with efforts to increase smartphone ownership under postpaid plans to further seed growth of data revenues
- postpaid cellular revenues up 15%, accounting for 18% of total cellular revenues

EBITDA margin to 49% from 50%

- resulting from lower EBITDA

The wireless business has been implementing various marketing programs to increase its revenues, including launching competitive offers aimed at stabilizing ARPUs, expanding the postpaid subscriber base and businesses, and promoting mobile internet usage. On the PLDT cellular networks, average smartphone penetration was 10% overall and 54% for the postpaid subscriber base. To enrich content offers, Smart Music has launched a three-year exclusive partnership agreement with MCA Music to offer more than 3 million tracks from MCA Music's global content to PLDT cellular subscribers, at approximately half the price of other online music stores. In addition to audio services, smartphone or tablet users can watch real-time television broadcast feeds of CignalTV through Cignal's TV-To-Go service.

Fixed Line
The number of PLDT fixed line subscribers remained stable at 2.1 million, the same as at the end of December 2012.

PLDT continues to lead in fixed line as it has the largest share in each of the retail and corporate segments of the market.

Fixed line service revenue up 3% to Pesos 26.5 billion (US$639.2 million) from Pesos 25.8 billion (US$603.9 million)	• reflecting a 7% increase in DSL revenues and a 10% rise in third party corporate data revenues • contributed from newly acquired data center, data center revenues up 86% • offset partly by lower revenues from national long distance, international long distance and local exchange carrier services
Fixed line EBITDA up 15% to Pesos 11.4 billion (US$275.0 million) from Pesos 9.9 billion (US$231.7 million)	• growth in service revenues more than offset the rise in expenses
EBITDA margin to 37% from 34%	• due to Pesos 1.7 billion (US$39.8 million) in manpower reduction program expenses booked in the first half of 2012

The fixed line network has been upgraded to an all-IP next generation network ("NGN") to enable PLDT to offer improved voice, data, and other services with vastly expanded network capacity. In addition, PLDT has commenced roll out of fiber-to-the home ("FTTH") which enables the delivery of high-speed broadband of up to 100 million bits per second ("mbps"). Approximately 45% of PLDT's fixed line subscribers are DSL subscribers. PLDT recently announced the Philippine's first triple play service that includes landline, fiber-to-the-home ('Fibr"), the fixed line network's high-speed broadband service, and content from CignalTV.

Meralco
PLDT Communications and Energy Ventures, Inc., a 99.7% owned subsidiary of Smart, owns 50% of Beacon Electric, a special purpose company jointly owned with MPIC. As of 27 August 2013, Beacon Electric owns approximately 49.96% of Meralco.

Meralco, the largest electricity distribution utility in the Philippines, has a franchise that allows it to distribute electricity in most of Luzon until 2028. The franchise area produces nearly half of the Philippines' gross domestic product. Meralco accounts for over half of the total electricity sales in the Philippines. To help manage the high demand and cost of power, and in search of new sources of growth, Meralco is investing in power generation.

On 28 March 2013, First Pacific and Meralco's wholly-owned subsidiary Meralco PowerGen acquired a 70% interest in PacificLight based in Singapore. PacificLight's combined cycle combustion turbine power project consists of two 400-megawatt ("MW") natural gas-fired turbines which are on track to begin commercial electricity production by early 2014.

Meralco's performance in the first half of 2013 can be found in the MPIC section of this report.

2013 Outlook
PLDT is on track to achieve its core income guidance of Pesos 38.3 billion. Improving economic conditions have increased consumers' purchasing power, lifted retail and corporate demand for internet usage and content through both fixed and mobile networks. In addition, the competitive environment in the cellular space is now allowing both players to register growth. The acquisition of Digitel/Sun and substantial investments made in network capacity and new platforms are beginning to deliver synergies that would allow PLDT to expand its revenue sources by capitalizing on its network and content strengths. The combined impact of multi-media and the internet on the mainstream telecommunications business will help propel PLDT's growth.

Reconciliation of reported results between PLDT and First Pacific

PLDT's operations are principally denominated in peso, which averaged Pesos 41.46 (1H12: Pesos 42.72) to the U.S. dollar. Its financial results are prepared under Philippine Generally Accepted Accounting Principles (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 Peso millions	**2013**	2012 (Restated)[(i)]
Net income under Philippine GAAP	**19,707**	19,282
Preference dividends[(ii)]	**(31)**	(25)
Net income attributable to common shareholders	**19,676**	19,257
Differing accounting and presentational treatments[(iii)]		
- Reclassification of non-recurring items	**(1,291)**	93
- Others	**(2,301)**	(2,547)
Adjusted net income under Hong Kong GAAP	**16,084**	16,803
Foreign exchange and derivative losses/(gains)[(iv)]	**979**	(935)
PLDT's net income as reported by First Pacific	**17,063**	15,868
US$ millions		
Net income at prevailing average rates for 1H13: Pesos 41.46 and 1H12: Pesos 42.72	**411.6**	371.4
Contribution to First Pacific Group profit, at an average shareholding of 1H13: 25.6% and 1H12: 25.6%	**105.2**	95.0

(i) After adopting Revised Philippine Accounting Standard (PAS) 19 "Employee Benefits", PLDT has restated its 1H12 net income to Pesos 19,282 million from Pesos 19,502 million.

(ii) First Pacific presents net income after deduction of preference dividends.

(iii) 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 1H13 of Pesos 1,291 million mainly represents gain on disposal of BPO business of Pesos 2.0 billion, partly offset by manpower reduction costs of Pesos 0.8 billion. Adjustment for 1H12 of Pesos 93 million represents share of Meralco's non-recurring losses.*
- *Others: The adjustments principally relate to the accrual of withholding tax on PLDT's net income in accordance with the requirements of HKAS 12 "Income Taxes", and the recognition of amortization for certain intangible assets identified as a result of the Group's acquisition of an additional 2.7% interest in PLDT in November 2011.*

(iv) To illustrate the underlying operational results and profit contributions, foreign exchange and derivative losses/gains (net of related tax) are excluded and presented separately.

MPIC

MPIC's infrastructure portfolio as at 27 August 2013 comprises the following assets offering water distribution, electricity distribution, toll roads and hospital services:

- 52.8% in Maynilad
- 50.0% in Beacon Electric which owns 49.96% of Meralco
- 99.9% in MPTC which owns 67.1% of Manila North Tollways Corporation ("MNTC"), 46.0% of Tollways Management Corporation ("TMC") and 100% of Cavitex Infrastructure Corporation ("CIC")
- 33.4% in Medical Doctors, Inc.
- 100% in Colinas Verdes Hospital Managers Corporation, the operator of Cardinal Santos Medical Center ("CSMC")
- 51.0% in Riverside Medical Center, Inc. ("RMCI")
- 34.9% in Davao Doctors Hospital, Inc. ("DDH")
- 100% in East Manila Hospital Managers Corporation, the operator of Our Lady of Lourdes Hospital ("OLLH")
- 85.6% in Asian Hospital, Inc. ("AHI") which owns 100% of Asian Hospital and Medical Center
- 51.0% in DLSMC

MPIC's contribution to the Group rose 11% to US$53.0 million (1H12: US$47.7 million) in the period as a result of double-digit contribution increases from each of its businesses, an appreciation of the average peso exchange rate against the U.S. dollar, reduced somewhat by higher net interest expense and operating expenses at the MPIC head office level.

Consolidated core net income up 14% to Pesos 3.9 billion (US$95.1 million) from Pesos 3.5 billion (US$80.9 million)	• Maynilad, Meralco, MPTC and Hospitals accounted for 44%, 30%, 20% and 6%, respectively, of MPIC consolidated profit contribution from operations • reflecting a 20% rise in contribution from Maynilad to Pesos 2.1 billion (US$50.2 million) on higher tariffs and billed water volume • a 10% increase in contribution from Meralco to Pesos 1.4 billion (US$34.9 million) on higher average distribution rate, growth in energy sales and in preferred dividends from Beacon Electric • an 18% rise in contribution from MPTC to Pesos 931 million (US$22.5 million) on a higher traffic volumes and average kilometers travelled on NLEX, and consolidation of CAVITEX's earnings • a 27% rise in contribution from Hospitals to Pesos 262 million (US$6.3 million) • partly offset by a 62% increase in MPIC head office interest expense for funding the acquisition of CAVITEX which was repaid in March 2013 • a 24% increase in MPIC head office's operating expenses, principally in respect of personnel- and public relations-related expenses
Consolidated reported net income up 7% to Pesos 3.7 billion(US$89.0 million) from Pesos 3.4 billion (US$80.6 million)	• due largely to higher core net income • partly offset by non-recurring charges of Pesos 252 million (US$6.1 million) in relation to debt refinancing costs at Maynilad, Beacon Electric and MPIC head office
Revenues up 12% to Pesos 15.3 billion (US$ 368.7 million) from Pesos 13.6 billion (US$318.8 million)	• referred to above

Equity Placement

In January 2013, MPIC raised Pesos 6.1 billion (US$147.6 million) by placing 1.33 billion new shares at Pesos 4.6 (U.S. 11.1 cents) per share. The funds will be used for expansion of current investments and potential new projects, including CAVITEX, Cavite-Laguna ("CALA") Expressway and Cebu-Mactan Airport. The expansion proposal for CAVITEX has been submitted to the Department of Public Works and Highways of the Philippines and the deadline for submitting the pre-qualification documents for CALA Expressway is 23 September 2013.

Debt Profile

As at 30 June 2013, MPIC recorded a consolidated debt of Pesos 53.2 billion (US$1.2 billion), up 22% from Pesos 43.6 billion (US$1.1 billion) as at 31 December 2012.

Additional Investments

On 15 March 2013, Maynilad acquired a 10% interest in Subic Water for a consideration of Pesos 211 million (US$5.1 million). Subic Water serves 40,000 customers in Olongapo City and the Subic Bay Freeport Zone.

On 28 March 2013, First Pacific and Meralco's wholly-owned subsidiary Meralco PowerGen completed the acquisition of 70% of PacificLight, a company building a power plant located on Jurong Island, Singapore, for a total investment cost of approximately US$550 million. First Pacific holds 60% of the investment vehicle FPM Power and Meralco PowerGen owns the remaining 40%. PacificLight's combined cycle combustion turbine power project consists of two 400 megawatt natural gas-fired turbines which are on track to begin commercial electricity production by early 2014. The remaining 30% of the project continues to be held by Petronas Power Sdn Bhd, a subsidiary of Malaysia's state-owned oil and gas company.

On 3 June 2013, MPIC completed the acquisition of 51.0% interest in DLSMC in Quezon City, Metro Manila which has an authorized bed capacity of 150, for a consideration of Pesos 133 million (US$3.2 million)

On 24 June 2013, MPIC signed an investment agreement with CLDH in Tarlac City, which has bed capacity of 200.

In July 2013, MPIC's 50% owned company Beacon Electric acquired additional 18.3 million shares of Meralco for a consideration of Pesos 5.1 billion (US$118.1 million). It increased Beacon Electric's interest in Meralco to 49.96% from 48.3%.

Interim Dividend

The MPIC board of Directors declared an interim cash dividend of Pesos 0.015 (U.S. 0.035 cent) per share, up 25% from Peso 0.012 (U.S. 0.028 cent) per share a year earlier. In addition, a cash dividend of 10% based on par value Class A preferred shares or the amount of Peso 2.5 million (US$0.06 million) was declared.

Maynilad

Maynilad operates a concession that runs until 2037 for water distribution and sewerage for the West Zone of Metro Manila, comprising a population of 9.7 million people in 12 cities and 5 municipalities as at 30 June 2013. During the period, Maynilad spent Pesos 3.9 billion (US$94.1 million) in capital expenditure on its water distribution system, of which Pesos 675.7 million (US$16.3 million) was used for improving and expanding its waste and sewerage water services. Maynilad's system currently delivers 24-hour water supply to 95% of its customers while almost 100% of customers receive water pressure of at least seven pounds per square inch. Residential customers accounted for 80% of Maynilad customer base while the remaining 20% are commercial users.

During the period, Maynilad drew 6% less water from the Angat Dam and achieved a 3% increase in the volume of water sold as a result of its substantial capital investment for improving the water system since it was acquired by MPIC in 2007.

Core net income up 23% to Pesos 4.1 billion (US$98.9 million) from Pesos 3.3 billion (US$77.2 million)	• owing largely to higher billed water volume and average tariff
Reported net income down 1% to Pesos 3.29 billion (US$79.4 million) from Pesos 3.33 billion (US$77.9 million)	• reflecting debt refinancing costs, despite higher core net income
Revenues up 11% to Pesos 8.5 billion (US$205.0 million) from Pesos 7.7 billion (US$180.2 million)	• reflecting a 7% rise in average effective tariff, a 3% increase in billed water volume and a 6% increase in billed customers
Average non-revenue water down to 40% from 45%	• reflecting lower leakage as a result of 22,560 leaks repaired, lower theft, continue pipe rehabilitation and more efficient management of water pressure and supply • the above resulted in recovery of over 156 million liters of water per day
Total billed water volume up 3% to 219 million cubic meters from 212 million cubic meters	• reflecting a 6% rise in billed customers to 1,101,463 from 1,041,980

In September 2012, Maynilad submitted its revised business plan to the regulator for the water tariff in the next rate rebasing period. The review process failed to complete in July 2013 as expected. Maynilad is considering options for going forward, including arbitration proceedings.

Maynilad continues exploring investment opportunities in water distribution and sewerage management projects.

Meralco

During the period, the volume of electricity sold by Meralco rose 4% to 16,863 GWh with growth driven by a 5% increase in demand from the commercial sector, a 4% increase in residential demand and a 3% increase in demand from industrial customers.

Meralco's average distribution charge increased by 10% to Pesos 1.66/kilowatt hour ("kWh") from Pesos 1.50/kWh, while the average customer retail rate decreased 1% to Pesos 9.45/kWh, reflecting an 17% decrease in the transmission charge, a 3% fall in the generation charge and an 11% decline in the system loss charge, offset by a 10% increase in the distribution charge and a 12% increase in the taxes and universal charge. Generation, transmission and distribution charges accounted for 57%, 9% and 18%, respectively, of customers' electricity bills, while the system loss charge accounted for 5% and the remaining 11% was the taxes and universal charge.

System loss fell to a new record low of 6.85% at end-June 2013 from 7.35% a year earlier, reflecting Meralco's continuing refinement of its loss reduction programs and a steady decline in electricity theft. Meralco continues to invest in its electricity distribution system for a franchise area which produces over half of the Philippines' gross domestic product.

Core net income up 2% to Pesos 9.2 billion (US$221.9 million) from Pesos 9.0 billion (US$210.7 million)	• reflecting the Pesos 1.6 billion (US$37.5 million) of local franchise tax recovery recorded in the first half of 2012, without the above recovery, growth would have been at 24%
Reported net income down 3% to Pesos 9.4 billion (US$226.7 million) from Pesos 9.8 billion (US$229.4 million)	• reflecting lack of the above recovery and non-core income recorded in the first half of 2012
Revenues down 1% to Pesos 141.7 billion (US$3.4 billion) from Pesos 143.6 billion (US$3.4 billion)	• reflecting a bigger decline in pass-through revenues than the rise in distribution and other revenues
EBITDA margin stood at 11%	• reflecting the increase in distribution charge compensating the lack of the above recovery

Meralco continues its efforts to reduce electricity costs, further improve operational efficiency and increase service reliability. During the period, its capital expenditure was Peso 3.7 billion (US$89.2 million).

As at 30 June 2013, Meralco's consolidated gross debt remained stood at Pesos 25.4 billion (US$588.0 million) with maturity spread through 2022, 89% of which is peso-denominated long-term debt including current maturities, with an average interest rate at 5.4% for long-term peso debt and 3.9% for short-term peso loan. Its US$28 million short-term U.S. dollar-denominated loan bears an interest rate of 1.46%.

For prepaid electricity services, Meralco plans to enroll up to 2,000 households for commercial pilot testing by mid-September 2013, and targets a commercial launch in the first quarter of 2014.

Retail Competition and Open Access for electricity commenced on 26 June 2013 with MPower successfully signing over 60% of the initial registered contestable customers.

In power generation, Meralco is the controlling joint venture partner in Redondo Peninsula Energy, Inc. which is building two 300 MW coal-fired base load plants with operations commencing in 2017. Two liquefied natural gas ("LNG") projects with capacity of 1,500 MW each are being evaluated.

MPTC

MPTC, through its interests in MNTC, TMC and CIC operates the NLEX, the SCTEX, the Subic Freeport Expressway and CAVITEX. The concession for NLEX runs until 2037, for SCTEX until 2043 and for CAVITEX until 2033 for the original toll road and to 2046 for its extension.

With effect from 2 January 2013, MPTC expanded its toll road portfolio with an agreement to manage CAVITEX, which is a 14-kilometer toll road running from Parañaque to Cavite with daily traffic averaging more than 100,000 vehicles.

Core net income up 27% to Pesos 1.0 billion (US$24.1 million) from Pesos 810 million (US$19.0 million)	• reflecting strong traffic growth, lower operating costs on NLEX • inclusion of CAVITEX's earnings • lower interest expenses and effective tax rate
Reported net income up 21% to Pesos 981 million (US$23.7 million) from Pesos 808 million (US$18.9 million)	• reflecting higher core net income • partly offset by non-core business development expenses
Revenues up 20% to Pesos 4.1 billion (US$98.9 million) from Pesos 3.4 billion (US$79.6 million)	• reflecting a 5% rise in average daily vehicle entries to NLEX and longer travel journey • inclusion of CAVITEX's revenue which reflects its 8% increase in average daily vehicle entries
Core EBITDA up 23% to Pesos 2.8 billion (US$67.5 million) from Pesos 2.3 billion (US$53.8 million)	• due mainly to increase in earnings from TMC and the inclusion of CAVITEX

The construction of the 8-kilometer NLEX Harbour Link extension is on track and its first stage is expected to open in 2014. This extension will link NLEX to the North Manila Port area. MPTC is in discussion with the Philippine Government in relation to the construction of the NLEX Citilink project to extend NLEX eastward by 8 kilometers and add new entrance ramps.

MNTC, a subsidiary of MPTC, continues to coordinate with the Bases Conversion and Development Authority and the Philippine Government to complete the turnover of management of SCTEX. MPTC plans to invest Pesos 400 million (US$9.3 million) to integrate SCTEX with NLEX to facilitate seamless travel between the two expressways.

The discussion with the Philippine Government on building an elevated expressway that will connect the northern and southern toll road systems is ongoing. MPTC's Connector Road Project, a four-lane elevated expressway, aims to connect the Harbour Link to Southern Luzon. MPTC expects the Connector Road to increase traffic on the existing northern and southern toll road systems by enabling commercial vehicles to traverse Metro Manila without violating the truck ban and slashing travel time between systems to no more than 20 minutes from over an hour today.

MPTC and MPIC plan to fund the estimated total of approximately Pesos 41 billion (US$949.1 million) for construction of NLEX Harbour Link, NLEX Citilink and the Connector Road projects and the expansion of CAVITEX over the next few years by internal resources and external borrowing.

Hospitals

MPIC's Hospital group, including CLDH, will comprise eight full-service hospitals and is the largest private provider of premier hospital services in the Philippines which delivers services including diagnostic, therapeutic and preventive medicine services through all three major island groupings in the country. This division comprises Makati Medical Center ("MMC"), CSMC, OLLH, Asian Hospital, DLSMC and CLDH in Metro Manila, as well as Riverside Medical Center in Bacolod City and Davao Doctors Hospital in Davao City, with approximately 2,150 beds.

Excluding CLDH, there were a total of 5,219 accredited medical doctors and consultants at the end of June 2013 and an average of 3,342 students for the period. Average bed occupancy rate was 73%.

In addition to the traditional hospital services, MPIC made its first investment in a non-hospital-based diagnostic center Megaclinic at SM Megamall in Metro Manila. Megaclinic is an affiliate of DLSMC.

Core net income up 29% to Pesos 397 million (US$ 9.6 million) from Pesos 307 million (US$7.2 million)	• reflecting higher revenues from patients • lower losses at nursing schools attached to the hospitals • lower operating expenses as a result of strict cost control
Reported net income up 31% to Pesos 402 million (US$9.7 million) from Pesos 306 million (US$7.2 million)	• reflecting higher core net income and turnaround results from non-core businesses
Revenues up 10% to Pesos 5.9 billion (US$142.3 million) from Pesos 5.4 billion (US$126.4 million)	• reflecting a 15% rise in revenues from MMC, 11% from RMCI, 9% from CSMC and 8% from OLLH. The inclusion of DLSMC also contributed 1% of the revenues

The Hospital division is in the process of completing the acquisition of the CLDH by the second half of 2013. It continues to evaluate opportunities for expansion through investing in additional hospitals in strategic areas of the Philippines, aiming for a total of 3,000 beds across 15 hospitals.

This division continues to invest in improving infrastructure, equipment and facilities by leveraging its technical and professional expertise to expand services and enhance operational efficiency across its hospitals, and by extending its healthcare services through shopping mall-based diagnostic centers.

2013 Outlook

Owing to economic growth and continuing cost controls, all of MPIC's businesses are expected to continue strong earnings growth. Its core net income guidance for 2013 full year is Pesos 7 billion though uncertainties surrounding the Maynilad rate rebasing and pending tariff increases on NLEX and CAVITEX may impact this guidance.

For new infrastructure investment opportunities in the Philippines, MPIC submitted a conditional bid for Manila's Light Rail Transit System Line 1 South Extension project and is in the process of finalizing documentation to bid for the redevelopment of the Cebu-Mactan Airport Project, and is qualified to bid for the Automated Fare Collection System Project to provide a unified ticketing system for the Metro Rail Transit System.

Reconciliation of reported results between MPIC and First Pacific

MPIC's operations are principally denominated in peso, which averaged Pesos 41.46 (1H12: Pesos 42.72) 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 Peso millions	**2013**	2012
Net income under Philippine GAAP	**3,690**	3,444
Preference dividends(i)	**(3)**	(2)
Net income attributable to common shareholders	**3,687**	3,442
Differing accounting and presentational treatments(ii)		
- Reclassification of non-recurring items	**262**	37
- Others	**(3)**	(4)
Adjusted net income under Hong Kong GAAP	**3,946**	3,475
Foreign exchange and derivative gains (iii)	**(10)**	(25)
MPIC's net income as reported by First Pacific	**3,936**	3,450
US$ millions		
Net income at prevailing average rates for 1H13: Pesos 41.46 and 1H12: Pesos 42.72	**94.9**	80.8
Contribution to First Pacific Group profit, at an average shareholding of 1H13: 55.9% and 1H12: 59.0%	**53.0**	47.7

(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 1H13 of Pesos 262 million principally represents debt refinancing costs of MPIC parent company, Maynilad and Beacon Electric. Adjustment for 1H12 of Pesos 37 million principally represents write-off of certain project costs.*

(iii) To illustrate the underlying operational results and profit contributions, foreign exchange and derivative gains (net of related tax) are excluded and presented separately.

INDOFOOD

Indofood's contribution to the Group was flat at US$90.5 million (1H12: US$90.4 million) principally reflecting higher core net income offset by a 5.6% depreciation of the average rupiah rate against the U.S. dollar. Core net income increased 5.8% in rupiah terms.

Core net income up 6% to Rupiah 1.8 trillion (US$181.9 million) from Rupiah 1.7 trillion (US$182.1 million)	• owing to higher contributions from the Consumer Branded Products ("CBP"), Bogasari and Distribution groups • inclusion of earnings at CMFC and MPM • partly offset by weaker performance of the Agribusiness group owing to lower prices for palm products and rubber as well as lower sales volumes at the Edible Oils & Fats ("EOF") division
Net income up 1% to Rupiah 1.7 trillion (US$174.7 million) from Rupiah 1.7 trillion (US$183.0 million)	• due to higher core net income • partly offset by foreign exchange losses
Consolidated net sales up 9% to Rupiah 26.9 trillion (US$2.8 billion) from Rupiah 24.6 trillion (US$2.7 billion)	• reflecting higher sales contributed from the CBP, Bogasari and Distribution groups • partly offset by lower sales from Agribusiness • sales contribution from CBP, Bogasari, Agribusiness and Distribution amounted to 44.8%, 26.6%, 20.6% and 8.0% of the total, respectively
Gross profit margin to 24.0% from 27.4%	• due mainly to weaker performance of the Plantations division owing to lower prices for palm products and rubber as well as higher production costs
Consolidated operating expenses up 12% to Rupiah 3.5 trillion (US$359.0 million) from Rupiah 3.2 trillion (US$347.8 million)	• due mainly to increase in staffing to strengthen organization and expansion • higher spending on advertising and promotion • higher freight and handling expenses in conjunction with the increase in sales volumes
EBIT margin to 10.9% from 14.5%	• reflecting a lower gross profit margin and higher operating expenses as referred to above
Net gearing to 0.14 times from 0.06 times at the end of 2012	• an increase in net debt due to higher borrowings primarily for funding new investments

Debt Profile

As at 30 June 2013, Indofood recorded gross debt of Rupiah 18.0 trillion (US$1.8 billion), up from Rupiah 15.3 trillion (US$1.6 billion) as at the end of December 2012. Of this total, Rupiah 10.4 trillion (US$1.0 billion) matures within one year. The remaining Rupiah 7.6 trillion (US$0.8 billion) matures between 2014 and 2019.

Additional Investments

In February 2013, Indofood acquired in aggregate a 29.3% interest in CMFC for a total consideration of approximately S$195.2 million (US$161.9 million). CMFC is a leading integrated vegetable processor in the People's Republic of China with cultivation, processing and sales capabilities. It is listed in Singapore.

On 8 March 2013, SIMP and its subsidiary Lonsum invested a total of Rupiah 330 billion (US$34.0 million) for SIMP to acquire an effective interest of 79.7% in MPM. MPM is an investment company, engaging through its subsidiary in industrial forest plantations totaling 73,330 hectares in East Kalimantan Province.

On 25 June 2013, IndoAgri, completed the acquisition of a 50% interest in CMAA for a consideration of approximately Brazilian Real 143.4 million (US$66.6 million). CMAA is involved in the sugar, ethanol and co-generation industry in Brazil.

On 27 June 2013, PT Indofood CBP Sukses Makmur Tbk through joint venture companies with Asahi Group Holdings Southeast Asia Pte. Ltd. signed a conditional share purchase agreement to acquire all outstanding shares of PCIB for a total consideration of US$30 million. PCIB is involved in the manufacturing, marketing and distribution of non-alcoholic drinks.

CBP

The CBP group comprises Noodles, Dairy, Snack Foods (including Biscuits), Food Seasonings and Nutrition & Special Foods.

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 16.4 billion packs per year. Indomie, Supermi, Sarimi, Sakura, Pop Mie, Pop Bihun and Mi Telur Cap 3 Ayam are popular Indofood brands.

PT Indolakto, the operating subsidiary in Dairy, is one of the largest dairy products manufacturers in Indonesia with the flagship brand Indomilk encompassing sweetened condensed milk, UHT milk, sterilized bottled milk, pasteurized liquid milk as well as powdered milk. Other brands include Indoeskrim for ice cream and Orchid for butter. Consumption per capita for dairy products in Indonesia remains low at around 12 liters per year while it is approximately 20 liters for ASEAN as a whole. Indolakto's annual production capacity for all of its dairy products is 474 thousand tonnes.

The Snack Foods division maintained its leadership position through its leading brands Chitato and Lays (potato chips), and Qtela (cassava and soybean chips, as well as curly and prawn crackers). Biscuits are marketed under the brand names Trenz and Wonderland. Three factories have combined annual production capacity of 49 thousand tonnes.

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, with combined annual production capacity of 126 thousand tonnes. Its culinary products are marketed and sold through a 50-50 joint venture with Nestle SA.

The Nutrition & Special Foods division produces food for babies and children, and milk for expectant and lactating mothers under two brands; Promina caters to higher-income groups, while SUN is targeted to the mass-market segment. It has an annual production capacity of 24 thousand tonnes.

Sales up 12% to Rupiah 12.1 trillion (US$1.2 billion) from Rupiah 10.8 trillion (US$1.2 billion)	• reflecting an increase in sales at all main divisions • mainly driven by volume growth and higher average selling prices
Sales volume	• Noodles up 4% to 6.6 billion packs from 6.3 billion packs • Dairy up 18% to 178.1 thousand tonnes from 150.7 thousand tonnes • Snack Foods up 10% to 16.2 thousand tonnes from 14.7 thousand tonnes • Food Seasonings up 12% to 54.3 thousand tonnes from 48.4 thousand tonnes • Nutrition & Special Foods up 2% to 7.8 thousand tonnes from 7.7 thousand tonnes
EBIT margin to 12.9% from 13.8%	• due mainly to higher advertising and promotion expenses • higher employee-related costs • higher freight and handling expenses in conjunction with the increase in sales volumes

The CBP group is focusing on product innovation, expanding its product range and strengthening marketing initiatives. The new investment in non-alcoholic beverages with Asahi is expected to commence commercial production in 2014, with Tsukishima Foods Industry Co., Ltd. for oil and fat products will add new margarine products, whipped non-dairy filling creams, batter conditioners, and oil and fat derivative products for the bakery, confectionery and restaurant industries.

Bogasari

Bogasari has been operating in Indonesia for more than four decades and has long been a member of the Indofood group, with flour mills located in Jakarta and Surabaya. Bogasari produces wheat flour as well as pasta for domestic and international markets. Its brands include Cakra Kembar, Segitiga Biru, Kunci Biru and Lencana Merah for wheat flour, and La Fonte for pasta. Bogasari also has its own maritime unit employing two Panamax and five Handymax vessels mainly to transport wheat from suppliers in Australia and the northern hemisphere. In addition, it operates a packaging factory that produces polypropylene bags.

Sales up 18% to Rupiah 9.0 trillion (US$927.4 million) from Rupiah 7.7 trillion (US$834.2 million)	• due mainly to higher sales volumes and higher average selling prices in conjunction with a rise in international wheat prices
Sales volume of food flour up 7% to 1,404 thousand tonnes from 1,307 thousand tonnes	• owing to higher demand from internal and external consumers
EBIT margin to 9.0% from 7.6%	

The flour industry is expected to continue growing steadily in the years ahead as wheat consumption at around 27 kg per capita annually is still low in comparison with the global average of 95 kg per year. The growing popularity of modern fast-food franchises and associated lifestyle changes primarily within younger generations will accelerate urbanization and growth in the industry. However, competition remains strong with the continuing entry of new producers into the market.

Agribusiness

The Agribusiness group consists of two divisions: Plantations and EOF, which operate through Indofood's 59.7%-owned Singapore-listed subsidiary IndoAgri and IndoAgri's 72.0%-owned Indonesia-listed subsidiary SIMP, which in turn owns 59.5% of Indonesia-listed subsidiary Lonsum. The Agribusiness group is one of the leading players in Indonesia's branded cooking oil segment, 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 products. The group also operates rubber, sugar cane, cocoa and tea plantations.

Plantations

SIMP and Lonsum have a total planted area of 269,162 hectares. Oil palm is the dominant crop, with 33% of oil palms younger than seven years and an average age of approximately 13 years. Total planted area of oil palm was 233,002 hectares, up 1% from 230,919 hectares at the end of December 2012. Due to lower production in Sumatra and younger and less productive oil palm trees, production of fresh fruit bunch nucleuses declined 5% period-on-period combined with a decline in purchases of fresh fruit bunches from third parties. This decline resulted in an 11% fall in CPO production to 356 thousand tonnes. This division operates 21 palm oil mills with a total annual processing capacity of 5.2 million tonnes of fresh fruit bunches.

The division also operates 36,160 hectares planted with other crops including rubber, sugar cane, cocoa and tea. At the end of June 2013, the total planted area of rubber was 21,463 hectares, the planted area of sugar cane was 11,359 hectares and the planted area of remaining crops was 3,338 hectares. Due to a later start in the sugar harvest in 2013 than in 2012, sugar cane harvested fell 13% to 194 thousand tonnes and sugar production declined 27% to 15 thousand tonnes.

EOF

This division manufactures cooking oils and fats and markets products under various brands for both export and domestic consumption. Bimoli and Simas Palmia are leading cooking oil and margarine brands in Indonesia. The division also produces crude coconut oil and derivative products, most of which are exported to the United States, Europe and Asia. The division has refinery capacity of 1.4 million tonnes of CPO per annum as of 30 June 2013 and most of this division's input needs are sourced from the plantation division's CPO production.

Sales down 7% to Rupiah 6.4 trillion (US$658.9 million) from Rupiah 6.9 trillion (US$754.2 million)	• due mainly to the decline in average selling prices of main crops • average selling prices of CPO, palm kernel and rubber fell 17%, 29% and 20%, respectively
EBIT margin to 4.8% from 19.2%	• reflecting lower commodity prices and higher production costs
Sales volume	• due to reduction in stock levels, CPO up 8% to 433 thousand tonnes from 402 thousand tonnes and sugar up 65% to 20 thousand tonnes from 12 thousand tonnes • EOF down 6% to 397 thousand tonnes from 423 thousand tonnes due to lower coconut oil and bulk oil sales

The Indonesian economy continues to expand and has become one of the world's largest consumers of palm oil. To support the large domestic demand for palm and consumer products, the Agribusiness group's expansion focuses on new oil palm and sugar plantings. It is building new palm oil mills in South Sumatra and Kalimantan, expanding the capacity of two existing palm oil mills and increasing the utilization of facilities for transporting CPO to refineries to expand CPO production capacity and improve the supply chain infrastructure. It continues to promote its branded oil and fat products with new packaging launches and brand positioning. The investments in MPM and CMAA fit into Indofood group's agriculture business model and diversify its crop portfolio.

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 for Indofood and third party products. 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 ensure product visibility and increase availability, the group engages merchandisers and canvassers, in conjunction with marketing efforts and promotions.

Sales up 15% to Rupiah 2.1 trillion (US$220.3 million) from Rupiah 1.9 trillion (US$202.1 million)	• partly reflecting stronger sales of the CBP group
EBIT margin to 3.6% from 4.0%	

The Distribution group continues to leverage its distribution network to boost product penetration. Strong internal controls continue to ensure high cost efficiency. Its sales force continues to enhance communication with retail outlets to better understand and respond to customers' needs while its team of merchandisers continues to ensure high product visibility in retail outlets.

2013 Outlook

The steady economic growth in Indonesia and strong domestic demand for processed foods are expected to continue over the medium term. The continuing facilities expansion across all divisions enables Indofood to meet growing demand for its products. The investment in CMFC, new investments in non-alcoholic beverages and the EOF businesses will widen Indofood's product range and create new synergies and new markets and further diversify revenue sources.

Reconciliation of reported results between Indofood and First Pacific

Indofood's operations are principally denominated in rupiah, which averaged Rupiah 9,750 (1H12: Rupiah 9,202) 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 full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

For the six months ended 30 June Rupiah billions	**2013**	2012
Net income under Indonesian GAAP	**1,703**	1,684
Differing accounting and presentational treatments(i)		
– (Loss)/gain on changes in fair value of plantations	**(459)**	2
– Foreign exchange accounting	**27**	27
– Others	**(39)**	(42)
Adjusted net income under Hong Kong GAAP	**1,232**	1,671
Foreign exchange and derivative losses/(gains)(ii)	**71**	(7)
Loss/(gain) on changes in fair value of plantations(ii)	**459**	(2)
Indofood's net income as reported by First Pacific	**1,762**	1,662
US$ millions		
Net income at prevailing average rates for 1H13: Rupiah 9,750 and 1H12: Rupiah 9,202	**180.7**	180.6
Contribution to First Pacific Group profit, at an average shareholding of 1H13: 50.1% and 1H12: 50.1%	**90.5**	90.4

(i) *Differences in accounting treatment under Indonesian GAAP, compared with Hong Kong GAAP, and other presentational differences. The principal adjustments include:*
- *Loss/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 costs to sell. 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 have already been written off by First Pacific.*
- *Others: The adjustments principally relate to the accrual of withholding tax on Indofood's net income in accordance with the requirements of HKAS 12 "Income Taxes" and reversal of amortization of plantations. Under Indonesian GAAP, Indofood amortizes plantations over their estimated useful lives. HKAS 41 "Agriculture" requires the measurement of plantations at fair value less costs to sell.*

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

PHILEX

Philex's natural resources portfolio comprises:

Philex for metal-related assets

- 100% in Philex Gold Philippines, Inc.
- 100% in Silangan Mindanao Mining Co., Inc.

Philex Petroleum* for energy-related assets

- 100% in Brixton Energy and Mining Corporation
- 50.3% in Pitkin which owns oil and gas exploration assets in Peru and the Philippines
- 48.8%** in Forum Energy Plc ("Forum") which owns 70.0% of Service Contract 72 and a 2.3% interest in the oil producing Galoc field. Both of these assets are located in the West Philippine Sea

* *11.4% directly held by First Pacific, 5.4% held by Two Rivers Pacific Holdings Corporation (a Philippine affiliate of First Pacific) and 64.8% held by Philex Mining Corporation.*

** *36.4% is held directly by Philex Petroleum and 24.1% is held by its 51.2% owned Canadian subsidiary FEC Resources Inc.*

Philex's first half contribution to the Group decreased 80.1% to US$3.2 million (1H12: US$16.1 million) principally due to mining operations not commencing until 8 March 2013 resulting in lower volumes of metals sold, significantly lower realized metal prices and a net loss of US$3.9 million at Philex Petroleum.

Philex paid Pesos 1 billion (US$24.1 million) tailings fee that was accrued in 2012. During the period, it received US$25 million in insurance claims settlement related to the tailings discharge.

During the period, Philex completed the cleanup of Balog Creek in Itogon, Benguet which was affected by the discharge mentioned above. Philex is currently waiting for regulatory permits to clean up the convergence area of the Balog Creek and affected area of Agno River.

In addition to the continuous use of Tailings Storage Facility No. 3 ("TSF3"), Philex has completed the construction of two of the three planned drainage chutes of a new open spillway for managing water draining into TSF3, over 90% of which comes from the surrounding hillsides with the remainder from the mine.

Total ore milled declined to 3.0 million tonnes (1H12: 4.7 million tonnes) owing to fewer days of operation, with an average grade of 0.523 grams (1H12: 0.500 grams) of gold per tonne of ore and 0.249% (1H12: 0.221%) copper. The contribution from the higher metal grade was offset by the shortened production period of less than six months (1H12: six months), resulting in a 28% decline in concentrate production to 23,867 dry metric tons (1H12: 33,233 dry metric tons). Gold production fell 30% to 40,845 ounces (1H12: 58,681 ounces) and copper production declined 25% to 13.7 million pounds (1H12: 18.3 million pounds).

During the period in operation, the average realized price for gold fell 19% to US$1,313 per ounce (1H12: US$1,618 per ounce) and the average realized copper price was down 23% to US$3.13 per pound (1H12: US$4.05 per pound).

Philex has drawn down a total loan of approximately US$128.6 million from a facility of up to approximately US$200 million provided by First Pacific, of which US$103.1 million was drawn during the period. The funds were used for the development of the Silangan Project and the rehabilitation of areas impacted by the tailings discharge at the Padcal mine.

As at 30 June 2013, Philex had Pesos 4.2 billion (US$98.3 million) of cash and cash equivalents, and Pesos 6.5 billion (US$150.4 million) of borrowings comprising loans from First Pacific and banks.

Core net income down 61% to Pesos 818 million (US$19.7 million) from Pesos 2.1 billion (US$49.4 million)

- due primarily to lower production volumes as there were less than four months of operation at the Padcal mine in the period
- significantly lower realized metal prices

Net income down 49% to Pesos 1.1 billion (US$25.9 million) from Pesos 2.1 billion (US$48.9 million)

- Reflecting lower core net income
- partly offset by an exceptional gain from an insurance settlement under its Pollution Legal Liability Insurance Policy, 60% of which gain relating to business interruption caused by the suspension of operations at the Padcal mine was reflected as core income

Operating revenue down 44% to Pesos 4.2 billion (US$101.3 million) from Pesos 7.5 billion (US$175.6 million)

- reflecting production of gold down 30% and of copper down 25% due to the shorter period of operation of the Padcal mine
- significantly lower realized metal prices slightly eased by higher grades of ore

EBITDA down 36% to Pesos 2.2 billion (US$53.1 million) from Pesos 3.4 billion (US$ 79.6 million)	• due to lower operating revenues • Maintenance costs of Pesos 440 million (US$10.6 million) at the Padcal mine as a result of the cost of labor retention during the period of suspension of mine operations
Operating costs and expenses down 32% to Pesos 3.0 billion (US$72.4 million) from Pesos 4.4 billion (US$103.0 million)	• due to lower volumes of ore milled reflecting operation of less than four months
Operating cost per tonne of ore milled down 6% to Pesos 749 (US$18.1) from Pesos 795 (US$18.6)	• reflecting lower production volume
Capital expenditure (including exploration costs) up 41% to Pesos 2.1 billion (US$50.7 million) from Pesos 1.5 billion (US$35.1 million)	• reflecting exploration expenditure for the Silangan Project and capital expenditure for the Padcal mine

Dividend
Given the suspension of operation at Padcal mine, the board of directors of Philex did not declare an interim dividend in respect of the first half of 2013 (1H12: Pesos 0.11 (US$0.003) per share).

Additional Investment/Asset Disposal
On 5 April 2013, Philex Petroleum increased its interest in Pitkin to 50.3% from 18.5% by acquiring new and existing shares for a total consideration of approximately US$34.8 million.

On 16 July 2013, Pitkin sold its entire interest in Vietnam American Exploration Company LLC for a total cash consideration of approximately US$48.6 million and realized a gain of approximately US$3 million.

Silangan Project
The gold and copper mine development project is located in Surigao del Norte, Northern Mindanao in the Philippines, and comprises the Boyongan and Bayugo deposits. A portion of the Bayugo deposits are located on what is known as the Kalayaan property which is subject to a joint venture agreement with Manila Mining Corporation.

It is currently estimated that the bankable definitive feasibility study for the Kalayaan property and the Bayugo deposit will be completed by the end of 2014. After this milestone the capital expenditures required to put the project into production are estimated to be in excess of US$1.2 billion and most of which will be incurred between 2015 and 2017.

Mineral Resources and Reserves
Listed below are the most recently reported mineral resources and proved reserves of the Padcal mine and Silangan Project:

	Padcal mine (As at 31 December 2012*)	Silangan Project (as at 5 August 2011) Boyongan	Bayugo
Resources(million tonnes)	184(i)	273(i)	125(i)
Gold (gram/tonne)	0.49	0.72	0.66
Copper (%/tonne)	0.24	0.52	0.66
Contained copper (thousand lbs)	975,999	3,120,000	1,820,000
Contained gold (ounces)	2,930,000	6,300,000	2,700,000
Copper equivalent(ii) cutoff (%)	0.317	-	-
Copper equivalent cutoff (%)	-	0.50	0.50
Proved reserves (million tonnes)	73.5		
Gold (gram/tonne)	0.43		
Copper (%/tonne)	0.21		
Recoverable copper (thousand lbs)	275,300		
Recoverable gold (ounces)	737,000		
Copper equivalent(ii) cutoff (%)	0.317		

* Based on the Competent Person's report issued in April 2013
(i) Measured and indicated
(ii) Copper equivalent = % copper + 0.317 x gram/tonne gold; Metal prices: US$3.00/lb copper, US$1,500/oz gold; Metal resources: 82% copper, 72% gold

Service Contract 72 ("SC72")

In April 2012, Forum received a Competent Person's report which interrupted the 2D and 3D seismic data obtained in 2011. The report produced a best estimate of 2.6 trillion cubic feet of gas-in-place and 65 million barrels of oil-in-place classified as Contingent Resources, and 8.8 trillion cubic feet of gas-in-place and 220 million barrels of oil-in-place classified as Prospective Resources.

The property covered by SC72 is located in the West Philippine Sea in an area where the Philippine and Chinese governments both claim sovereignty. Given this geopolitical dispute is ongoing, in January 2013, the Department of Energy granted a two-year extension to August 2015 to allow the completion of a two well drilling program with an estimated total cost of US$75 million. At present it is uncertain when the dispute between the governments of the Philippines and China will be resolved.

2013 Outlook

Management continue to work on obtaining consents to allow operations at the Padcal mine to continue on a permanent basis. Work on the Silangan project, including the Kalayaan joint venture, continues. Depending on market conditions, Philex hopes to complete its planned rights issue in the second half of 2013.

Reconciliation of reported results between Philex and First Pacific

Philex's operations are principally denominated in peso, which averaged Pesos 41.46 (1H12: Pesos 42.72) 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 Peso millions	**2013**	2012
Net income under Philippine GAAP	**1,075**	2,089
Differing accounting and presentational treatments(i)		
- Reclassification of non-recurring items	**(293)**	-
- Revenue recognition regarding sale of mine products	**(239)**	(196)
- Depreciation of revaluation increment of assets	**(136)**	(190)
- Others	**(156)**	(235)
Adjusted net income under Hong Kong GAAP	**251**	1,468
Foreign exchange and derivative losses(ii)	**36**	20
Philex's net income as reported by First Pacific	**287**	1,488
US$ millions		
Net income at prevailing average rates for 1H13: Pesos 41.46 and 1H12: Pesos 42.72	**6.9**	34.8
Contribution to First Pacific Group profit, at an average shareholding of 1H13: 46.2% and 1H12: 46.3%	**3.2**	16.1

(i) *Differences in accounting treatments 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 1H13 of Pesos 293 million principally represents a gain on insurance settlement of Pesos 285 million in respect of clean-up costs and damages in respect of the accidental discharge of water and tailings from its tailing pond No. 3 in August 2012.*
- *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.*
- *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.*
- *Others: The adjustments principally relate to the adjustments for the Group's direct share of Philex Petroleum's results and 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 (net of related tax) are excluded and presented separately.*

FINANCIAL REVIEW
LIQUIDITY AND FINANCIAL RESOURCES
NET DEBT AND GEARING

(A) Head Office Net Debt

The increase in net debt principally reflects investment financings to FPM Power, with respect to US$330 million investment in PacificLight, and loans of US$104.4 million to Philex. The Head Office's borrowings at 30 June 2013 comprise bonds of US$1,482.7 million (with an aggregated face value of US$1,500 million) which are due for redemption between 2013 and 2017, and bank loans of US$249.6 million (with an aggregated face value of US$250 million) which are due for repayment in 2016 and 2018.

Changes in Head Office net debt

US$ millions	Borrowings	Cash and cash equivalents	Net debt
At 1 January 2013	1,717.9	(584.1)	1,133.8
Movement	14.4	428.8	443.2
At 30 June 2013	**1,732.3**	**(155.3)**	**1,577.0**

Head Office cash flow

For the six months ended 30 June US$ millions	**2013**	2012
Dividend and fee income	**153.4**	161.6
Head Office overhead expense	**(12.5)**	(10.4)
Net cash interest expense	**(38.6)**	(32.2)
Taxes	**(0.2)**	(0.3)
Net cash inflow from operating activities	**102.1**	118.7
Net investments(i)	**(363.9)**	(5.8)
Loans to Philex	**(104.4)**	-
Financing activities		
- Proceeds from the issue of unsecured bonds, net	**395.1**	395.9
- Proceeds from the issue of shares upon the exercise of share options	**9.1**	8.3
- Net loan (repayments)/borrowings	**(393.7)**	46.2
- Dividends paid	**(64.2)**	(64.2)
- Repurchase of shares	**(8.9)**	(39.4)
(Decrease)/increase in cash and cash equivalents	**(428.8)**	459.7
Cash and cash equivalents at 1 January	**584.1**	102.5
Cash and cash equivalents at 30 June	**155.3**	562.2

(i) Includes US$330 million investment financings to FPM Power

(B) Group Net Debt and Gearing

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

Consolidated

	At 30 June 2013			At 31 December 2012		
US$ millions	**Net debt(i)**	**Total equity**	**Gearing(ii) (times)**	Net debt/(cash)(i)	Total equity	Gearing(ii) (times)
Head Office	**1,577.0**	**1,665.9**	**0.95x**	1,133.8	1,693.1	0.67x
MPIC	**920.3**	**2,502.6**	**0.37x**	807.2	2,290.9	0.35x
Indofood	**475.2**	**3,800.9**	**0.13x**	204.8	4,005.7	0.05x
FPM Power	**369.2**	**287.1**	**1.29x**	-	-	-
Group adjustments(iii)	**-**	**(862.7)**	**-**	-	(739.0)	-
Total	**3,341.7**	**7,393.8**	**0.45x**	2,145.8	7,250.7	0.30x
Associated						
PLDT	**1,800.4**	**3,328.4**	**0.54x**	1,915.9	3,550.2	0.54x
Philex	**52.1**	**593.8**	**0.09x**	(5.3)	538.2	-

(i) Includes pledged deposits and restricted cash
(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 investment financings to FPM Power and loans to Philex. MPIC's gearing increased principally because of an increase in net debt which reflects its consolidation of CIC and payments for capital expenditure, partly offset by a growth of its equity as a result of a share placement, sell down of interest in Maynilad and its profit recorded for the period. Indofood's gearing increased principally because of an increase in net debt which reflects its payments for capital expenditure, investments in CMFC, CMAA and MPM, partly offset by its operating cash inflow. FPM Power had a net debt principally reflecting PacificLight's bank borrowings for financing its construction of power plant. PLDT's gearing remained flat, which principally reflects a reduction in net debt as a result of its strong operating cash inflow and reduced equity because of dividends paid. Philex changed from a net cash position to a net debt position principally because of a reduction in its operating cash flow as a result of its suspension of the Padcal mine's operations from 1 August 2012 to 7 March 2013 following an accidental discharge of water and tailings from its tailings pond No. 3 in August 2012 and its payments for capital expenditure and additional investment in Pitkin Petroleum Plc.

The Group's gearing increased to 0.45 times level principally as a result of the higher net debt level reflecting the acquisition and consolidation of PacificLight, MPIC's and Indofood's payments for investments and capital expenditure, partly offset by a growth of its equity.

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

Consolidated

	Carrying amounts		Nominal values	
US$ millions	**At 30 June 2013**	At 31 December 2012	**At 30 June 2013**	At 31 December 2012
Within one year	**1,137.1**	926.5	**1,141.2**	926.6
One to two years	**231.2**	501.2	**230.7**	504.0
Two to five years	**1,650.3**	1,536.6	**1,647.1**	1,552.2
Over five years	**2,216.0**	1,400.7	**2,225.6**	1,408.5
Total	**5,234.6**	4,365.0	**5,244.6**	4,391.3

The change in the Group's debt maturity profile from 31 December 2012 to 30 June 2013 principally reflects (i) MPIC's consolidation of CIC, repayments and refinancing of short-term borrowings with long-term borrowings; (ii) Indofood's reclassification between long-term borrowings and short-term borrowings and (iii) Head Office's refinancing of US$650 million of short-term and long-term secured borrowings with US$400 million of ten-year unsecured bonds issued in April 2013 and US$250 million of unsecured long-term borrowings drawn in June 2013.

Associated

	PLDT				Philex			
	Carrying amounts		Nominal values		Carrying amounts		Nominal values	
US$ millions	**At 30 June 2013**	At 31 December 2012	**At 30 June 2013**	At 31 December 2012	**At 30 June 2013**	At 31 December 2012	**At 30 June 2013**	At 31 December 2012
Within one year	**709.2**	316.4	**711.2**	318.4	**149.8**	35.3	**149.8**	35.3
One to two years	**185.7**	471.4	**202.6**	498.5	**0.6**	-	**0.6**	-
Two to five years	**1,130.5**	1,268.4	**1,132.2**	1,271.1	**-**	-	**-**	-
Over five years	**704.0**	765.0	**704.3**	765.4	**-**	-	**-**	-
Total	**2,729.4**	2,821.2	**2,750.3**	2,853.4	**150.4**	35.3	**150.4**	35.3

The change in PLDT's debt maturity profile from 31 December 2012 to 30 June 2013 principally reflects loan repayments and new borrowings arranged to finance capital expenditure and/or refinance its loan obligations which were utilized for service improvements and expansion programs. The increase in Philex's debt principally reflects additional loans borrowed from Head Office.

CHARGES ON GROUP ASSETS
At 30 June 2013, certain bank and other borrowings were secured by the Group's property, plant and equipment, plantations, available-for-sale assets, accounts receivable, pledged deposits, cash and cash equivalents and inventories equating to a net book value of US$1,145.3 million (31 December 2012: US$1,120.8 million), receipts from future toll collections and funds in the related accounts of CIC and the Group's interests of 6.9% (31 December 2012: 16.4%) in PLDT, 43.0% (31 December 2012: 45.5%) in MPIC, 100% (31 December 2012: Nil) in CIC, nil (31 December 2012: 14.6%) in Philex, nil (31 December 2012: 46.8%) in Maynilad and nil (31 December 2012: 99.8%) in MPTC.

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. 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 net asset value (NAV) relate to investments denominated in the peso and the rupiah. Accordingly, any change in these currencies, against their respective 30 June 2013 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 exchange rates against the U.S. dollar.

Company	Basis	Effect on adjusted NAV US$ millions	Effect on adjusted NAV per share HK cents
PLDT	(i)	37.6	7.63
MPIC	(i)	17.8	3.60
Indofood	(i)	32.5	6.61
Philex	(i)	5.3	1.07
Philex Petroleum	(i)	0.7	0.14
FPM Power	(ii)	3.3	0.67
Head Office - Other assets	(iii)	1.3	0.26
Total		**98.5**	**19.98**

(i) Based on quoted share prices as at 30 June 2013 applied to the Group's economic interest

(ii) Based on investment cost in FPM Power

(iii) Based on loans receivable from Philex

(B) *Group risk*

The results of the Group's operating units are denominated in local currencies, principally the peso, the rupiah and the Singapore dollar, 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 units 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$	Rupiah	Peso	S$	Others	**Total**
Total borrowings	2,270.6	1,293.8	1,216.4	453.8	-	**5,234.6**
Cash and cash equivalents(i)	(531.0)	(937.0)	(317.5)	(105.2)	(2.2)	**(1,892.9)**
Net debt/(cash)	1,739.6	356.8	898.9	348.6	(2.2)	**3,341.7**
Representing:						
Head Office	1,584.8	-	(6.6)	-	(1.2)	**1,577.0**
MPIC	14.8	-	905.5	-	-	**920.3**
Indofood	156.9	356.8	-	(38.1)	(0.4)	**475.2**
FPM Power	(16.9)	-	-	386.7	(0.6)	**369.2**
Net debt/(cash)	1,739.6	356.8	898.9	348.6	(2.2)	**3,341.7**

Associated

US$ millions	US$	Peso	Others	**Total**
Net debt/(cash)				
PLDT	1,217.1	586.6	(3.3)	**1,800.4**
Philex	10.1	42.0	-	**52.1**

(i) Includes pledged deposits and restricted cash

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 unit level.

US$ millions	Total US$ exposure	Hedged amount	Unhedged amount	Profit effect of 1% change in currency	**Group net profit effect**
Head Office(i)	1,584.8	-	1,584.8	-	**-**
MPIC	14.8	-	14.8	0.1	**0.1**
Indofood	156.9	-	156.9	1.6	**0.6**
FPM Power(i)	(16.9)	-	(16.9)	(0.2)	**-**
PLDT	1,217.1	202.0	1,015.1	10.2	**1.8**
Philex	10.1	-	10.1	0.1	**-**
Total	**2,966.8**	**202.0**	**2,764.8**	**11.8**	**2.5**

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

EQUITY MARKET RISK

As the majority of the Company's investments are listed, the Company is exposed to fluctuations in the equity market values of such investments. In addition, the value of the Company's investments may be impacted by sentiment towards specific countries.

INTEREST RATE RISK

The Company and its operating units 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**
Head Office	1,482.7	249.6	(155.3)	**1,577.0**
MPIC	905.5	326.1	(311.3)	**920.3**
Indofood	435.8	1,381.2	(1,341.8)	**475.2**
FPM Power(ii)	429.5	24.2	(84.5)	**369.2**
Total	3,253.5	1,981.1	(1,892.9)	**3,341.7**
Associated				
PLDT	1,854.4	875.0	(929.0)	**1,800.4**
Philex	33.6	116.8	(98.3)	**52.1**

(i) Includes pledged deposits and restricted cash

(ii) At 30 June 2013, PacificLight, a subsidiary company of FPM Power, had interest rate swap agreements which effectively changed US$429.5 million of its bank loans from Singapore Swap Offer Rate (SOR)-based variable interest rate to fixed interest rate.

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	249.6	2.5	**2.5**
MPIC	326.1	3.3	**1.3**
Indofood	1,381.2	13.8	**5.2**
FPM Power	24.2	0.2	**0.1**
PLDT	875.0	8.7	**1.6**
Philex	116.8	1.2	**0.4**
Total	**2,972.9**	**29.7**	**11.1**

ADJUSTED NAV PER SHARE

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

US$ millions	Basis	**At 30 June 2013**	At 31 December 2012
PLDT	(i)	**3,759.7**	3,404.8
MPIC	(i)	**1,775.0**	1,574.4
Indofood	(i)	**3,254.2**	2,659.5
Philex	(i)	**525.5**	832.6
Philex Petroleum	(i)	**69.3**	208.1
FPM Power	(ii)	**330.0**	-
Head Office - Other assets	(iii)	**128.6**	26.8
- Net debt		**(1,577.0)**	(1,133.8)
Total valuation		**8,265.3**	7,572.4
Number of ordinary shares in issue (millions)		**3,841.6**	3,827.6
Value per share			
- U.S. dollar		**2.15**	1.98
- HK dollars		**16.78**	15.43
Company's closing share price (HK$)		**8.31**	8.51
Share price discount to HK$ value per share (%)		**50.5**	44.8

(i) Based on quoted share prices applied to the Group's economic interest
(ii) Represents investment cost in FPM Power
(iii) Represents loans receivable from Philex

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 20 March 2012, the Company's Directors approved a share repurchase program to spend, subject to the state of the financial markets, economic conditions affecting group companies and potential merger and acquisition opportunities, up to 10% of its annual recurring profit on share repurchases. Under this program, the Company has allocated approximately US$42.3 million, representing approximately 10% of the Group's recurring profit of US$423.0 million in respect of the financial year ended 31 December 2011, to repurchase shares in the Company by way of "on-market" repurchases. In addition, the Company has allocated approximately 50% of US$36.0 million, representing approximately 10% of the Group's recurring profit of US$360.0 million in respect of the financial year ended 31 December 2012, to repurchase shares in the Company by way of "on-market" repurchases during the period from 1 June 2013 to 31 May 2014.

During the period ended 30 June 2013, the Company repurchased 4,870,000 (2012: 37,020,000) ordinary shares on SEHK at an aggregate consideration of HK$47.6 million (US$6.1 million) (2012: HK$309.9 million or US$40.1 million). These shares have been subsequently cancelled. Details of the repurchases are summarized as follows:

Month of repurchases	Number of ordinary shares repurchased	Purchase price paid per share Highest HK$	Lowest HK$	Aggregate consideration paid HK$ millions	US$ millions
January 2013	200,000	9.00	8.98	1.8	0.2
February 2013	3,800,000	9.74	9.68	36.9	4.8
March 2013	870,000	10.18	10.10	8.9	1.1
Total	**4,870,000**			**47.6**	**6.1**

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

Corporate Governance Practices

First Pacific is committed to building and maintaining high standards of corporate governance. Throughout the six months ended 30 June 2013, First Pacific has applied the principles and complied with all Code Provisions as contained in its own Corporate Governance Code (the First Pacific Code), which incorporates the principles and requirements set out in the Corporate Governance Code (Appendix 14 of the Listing Rules), where appropriate, with the exception of Code Provision A.6.7, as one of our Non-executive Directors, Mr. Tedy Djuhar was unable to attend the Company's annual general meeting held on 30 May 2013 due to important engagements.

On 28 August 2013, the Board adopted the Policy on Board Diversity and made relevant amendments to the First Pacific Code. The Company's corporate governance information can be found in the Corporate Governance section of the Company's website.

Compliance of the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted its own Model Code for Securities Transactions by Directors (the Model Code) on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 of the Listing Rules. All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2013.

Continuing Connected Transactions

During the period, in relation to the following continuing connected transactions, the Directors (including the Independent Non-executive Directors) approved the transactions and their disclosure in the form of a published announcement:

- 6 May 2013 announcement: Following the acquisition of a majority interest in PT Indomobil Sukses Internasional Tbk (Indomobil) and its subsidiaries by an associate of Mr. Anthoni Salim, Indomobil has become an associate of Mr. Anthoni Salim and, thus, a connected person of the Company. Indomobil has, prior to completion of the acquisition, entered into transactions with Indofood group in connection with the sale and rental of vehicles, provision of vehicle services and sale of spare parts to Indofood group. As a result of the acquisition, prior transactions between Indomobil and the Indofood group have become continuing connected transactions of the Company and are required to be disclosed pursuant to the Listing Rule requirements.

Internal Control and Risk Management

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

During the period ended 30 June 2013, 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.
- There are adequate resources, qualified and experienced staff, training programs and budget for the Group's accounting and financial reporting function.

REVIEW STATEMENTS BY THE AUDIT COMMITTEE AND EXTERNAL AUDITORS

The Audit Committee and external auditors have reviewed the 2013 interim results, including the accounting policies and practices adopted by the Group.

INTERIM DIVIDEND

The Board has declared an interim cash dividend of HK8.00 cents (U.S. 1.03 cents) 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). It is expected that the dividend warrants will be dispatched to shareholders on or about Tuesday, 24 September 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 12 September 2013 to Friday, 13 September 2013, both days inclusive, during which period no transfer of shares will be registered. The ex-dividend date will be Tuesday, 10 September 2013. 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4.30 p.m. on Wednesday, 11 September 2013. The interim dividend will be paid to shareholders whose names appear on the Register of Members on Friday, 13 September 2013 and the payment date will be on or about Tuesday, 24 September 2013.

RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Company (www.firstpacific.com) and the designated issuer website of the Stock Exchange (www.hkexnews.hk). The 2013 interim report containing all the information required by the Listing Rules will be mailed to shareholders and made available on the above websites by the end of September 2013.

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

Hong Kong, 28 August 2013

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

Executive Directors:
Manuel V. Pangilinan, *Managing Director and CEO*
Edward A. Tortorici
Robert C. Nicholson

Non-executive Directors:
Anthoni Salim, *Chairman*
Benny S. Santoso
Tedy Djuhar
Napoleon L. Nazareno

Independent Non-executive Directors:
Graham L. Pickles
Prof. Edward K.Y. Chen, *GBS, CBE, JP*
Margaret Leung Ko May Yee, *SBS, JP*
Philip Fan Yan Hok