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FIRST PACIFIC'S BERLI JUCKER ANNOUNCES POSITIVE EARNINGS FOR FIRST HALF DESPITE SLOWING THAI ECONOMY

First Pacific Company Limited's flagship in Thailand, Berli Jucker Public Company Limited, announced Monday that net income excluding foreign-exchange losses and the extraordinary item rose 8.6 per cent in the first half of 1998 to THB289.3 million. Consolidated net income, after extraordinary items, was THB90.7 million. It was impacted by foreign-exchange losses of THB106 million, and an extraordinary charge of THB92.6 million in respect of a provision made by the Company's subsidiary, Thai Glass Industries Limited in the second quarter, in relation to the suspension of that company's glass factory project in Vietnam.

Consolidated revenues rose 6.8 per cent for the first half of the year to THB5,447.1 million and were up 0.7 per cent in the second quarter over the same period of last year, indicating the continuing contraction of Thailand's economy.

David Nicol, Berli Jucker's President, said: "Despite signs of slowing sales momentum in many sectors in which Berli Jucker operates, I am pleased to report that the Company continued to be profitable when so many around us are in difficulty. The year so far has undoubtedly seen one of the most difficult trading periods in the Company's recent history, but I am confident that Berli Jucker will continue to prosper.

"Packaging activities saw an 11 per cent increase in revenue for the first half of the year with a solid performance from Thai Glass Industries. The Company's recent announcement that its tender offer to Thai Glass shareholders had resulted in ownership of 97.7 per cent of that company's issued shares bodes well for Berli Jucker's future profitability.

"Sales of consumer products in the first half increased by 5 per cent. Personal Care, Confectionery and Snack Foods all registered improved revenues, but paper products suffered from a country-wide decrease in consumption.

"Technical products increased revenues by 8 per cent over the first half of last year, led by strong sales in the chemical division as a result of new CFC free products, and the sales of maximum output from our medical gown manufacturing joint venture, Thai Klinipro.

"Revenues in the Engineering group fell by 6 per cent, due to decreased demand for imported engineering products. Overall results were affected by the increasing costs at our steel tower manufacturer, Thai Scandic Steel, which now faces a critical situation: recent duty increases, aimed at protecting the local steel industry, have dramatically increased the company's cost base. Steel to the specification required by its major customers, including EGAT, is not available locally and therefore has to be imported. This contrasts with a lower duty rate on imported finished steel towers; this anomaly can only serve to transfer production and jobs outside Thailand.

"Our recent successful rights issue resulted in the inflow of THB4 billion at the end of the first half of this year. Immediately we utilised some THB1.3 billion to reduce medium term U.S. dollar debt, which will reduce interest and currency hedging costs in the second half of 1998. Additionally, on 27th July a further THB1.3 billion was used to acquire tendered shares in Thai Glass, as noted previously.

"We recently announced our intention to assist Srithai Superware in a re-structuring of that company's foreign currency denominated debt. In addition, we have indicated that we are prepared to inject a sum of THB1.2 billion in the equity of Srithai Superware, in the anticipation that this will rejuvenate the company and bring it into the Berli Jucker family with mutually beneficial results. I would stress however that the future of this transaction is dependent upon the creditor banks of Srithai Superware agreeing to the restructuring proposals.

"The next months present us with a stiff challenge against a background of declining domestic consumption, uncertainty in the Asian financial markets. I am, however, confident that Berli Jucker will continue to prosper and, barring unforeseen circumstances, profitability for the full year should approximate that of 1997."