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FIRST PACIFIC COMPANY LIMITED

第一太平洋有限公司

(Incorporated with limited liability under the laws of Bermuda)

Website: <http://www.firstpacific.com>

(Stock Code: 00142)

ANNOUNCEMENT MADE BY PHILEX MINING CORPORATION IN RELATION TO ITS AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

This Announcement is made by First Pacific Company Limited (“First Pacific” or the “Company”) to provide shareholders of First Pacific and the public with the audited consolidated financial results of Philex Mining Corporation (“Philex”), a major operating associate of the Company, for the year ended 31 December 2017.

Summary

On 27 February 2018, the board of directors of Philex approved the release of the audited consolidated financial results for the year ended 31 December 2017. Philex’s audited consolidated financial results have been submitted to the PSE on 27 February 2018, and have also been disclosed as the Company’s Overseas Regulatory Announcement on the websites of HKEX and the Company.

Philex, a major operating associate of First Pacific, is a company incorporated in the Philippines whose shares are listed on the Philippine Stock Exchange, Inc. (“PSE”). First Pacific holds a 31.2% economic interest in Philex (Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, holds an additional 15.0% economic interest in Philex). On 27 February 2018, the board of directors of Philex approved the release of the audited consolidated financial results for the year ended 31 December 2017. Philex’s audited consolidated financial results have been submitted to the PSE on 27 February 2018, which have also been disclosed as the Company’s Overseas Regulatory Announcement on the websites of The Stock Exchange of Hong Kong Limited (“HKEX”) and the Company. The audited consolidated financial statements have been prepared in conformity with the Philippine Financial Reporting Standards and are presented in Philippine Peso. Philex’s audited Consolidated Statements of Income for the years ended 31 December 2017 and 2016, as well as the audited Consolidated Statements of Financial Position as at 31 December 2017 and 2016 are provided below:

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (AUDITED)
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(Amounts in Peso Thousands, except Earnings Per Share which are in Peso)

	2017	2016
REVENUE		
Gold	5,432,429	6,209,006
Copper	4,475,177	3,976,184
Silver	77,187	86,475
	<u>9,984,793</u>	<u>10,271,665</u>
Less: Smelting charges	842,333	893,278
	<u>9,142,460</u>	<u>9,378,387</u>
COSTS AND EXPENSES		
Production costs (including depletion and depreciation)	5,962,224	6,074,862
General and administrative expenses	363,071	373,123
Excise taxes and royalties	452,407	452,415
	<u>6,777,702</u>	<u>6,900,400</u>
INCOME FROM OPERATIONS	<u>2,364,758</u>	<u>2,477,987</u>
OTHER INCOME (CHARGES)		
Share in net losses of associates	(40,272)	(44,572)
Foreign exchange losses – net	(39,451)	(145,213)
Gain on disposal of available-for-sale (AFS) financial assets	21,773	–
Interest income	1,861	2,081
Others – net	58,117	(14,439)
	<u>2,028</u>	<u>(202,143)</u>
INCOME BEFORE PROVISIONS FOR IMPAIRMENT LOSSES	<u>2,366,786</u>	<u>2,275,844</u>
Provisions for impairment losses – net	–	(2,504,850)
INCOME (LOSS) BEFORE INCOME TAX	<u>2,366,786</u>	<u>(229,006)</u>
PROVISION FOR INCOME TAX		
Current	664,806	586,483
Deferred	43,894	110,742
	<u>708,700</u>	<u>697,225</u>
INCOME (LOSS) ON DECONSOLIDATED SUBSIDIARY GROUP, NET OF TAX		
Loss from deconsolidated subsidiary group	–	(29,102)
Gain from loss of control over a subsidiary group	–	2,522,704
	<u>–</u>	<u>2,493,602</u>
NET INCOME	<u><u>1,658,086</u></u>	<u><u>1,567,371</u></u>
NET INCOME (LOSS) ATTRIBUTABLE TO:		
Equity holders of the Parent Company	1,658,087	1,589,045
Non-controlling interests	(1)	(21,674)
	<u><u>1,658,086</u></u>	<u><u>1,567,371</u></u>
CORE NET INCOME	<u><u>1,685,703</u></u>	<u><u>1,657,404</u></u>
BASIC EARNINGS PER SHARE	<u><u>0.336</u></u>	<u><u>0.322</u></u>
DILUTED EARNINGS PER SHARE	<u><u>0.336</u></u>	<u><u>0.322</u></u>
CORE NET INCOME PER SHARE	<u><u>0.341</u></u>	<u><u>0.335</u></u>

PHILEX MINING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (AUDITED)
(Amounts in Peso Thousands, except Par Value Per Share which is in Peso)

	31 December 2017	31 December 2016
ASSETS		
Current Assets		
Cash and cash equivalents	583,538	457,937
Accounts receivable – net	990,604	486,497
Inventories – net	1,517,097	2,318,850
Advances to a related party	2,168,632	2,193,829
Other current assets – net	1,007,000	1,035,718
Total Current Assets	6,266,871	6,492,831
Noncurrent Assets		
Property, plant and equipment – net	6,721,022	6,735,578
AFS financial assets	76,036	104,615
Investment in associates – net	1,415,604	1,455,876
Deferred exploration costs	24,360,954	23,072,040
Pension asset – net	373,849	312,570
Other noncurrent assets	464,458	488,319
Total Noncurrent Assets	33,411,923	32,168,998
TOTAL ASSETS	39,678,794	38,661,829
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	2,446,570	3,082,640
Accounts payable and accrued liabilities	1,651,710	1,832,661
Income tax payable	229,679	164,265
Dividends payable	528,836	498,129
Total Current Liabilities	4,856,795	5,577,695
Noncurrent Liabilities		
Deferred tax liabilities – net	3,004,830	2,957,896
Loans and bonds payable	6,950,306	6,592,854
Provision for losses and mine rehabilitation costs	135,086	134,124
Total Noncurrent Liabilities	10,090,222	9,684,874
Total Liabilities	14,947,017	15,262,569
Equity Attributable to Equity Holders of the Parent Company		
Capital Stock – Peso 1 par value	4,940,399	4,940,399
Additional paid-in capital	1,143,981	1,143,981
Retained earnings		
Unappropriated	5,271,302	4,442,436
Appropriated	10,500,000	10,000,000
Net unrealized gain (loss) on AFS financial assets	558	(3,094)
Equity conversion option	1,225,518	1,225,518
Net revaluation surplus	1,572,385	1,572,385
Effect of transactions with non-controlling interests	77,892	77,892
	24,732,035	23,399,517
Non-controlling interests	(258)	(257)
Total Equity	24,731,777	23,399,260
TOTAL LIABILITIES & EQUITY	39,678,794	38,661,829

GENERAL

Shareholders should note that the above audited consolidated financial results pertain only to Philex and not to First Pacific itself.

The above information only refers to certain sections of Philex's disclosure and shareholders should refer to Philex's original filing submitted to the PSE (<http://www.pse.com.ph>), as well as disclosed as the Company's Overseas Regulatory Announcement on the websites of the HKEX and the Company on 27 February 2018.

By Order of the Board
First Pacific Company Limited
Manuel V. Pangilinan
Managing Director and CEO

Hong Kong, 27 February 2018

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

Executive Directors:

Manuel V. Pangilinan, *Managing Director and CEO*
Robert C. Nicholson
Christopher H. Young

Non-executive Directors:

Anthoni Salim, *Chairman*
Benny S. Santoso
Tedy Djuhar
Ambassador Albert F. del Rosario

Independent Non-executive Directors:

Prof. Edward K.Y. Chen, *GBS, CBE, JP*
Margaret Leung Ko May Yee, *SBS, JP*
Philip Fan Yan Hok
Madeleine Lee Suh Shin