FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

2000 Interim Results - Unaudited

Financial Highlights

- Contribution from operations increased by 27.8 per cent to US$45.5 million (HK$354.9 million) from US$35.6 million (HK$277.7 million).
- Profit attributable to ordinary shareholders, excluding unusual items, increased by 26.8 per cent to US$26.0 million (HK$202.8 million) from US$20.5 million (HK$159.9 million).
- Profit attributable to ordinary shareholders decreased by 55.4 per cent to US$50.4 million (HK$393.1 million) from US$113.1 million (HK$882.2 million).
- Basic earnings per share, excluding unusual items, increased by 4.7 per cent to US0.89 cent (HK6.94 cents) from US0.85 cent (HK6.63 cents).
- Basic earnings per share decreased by 63.4 per cent to US1.73 cents (HK13.49 cents) from US4.73 cents (HK36.89 cents).
- Net assets decreased by 14.0 per cent to US$1,670.1 million (HK$13,026.7 million) from US$1,942.0 million (HK$15,147.6 million).
- An interim dividend of US0.13 cent (HK1.00 cent) per ordinary share has been proposed, representing a 50.0 per cent reduction from US0.26 cent (HK2.00 cents).

CONDENSED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT

for the six months ended 30 June (In millions)	**2000** **US$**	1999 US$	**2000*** **HK$**	1999* HK$
Turnover	**512.0**	612.9	**3,993.6**	4,780.6
Cost of sales	**(325.1)**	(331.4)	**(2,535.8)**	(2,584.9)
Gross profit	**186.9**	281.5	**1,457.8**	2,195.7
Other operating income	**138.5**	187.2	**1,080.3**	1,460.2
Distribution costs	**(13.3)**	(16.7)	**(103.7)**	(130.3)

Administrative expenses	**(85.1)**	(103.5)	**(663.8)**	(807.3)
Other operating expenses	**(101.7)**	(158.3)	**(793.3)**	(1,234.7)
Operating profit - *Note 1*	**125.3**	190.2	**977.3**	1,483.6
Share of profits less losses of associated companies	**(20.0)**	18.7	**(156.0)**	145.8
Net borrowing costs - *Note 2*	**(35.9)**	(37.3)	**(280.0)**	(290.9)
Profit before taxation	**69.4**	171.6	**541.3**	1,338.5
Taxation - *Note 3*	**(14.5)**	(28.3)	**(113.1)**	(220.7)
Profit after taxation	**54.9**	143.3	**428.2**	1,117.8
Outside interests	**(4.5)**	(30.2)	**(35.1)**	(235.6)
Profit attributable to ordinary shareholders - *Note 4*	**50.4**	113.1	**393.1**	882.2
Ordinary share dividends proposed	**(3.7)**	(7.5)	**(28.9)**	(58.5)
Retained profit for the period	**46.7**	105.6	**364.2**	823.7

	2000	1999	**2000***	1999*
Per share data	**US¢**	US¢	**HK¢**	HK¢
Dividend	**0.13**	0.26	**1.00**	2.00
Earnings - *Note 5*				
- Basic	**1.73**	4.73	**13.49**	36.89
- Diluted	**1.72**	4.67	**13.42**	36.43
- Basic excluding unusual items	**0.89**	0.85	**6.94**	6.63
- Diluted excluding unusual items	**0.89**	0.85	**6.94**	6.63

CONDENSED CONSOLIDATED STATEMENT OF RECOGNIZED GAINS AND LOSSES

for the six months ended 30 June	**2000**	1999	**2000***	1999*
(In millions)	**US$**	US$	**HK$**	HK$
Exchange differences on the translation of the financial statements of foreign entities	**(70.8)**	26.4	**(552.2)**	205.9
Movement in property revaluation reserve	**0.3**	-	**2.3**	-
Net (losses)/gains not recognized in the profit and loss statement	**(70.5)**	26.4	**(549.9)**	205.9
Profit attributable to ordinary shareholders	**50.4**	113.1	**393.1**	882.2
Total recognized (losses)/gains for the period	**(20.1)**	139.5	**(156.8)**	1,088.1
Goodwill arising on acquisitions during the period	**(189.9)**	(43.0)	**(1,481.2)**	(335.4)
	(210.0)	96.5	**(1,638.0)**	752.7

CONDENSED CONSOLIDATED BALANCE SHEET

as at 30 June	**2000**	1999	**2000***	1999*
(In millions)	**US$**	US$	**HK$**	HK$
ASSETS				
Non-current assets				
Property and equipment	**1,775.6**	3,097.3	**13,849.7**	24,158.9
Associated companies	**332.4**	371.8	**2,592.7**	2,900.1
Long-term investments	**5.7**	21.9	**44.4**	170.8
Long-term receivables	**127.5**	292.5	**994.5**	2,281.5

	2,241.2	3,783.5	**17,481.3**	29,511.3
Assets, other than property and equipment, attributable to Banking operations	**2,709.6**	2,866.3	**21,134.9**	22,357.1
Current assets				
Cash and bank balances	**137.5**	394.4	**1,072.5**	3,076.3
Accounts receivable and prepayments	**450.9**	622.8	**3,517.0**	4,857.8
Inventories	**67.6**	88.0	**527.3**	686.5
	656.0	1,105.2	**5,116.8**	8,620.6
Total assets	**5,606.8**	7,755.0	**43,733.0**	60,489.0

EQUITY AND LIABILITIES

Equity capital and reserves				
Share capital	**29.1**	26.5	**227.0**	206.7
Share premium	**849.8**	658.7	**6,628.4**	5,137.9
Revenue and other reserves	**1,451.2**	1,463.5	**11,319.4**	11,415.3
Shareholders' equity before goodwill reserve	**2,330.1**	2,148.7	**18,174.8**	16,759.9
Goodwill reserve	**(1,820.1)**	(937.0)	**(14,196.8)**	(7,308.6)
Shareholders' equity	**510.0**	1,211.7	**3,978.0**	9,451.3
Outside interests	**1,160.1**	1,730.0	**9,048.7**	13,494.0
Non-current liabilities				
Loan capital and long-term borrowings	**536.3**	836.3	**4,183.1**	6,523.1
Deferred liabilities and provisions	**295.5**	622.2	**2,304.9**	4,853.2
Deferred taxation	**6.3**	12.8	**49.2**	99.8
	838.1	1,471.3	**6,537.2**	11,476.1
Liabilities attributable to Banking operations	**2,449.7**	2,624.0	**19,107.6**	20,467.2
Current liabilities				
Accounts payable and accruals	**210.2**	352.1	**1,639.6**	2,746.4
Short-term borrowings	**420.3**	348.7	**3,278.3**	2,719.9
Provision for taxation	**14.7**	9.7	**114.7**	75.6
Dividends	**3.7**	7.5	**28.9**	58.5
	648.9	718.0	**5,061.5**	5,600.4
Total liabilities	**3,936.7**	4,813.3	**30,706.3**	37,543.7
Total equity and liabilities	**5,606.8**	7,755.0	**43,733.0**	60,489.0
Shares in issue on 30 June (millions)	**2,915**	2,649	**2,915**	2,649

CONDENSED CONSOLIDATED CASH FLOW STATEMENT				
for the six months ended 30 June	**2000**	1999	**2000***	1999*
(In millions)	**US$**	US$	**HK$**	HK$
Operating profit	**125.3**	190.2	**977.3**	1,483.6

Unusual items	**(78.8)**	(95.3)	**(614.6)**	(743.4)
Dividend income	**(0.1)**	(0.1)	**(0.8)**	(0.8)
Depreciation	**45.3**	51.8	**353.3**	404.0
Gain on sale of property and equipment	**(0.3)**	(0.2)	**(2.3)**	(1.5)
Increase in working capital+	**(42.5)**	(51.3)	**(331.5)**	(400.1)
Others	**0.6**	(35.8)	**4.7**	(279.2)
Less operating profit attributable to Banking operations	**(14.3)**	(4.3)	**(111.5)**	(33.5)
Net cash inflow from operating activities	**35.2**	55.0	**274.6**	429.1
Net interest paid	**(34.6)**	(46.0)	**(269.9)**	(358.8)
Net dividends paid	**(2.1)**	(6.1)	**(16.4)**	(47.6)
Net cash outflow from returns on investments and servicing of finance	**(36.7)**	(52.1)	**(286.3)**	(406.4)
Tax paid	**(11.1)**	(7.0)	**(86.6)**	(54.6)
Net cash outflow before investing activities	**(12.6)**	(4.1)	**(98.3)**	(31.9)
Purchase of property and equipment	**(78.5)**	(117.4)	**(612.3)**	(915.7)
Purchase of new businesses and investments	**(1.3)**	(40.8)	**(10.1)**	(318.3)
Sale of businesses, property and equipment and others	**33.3**	326.0	**259.7**	2,542.8
Loans to associated companies	**(1.8)**	(5.9)	**(14.0)**	(46.0)
Net cash (outflow)/inflow from investing activities	**(48.3)**	161.9	**(376.7)**	1,262.8
Net cash (outflow)/inflow before financing activities	**(60.9)**	157.8	**(475.0)**	1,230.9
Net borrowings repaid	**(91.0)**	(372.2)	**(709.8)**	(2,903.2)
Shares issued through placement	**-**	199.9	**-**	1,559.2
Shares issued through the exercise of share options	**-**	2.6	**-**	20.3
Shares issued to outside interests by subsidiary companies	**-**	147.2	**-**	1,148.2
Net cash outflow from financing activities	**(91.0)**	(22.5)	**(709.8)**	(175.5)
(Decrease)/increase in cash and cash equivalents	**(151.9)**	135.3	**(1,184.8)**	1,055.4
Cash and cash equivalents at 1st January	**267.5**	224.4	**2,086.5**	1,750.3
Exchange translation	**(8.3)**	2.9	**(64.8)**	22.6
Cash and cash equivalents at 30 June	**107.3**	362.6	**836.9**	2,828.3
Representing				
Cash and bank balances	**137.5**	394.4	**1,072.5**	3,076.3
Overdrafts	**(2.4)**	(14.7)	**(18.7)**	(114.6)
Other short-term borrowings with an original maturity of less than 90 days	**(27.8)**	(17.1)	**(216.9)**	(133.4)

Cash and cash equivalents at 30 June	**107.3**	362.6	**836.9**	2,828.3

+Changes in working capital are stated after excluding movements due to acquisitions and disposals of subsidiary companies.

Analysis of changes in financing

(In millions)	Share capital and share premium US$	Outside interests US$	Bank and other borrowings US$	**2000 Total financing US$**	**2000* Total financing HK$**
At 1 January	878.9	1,350.5	1,450.9	**3,680.3**	**28,706.3**
Attributable to Banking operations	-	(219.8)	-	**(219.8)**	**(1,714.4)**
Sources of financing activities	878.9	1,130.7	1,450.9	**3,460.5**	**26,991.9**
Exchange translation	-	(72.1)	(36.7)	**(108.8)**	**(848.6)**
Net cash outflow	-	-	(91.0)	**(91.0)**	**(709.8)**
Balances in disposed subsidiary companies	-	(160.0)	(396.8)	**(556.8)**	**(4,343.0)**
Attributable profit less dividends	-	2.9	-	**2.9**	**22.6**
Other movements	-	37.8	-	**37.8**	**294.8**
At 30 June	878.9	939.3	926.4	**2,744.6**	**21,407.9**

* *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, except in the case of dividend per share, which are based upon the exchange rate at 30 June 2000 of 7.7948 Hong Kong dollars to one United States dollar.*

Notes:-

1. Operating profit

(In millions)	**2000 US$**	1999 US$	**2000* HK$**	1999* HK$
Operating profit is stated after crediting/(charging)				
Gross and net rental income from investment properties	**1.3**	1.0	**10.1**	7.8
Dividends from unlisted investments	**0.1**	0.1	**0.8**	0.8
Gain on sale of property and equipment	**0.3**	0.2	**2.3**	1.5
Net exchange gain on	**-**	7.4	**-**	57.7

monetary items				
Employee remuneration	**(60.7)**	(78.8)	**(473.5)**	(614.6)
Depreciation	**(45.3)**	(51.8)	**(353.3)**	(404.0)
Doubtful debt provisions	**(14.3)**	(24.9)	**(111.5)**	(194.2)

The following items, which are unusual in terms of size, nature or incidence, have also been credited/(charged) to the operating profit and are included within other operating income or expenses as appropriate.

(In millions)	**2000 US$**	1999 US$	**2000* HK$**	1999* HK$
Gain on disposal and dilution of shareholdings	**91.4**	148.2	**712.9**	1,156.0
Reorganization, rationalization costs and provision for investments	**-**	(52.9)	**-**	(412.6)
Exchange losses arising from depreciation of Asian currencies*	**(12.6)**	-	**(98.3)**	-

* Exchange losses included within operating profit do not reflect losses incurred by associated companies. Additional disclosures are set out in Note 4 in respect of the total impact of exchange losses on the Group.

2. Net borrowing costs

Net borrowing costs, which includes interest income, relate only to the Group's non-Banking operations. Net interest income arising from the Group's Banking activities is included within turnover.

(In millions)	**2000 US$**	1999 US$	**2000* HK$**	1999* HK$
Loan capital	**6.6**	6.0	**51.5**	46.8
Bank loans, overdrafts and other loans	**37.1**	49.4	**289.4**	385.3
Total interest expense	**43.7**	55.4	**340.9**	432.1
Other borrowing costs	**26.2**	6.9	**204.3**	53.8
Total borrowing costs	**69.9**	62.3	**545.2**	485.9
Less borrowing costs capitalized	**(23.3)**	(12.1)	**(181.7)**	(94.4)
Less interest income	**(10.7)**	(12.9)	**(83.5)**	(100.6)
Net borrowing costs	**35.9**	37.3	**280.0**	290.9

3. Taxation

Hong Kong profits tax has been provided at the rate of 16.0 per cent (1999: 16.0 per cent) on the estimated assessable profits 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 and associated companies operate.

(In millions)	**2000 US$**	1999 US$	**2000* HK$**	1999* HK$
Subsidiary companies				
Current taxation				
- Hong Kong profits tax	**2.6**	0.4	**20.3**	3.1
- Overseas taxation	**7.0**	9.1	**54.6**	71.0
Deferred taxation				
- Overseas taxation	**(0.2)**	8.0	**(1.6)**	62.4
Subtotal	**9.4**	17.5	**73.3**	136.5
Associated companies				
Current taxation				
- Hong Kong profits tax	**-**	0.2	**-**	1.6
- Overseas taxation	**14.0**	10.1	**109.2**	78.7
Deferred taxation				
- Overseas taxation	**(8.9)**	0.5	**(69.4)**	3.9
Subtotal	**5.1**	10.8	**39.8**	84.2
Total	**14.5**	28.3	**113.1**	220.7

Included above is a tax credit of US$24.9 million (1999: Nil) in respect of unusual items and taxation for Banking operations of US$2.3 million (1999: Nil).

4. Profit attributable to ordinary shareholders

The following items, which are unusual in terms of size, nature or incidence, have been credited/(charged) to the profit attributable to ordinary shareholders.

(In millions)	**2000 US$**	1999 US$	**2000* HK$**	1999* HK$
Gain on the disposal and dilution of shareholdings	**87.7**	137.7	**684.1**	1,074.1
Reorganization, rationalization costs and provision for investments				
- subsidiary companies	**-**	(42.0)	**-**	(327.6)
- associated companies	**-**	(3.1)	**-**	(24.2)
Exchange losses arising from depreciation of Asian currencies				
- subsidiary companies	**(8.2)**	-	**(64.0)**	-
- associated companies	**(55.1)**	-	**(429.8)**	-
Total	**24.4**	92.6	**190.3**	722.3

5. Earnings per share

	2000		1999		**2000***		1999*	
	Basic US	**Diluted US**	Basic US	Diluted US	**Basic HK**	**Diluted HK**	Basic HK	Diluted HK
Earnings per share are based on								
- profit attributable to ordinary shareholders of ($	**50.4**	**50.9**	113.1	111.9	**393.1**	**397.0**	882.2	872.8

millions) - and an average number of shares of (millions)	**2,911.0**	**2,957.2**	2,389.3	2,395.4	**2,911.0**	**2,957.2**	2,389.3	2,395.4
Resulting in earnings per share of (cents)	**1.73**	**1.72**	4.73	4.67	**13.49**	**13.42**	36.89	36.43
Less profit attributable to unusual items of (cents)	**(0.84)**	**(0.83)**	(3.88)	(3.82)	**(6.55)**	**(6.48)**	(30.26)	(29.80)

Earnings per share excluding unusual items of (cents)	**0.89**	**0.89**	0.85	0.85	**6.94**	**6.94**	6.63	6.63

Diluted earnings per share has been calculated after taking into account all dilutive instruments, including the convertible note and options under employee schemes of the Company, its subsidiary and associated companies.

6. Subsequent events

(a) On 3 July 2000, Indofood issued Rupiah 1 trillion (US$114.4 million) five-year bonds with an interest rate of 16 per cent. Subsequently, on 31 July 2000, Indofood repaid US$253.0 million and Rupiah 626.0 billion (US$71.6 million) of loans.

(b) On 12 July 2000, the Company announced that it agreed to purchase Metro Pacific's entire interest in PLDT, representing approximately 8.0 per cent of PLDT's issued capital, for Pesos 12.1 billion (US$274.9 million). Under the terms of the agreement, First Pacific would acquire Metro Pacific's direct and indirect interests, totalling 13,438,220 PLDT shares, at Pesos 900 (US$20) per share. Given the First Pacific Group's attributable 80.6 per cent economic interest in Metro Pacific, the transaction effectively results in First Pacific increasing its economic interest in PLDT by 1.5 per cent to 24.6 per cent at a cost of Pesos 2.3 billion (US$53.3 million).

On 10 August 2000, the Company's independent shareholders approved the transaction at a special general meeting.

SEGMENTAL REVIEW OF OUR BUSINESSES

	Six months ended 30th June					
	Turnover		Profit after taxation		Contribution to Group profit(1)	
(In US$ millions)	**2000**	1999	**2000**	1999	**2000**	1999
Consumer						
Indofood	**-**	-	**34.6**	-	**34.6**	-
Berli Jucker	**145.6**	147.4	**5.2**	9.4	**5.2**	7.9
Darya-Varia	**26.5**	21.1	**4.6**	2.1	**4.2**	2.1
Metro Pacific(2)	**53.1**	71.0	**(2.3)**	(4.2)	**(1.0)**	(2.2)
Subtotal	**225.2**	239.5	**42.1**	7.3	**43.0**	7.8
Telecommunications						
PLDT	**-**	-	**14.4**	12.8	**8.7**	8.1
Smart	**80.5**	132.1	**(19.9)**	15.4	**(9.0)**	10.3
Escotel	**-**	-	**(5.5)**	(6.7)	**(5.5)**	(6.7)
Shenzhen Merchant Link and Fujian Telecom(3)	**-**	-	**-**	5.0	**-**	5.0

Subtotal	**80.5**	132.1	**(11.0)**	26.5	**(5.8)**	16.7
Property						
Metro Pacific(2)	**110.6**	105.1	**23.1**	25.0	**2.5**	6.3
FPDSavills / Savills	**37.2**	89.9	**3.7**	5.0	**3.4**	4.4
SPORTathlon	**5.1**	4.3	**(0.4)**	(0.5)	**(0.4)**	(0.3)
Subtotal	**152.9**	199.3	**26.4**	29.5	**5.5**	10.4
Banking						
First Pacific Bank[4]	**53.4**	42.0	**12.0**	4.1	**5.0**	1.7
Metro Pacific[2]	**-**	-	**(2.7)**	(1.2)	**(2.2)**	(1.0)
Subtotal	**53.4**	42.0	**9.3**	2.9	**2.8**	0.7
Contribution from operations	**512.0**	612.9	**66.8**	66.2	**45.5**	35.6
Corporate overhead			**(7.8)**	(8.4)	**(7.8)**	(8.4)
Net finance income/(charges)						
- bank deposits less loans			**0.4**	5.9	**0.4**	5.9
- guaranteed convertible bonds[5]			**(12.1)**	(12.6)	**(12.1)**	(12.6)
Profit after taxation before unusual items			**47.3**	51.1	**26.0**	20.5
Unusual items			**7.6**	92.2	**24.4**	92.6
Profit after taxation			**54.9**	143.3		
Profit attributable to ordinary shareholders					**50.4**	113.1

(1) Contribution to Group profit represents profit after taxation, after outside interests and before unusual items.

(2) For presentation purposes, the results of Metro Pacific's Telecommunications, Property and Banking interests are included within Telecommunications (PLDT/Smart), Property (Bonifacio Land Corporation, Landco Pacific and Pacific Plaza Towers) and Banking (First eBank), respectively.

(3) Prior to disposal in March 2000, the Group's holdings were held as short-term investments.

(4) Turnover represents net interest income, fees, commissions and other revenues.

(5) Includes US$2.7 million (1999: US$2.7 million) of interest expense and US$9.4 million (1999: US$9.9 million) of redemption premium.

SEGMENTAL REVIEW OF BUSINESSES

CONSUMER

Indofood, a listed leading processed-foods group with operations throughout Indonesia, contributed a profit of US$34.6 million. A 40.0 per cent interest in Indofood was acquired in September 1999.

Indofood recorded Rupiah 5.9 trillion (US$739.4 million) of sales, up five per cent over the comparable period, with its three main businesses - Instant Noodles, Flour, and Edible Oils and

Fats - contributing 82 per cent of sales. Most operational divisions recorded increased sales volumes (most notably Snack Foods up 38 per cent, Baby Foods up 34 per cent, Flour up 20 per cent, and Instant Noodles up 10 per cent), revenues, and margins.

The Instant Noodles division reported Rupiah 2.1 trillion (US$269.8 million) of sales, having sold 4.4 billion packs during the first half, accounting for over 90 per cent of the instant noodle market. There were no price changes during the period, however, with effect from 2000, there has been a change in the treatment of certain promotion expenses which has had the effect of reducing the average selling price to Rupiah 483 (6 U.S. cents) per pack from Rupiah 543 (7 U.S. cents) per pack. As a consequence of a decline in raw material costs, due to the relative strengthening of the rupiah (Average US$1 exchange rate - 1H00: 7,950; 1H99: 8,220) over the first six months, the gross margin improved to 33.3 per cent (1H99 adjusted: 31.7 per cent). However, despite lower raw material costs, the operating margin declined to 21.9 per cent (1H99 adjusted: 22.1 per cent) as the new treatment of certain promotion costs more than offset the favorable variance on input costs.

The Flour division reported Rupiah 1.5 trillion (US$190.1 million) of sales, with the successful launching of new brands fuelling growth and accounting for more than 30 per cent of total sales volume. Market share improved to 68 per cent and, although cheaper, imported flour is gaining market share, this has been at the expense of the smaller operators. The gross margin improved to 29.8 per cent (1H99: 25.1 per cent), and the operating margin improved to 23.6 per cent (1H99: 20.4 per cent), as a consequence of a decline in raw material costs due to the relative strengthening of the rupiah (Average US$1 exchange rate - 1H00: 7,950; 1H99: 8,220). Increased promotional costs, to build market share following the deregulation of the industry, had the effect of partially offsetting this benefit within the operating margin.

The Edible Oils and Fats division - which consists of two sub-divisions: Branded Products and Commodity Products - reported Rupiah 1.2 trillion (US$146.5 million) of sales, down 15 per cent against 1H99. This decline stemmed from Branded Products, which, despite experiencing a seven per cent increase in sales volumes, recorded reduced revenues and margins. Although crude palm oil prices declined over the period, this was more than offset by a decline in the average selling prices of its branded cooking oil, as well as Industrial and Margarine & Fats products. Commodity Products reported marginally increased volumes, however, sales revenues were lower as average prices declined and a relatively stronger rupiah (Average US$1 exchange rate - 1H00: 7,950; 1H99: 8,220) contributed to lower export income in rupiah terms. However, the gross margin improved to 17.8 per cent (1H99: 15.9 per cent) as copra (dried coconut flesh) became more plentiful and its cost declined, and reduced selling and operating costs resulted in the operating margin improving to 14.5 per cent (1H99: 6.7 per cent).

Indofood's EBIT grew by 12 per cent to Rupiah 1.2 trillion (US$156.0 million). Due to the 20.2 per cent depreciation of the rupiah to 8,740, from 6,975 at the start of the year, a foreign exchange loss of Rupiah 617 billion (US$77.6 million) was recorded in the first half, compared to a foreign exchange gain of Rupiah 396 billion (US$48.2 million) recorded in the comparative period. Both interest income and interest expense declined due to the repayment of debt (US$32.6 million) and lower interest rates. Since June 2000, Indofood has further repaid debt of Rupiah 626.0 billion (US$71.6 million) and US$253.0 million, and issued a Rupiah 1 trillion AA+ rated bond.

Berli Jucker, a manufacturer, distributor and marketer of glass, consumer, technical and imaging products in Thailand, contributed a profit of US$5.2 million (1H99: US$7.9 million).

Sales revenues were up two per cent to Baht 5.6 billion (US$145.6 million), despite the scheduled refurbishment of glass furnaces. Gross margin declined to 22.5 per cent (1H99: 27.8 per cent) as a consequence of increased fuel oil and pulp prices, as well as an increase in the cost of imported raw materials due to the weakening of the baht (Average US$1 exchange rate - 1H00: 38.30; 1H99: 37.16).

The operating margin declined to 5.9 per cent (1H99: 9.2 per cent) due to increased marketing costs for the ÔParty' brand of snack products, as well as competitive pressure in the technical and imaging markets.

Net interest expense declined over the period as foreign currency borrowings, amounting to Baht 1.9 billion (US$47.1 million) were repaid.

Darya-Varia, a leading fully-integrated Indonesian healthcare company, contributed a profit of US$4.2 million (1H99: US$2.1 million).

Sales revenues were up 21.5 per cent to Rupiah 211.0 billion (US$26.5 million), as a direct consequence of volume growth. Gross margin declined slightly to 46.1 per cent (1H99: 46.5 per cent) as a consequence of relatively stronger sales of lower margin, over-the-counter, products. However, this has been partially offset by improved manufacturing and distribution efficiencies. Despite a decline in operating margin to 14.6% (1H99: 17.3%), as a consequence of increased trade discounting and advertising expenditure in support of sales volume growth, operating profit grew 2.0 per cent to Rupiah 30.7 billion (US$3.9 million).

Net interest costs were down 39.5 per cent to Rupiah 7.3 billion (US$0.9 million) as positive operating cash flows enabled the company to reduce its U.S. dollar denominated borrowings to US$9.9 million (1H99: US$14.1 million), and to repay Rupiah 5.0 billion (US$0.6 million) of rupiah debt. However, the weakening of the rupiah led to unrealised foreign exchange losses of

Rupiah 21.3 billion (US$2.7 million) being recorded, compared to Rupiah 18.6 billion (US$2.3 million) of foreign exchange gains in 1H99.

As a result of continued efforts to improve working capital management, inventory days were down to 110 days (1H99: 131 days) and receivables were down to 45 days (1H99: 47 days).

Metro Pacific Consumer, which includes a 72.6 per cent interest in Steniel Packaging, a 55.4 per cent interest in Negros Navigation and a 100 per cent interest in Metrovet, contributed a loss of US$1.0 million (1H99: Loss of US$2.2 million). The decline in losses was principally attributable to the disposals, in mid-1999, of loss making entities Metro Bottled Water and Metrolab.

Steniel Packaging recorded a nine per cent growth in revenues to Pesos 830.7 million (US$20.0 million) reflecting increases in both sales volumes and average selling prices. As a consequence of increased paper costs, net income declined to Pesos 7.0 million (US$0.2 million) from Pesos 18.8 million (US$0.5 million) recorded in 1H99.

Negros Navigation recorded slightly improved revenues of Pesos 1.2 billion (US$28.9 million) reflecting increases in both freight and passenger revenues. Continued efforts to reduce costs contributed to a reduced loss of Pesos 113.0 million (US$2.7 million) being recorded, against a loss of Pesos 262.9 million (US$ 6.8 million) in 1H99.

Metrovet recorded a 64.9 per cent increase in revenues to Pesos 149.8 million (US$3.6 million), however, because of increased operating costs, operating profit declined 21.0 per cent to Pesos 6.1 million (US$0.1 million). Metro Pacific disposed of Metrovet on 31 July 2000.

TELECOMMUNICATIONS

PLDT, the principal supplier of national and international telecommunications services in the Philippines, contributed US$8.7 million of profit (1H99: US$8.1 million). PLDT acquired 100 per cent of Smart on 24 March 2000. Accordingly, this contribution includes Smart's 2Q00 results.

PLDT recorded Pesos 29.5 billion (US$708.8 million) of revenues, up 9.4 per cent over last year, as increased cellular, local network, national long distance and data revenues more than offset the 16.8 per cent decline in international revenues. Cellular revenues have grown significantly with the acquisition of Smart, and now account for 22.6 per cent of PLDT's total revenues. With over 2.4 million cellular subscribers as at end June 2000, PLDT's cellular subscriber base is now 23.1 per cent larger than its fixed line base of just under 2.0 million. Cellular growth, which is averaging more than 155,000 net subscribers per month, is largely driven by the popularity of the GSM and prepaid services offered by both Smart and Piltel. National long distance recorded a 24.3 per cent growth in minutes, and data revenues grew 59.5 per cent with the launching of new products and services. Although international revenues have declined, this was partially offset by inbound traffic more than doubling, and outbound traffic returning to positive growth following contraction during 1999. PLDT's early adoption of benchmark settlement rates, as well as the pursuit of illegal operators, has stimulated this increase in international traffic.

Although PLDT has continued to control operating expenditure, operating profits declined 24.1 per cent to Pesos 5.2 billion (US$126.2 million). This was due to the aggressive marketing of the GSM services of both Smart and Piltel, which has secured the PLDT Group approximately 55 per cent of the cellular market and positioned Smart as the fastest growing network.

Net financing charges increased 18.7 per cent as a consequence of U.S. dollar denominated debt and the weakening peso. Despite increased marketing costs, EBITDA has grown approximately three per cent to Pesos 15.7 billion (US$376.4 million). Although Smart continues its GSM network buildout, which in August stood at 1,050 GSM base stations and 10 GSM switches, capex has declined 12.3 per cent to Pesos 9.6 billion (US$231.3 million).

Operationally, PLDT pursues the growth and diversification of revenue streams through the continuous offering of innovative and competitive services and, in the next stage of PLDT's on-going convergence strategy, ePLDT has been launched as the corporate vehicle for PLDT's Internet, e-commerce and multimedia businesses. ePLDT will own and operate PLDT's Pesos 1.6 billion (US$38.5 million) Internet Data Centre which is currently being fitted out, as well as a range of other related businesses and investments, including PLDT's interest in the recently announced Philippine e-procurement joint venture, BayanTrade.com. Efforts continue to be made to integrate operations to leverage cost synergies, and Piltel's debt restructuring has made progress as bank creditors have agreed terms, and negotiations continue with its remaining creditors.

Smart, the leading cellular services provider in the Philippines, contributed a loss of US$9.0 million (1H99: US$10.3 million profit). This contribution reflects the Group's 50.3 per cent attributable economic interest in Smart during 1Q00, prior to PLDT's acquisition of Smart at the end of 1Q00. Despite growing revenues, Smart recorded a loss as a consequence of significant marketing costs associated with the aggressive roll out of its GSM services.

Escotel, a New Delhi-based GSM cellular telephone services provider in Uttar Pradesh (West), Haryana and Kerala, contributed a loss of US$5.5 million (1H99: Loss of US$6.7 million).

Subscribers more than doubled over the past year to 173,000 (1H99: 73,000) and, with average adds of 20,000 subscribers per month, subscribers had reached 200,000 by August 2000. Consequently, there was a 70.5 per cent increase in revenues to Rupees 682.5 million (US$15.5 million). In tandem with subscriber growth, increased connection costs were incurred, with net finance charges increasing in line with debt funding of the network buildout.

PROPERTY

Metro Pacific Property, which includes a 66.2 per cent interest in Bonifacio Land Corporation (which owns 55.0 per cent of Fort Bonifacio Development Corporation (FBDC)), a 60.0 per cent interest in Landco Pacific, and the Pacific Plaza Towers project, contributed US$2.5 million, down 60.3 per cent against 1H99.

Bonifacio Land Corporation, which consolidates the results of FBDC, reported broadly flat revenues of Pesos 3.0 billion (US$72.1 million), despite a higher percentage of completion in 1H00 of 14 per cent (1H99: 9 per cent). This is because 1H99 benefited from one-off earnings arising on the sale of returned lots of Pesos 408.0 million (US$10.6 million). Net income declined 21.0 per cent to Pesos 1.0 billion (US$24.0 million) reflecting that, in addition to income arising on the sale of returned lots, 1H99 also benefited from the release of Pesos 325.0 million (US$8.5 million) of lot sales return provisions. With Big Delta completed in April 2000, development is now focusing on Expanded Big Delta, residential project Bonifacio Ridge, technology zone ÔE-Square', as well as expansion of the existing retail and entertainment facilities.

Landco Pacific, which designs and builds world class resorts and high end residential developments, recorded a 27.3 per cent decrease in revenues to Pesos 265.8 million (US$6.4 million). Despite this decline, the net loss of Pesos 19.0 million (US$0.5 million) was 14.7 per cent lower than the loss reported in 1H99 because of implemented cost controls. Landco continues the development of its Punta Fuego and Canyon Woods projects, among others, and is in the process of developing a master plan for the Costa de Madera beach resort in San Juan.

Pacific Plaza Towers, the two-tower 53-story landmark residential complex in Fort Bonifacio, more than doubled its revenues to Pesos 1.4 billion (US$33.7 million) reflecting a higher completion percentage of 13 per cent (1H99: 11 per cent) and an increase in the cumulative number of units sold. A total of 212 units, of the project's 393 units, were sold by 30 June 2000 (1H99: 163 units). Operating profit, at Pesos 275.4 million (US$6.6 million) reflects an increase of 61.0 per cent against 1H99. It is expected that construction will be completed within the next six months.

FPDSavills / Savills, contributed US$3.4 million (1H99: US$4.4 million). The first half 2000 contribution is inclusive of the first quarter earnings from First Pacific Davies, which trades under the brand name of FPDSavills, and six months of earnings from Savills plc.

First Pacific's interest in First Pacific Davies was combined with Savills on 7 April 2000 for cash and an increased interest in Savills. Prior to this transaction, First Pacific Davies recorded lower earnings as the Hong Kong property market contracted.

Due to Hong Kong accounting requirements, only published results of associates may be equity accounted. As such, the Group's share of Savills' results, for the six months to 30 April, 2000, has been included within contribution. In this period, Savills recorded a 26.0 per cent increase in profit to £8.2 million (US$12.8 million), reflecting strong performances in its main operating segments of FPDSavills (Residential & Agricultural), FPDSavills Commercial and Property Trading.

SPORTathlon, an integrated leisure services provider, contributed a loss of US$0.4 million (1H99: Loss of US$0.3 million). SPORTathlon was disposed of on 29 June, 2000.

BANKING

First Pacific Bank, a 24-branch network owned by FPB Bank Holding, offering retail, consumer and commercial banking services in Hong Kong, contributed US$5.0 million (1H99: US$1.7 million).

Net interest income grew 32.4 per cent to HK$355.0 million (US$45.6 million) due to the efficient management of the group's balance sheet, and the net interest margin improved to 3.3 per cent (1H99: 2.4 per cent). Other operating income, representing banking fees, recorded healthy growth increasing 5.9 per cent to HK$61.3 million (US$7.9 million). As a consequence of building the customer base, operating expenditure increased 9.0 per cent to HK$207.7 million (US$26.7 million), however, due to prudent credit policies, as well as having made adequate provisions previously, bad debt charges declined 7.5 per cent to HK$94.1 million (US$12.1 million).

First eBank, formerly PDCP Bank, is a 33.0 per cent associate of Metro Pacific. It contributed a loss of US$2.2 million (1H99: Loss of US$1.0 million), however 1H99 only included 1Q99 results as these were the only published results available at that time.

DIVIDEND AND CLOSURE OF ORDINARY SHARE REGISTER

The Board has declared an interim dividend of US0.13 cent (HK1.00 cent) (1999: US0.26 cent or HK2.00 cents), payable in scrip with a cash option, per ordinary share. The ordinary share register will be closed from 21 September to 22 September 2000, both dates inclusive. In order to qualify for the interim dividend, all transfers must be lodged with the Company's Hong Kong Branch Registrar, Central Registration Hong Kong Limited, Room 1901-5, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 pm on 20 September 2000. A dividend circular will be sent to ordinary shareholders on or about 25 September 2000. It is expected that the interim dividend will be paid on or before 23 October 2000.

LISTED SECURITIES

No purchase, sale or redemption of any of First Pacific Company's listed securities has been made by the Company or any of its subsidiary companies during the period.

COMPLIANCE WITH CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company has, during the period, not been in compliance with the Company's Code of Best Practice, which incorporates the items set out in Appendix 14 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

In compliance with the additional requirement of The Stock Exchange of Hong Kong Limited to its Code of Best Practice, the Company established an Audit Committee in 1998, which currently is composed of two independent Non-executive Directors. Reporting to the Board of Directors, the Audit Committee reviews matters within the purview of audit, such as Financial Statements and internal control, to protect the interests of the Company's shareholders. The Audit Committee meets regularly with the Company's external auditors to discuss the audit process and accounting issues.

INTERIM REPORT

An Interim Report will be sent to shareholders on or about the 15 September 2000.

By Order of the Board
Manuel V. Pangilinan
Executive Chairman

4 September 2000