

FIRST PACIFIC COMPANY LIMITED
PRESS RELEASE

Monday, 16 August 2004

FIRST PACIFIC RECORDS STRONG PERFORMANCE; INTERIM PROFIT INCREASED 54 PER CENT TO US\$54.7 MILLION

First Pacific today reported a first half 2004 profit attributable to ordinary shareholders of US\$54.7 million (HK\$426.7 million), an increase of 53.7 per cent compared with the first half profit of US\$35.6 million (HK\$277.7 million) for the comparable period in 2003. Turnover at US\$1,002.0 million (HK\$7,815.6 million) remains broadly unchanged.

Recurring profit, which excludes the effects of foreign exchange and non-recurring items, improved by 57.0 per cent to US\$52.9 million (HK\$412.6 million), from US\$33.7 million (HK\$262.9 million) in the first half of 2003. This growth resulted mainly from improved contribution from PLDT (up 58.2 per cent year on year).

Earnings per share improved by 53.6 per cent to US1.72 cents (HK13.42 cents) for the first half of 2004, compared with US1.12 cents (HK8.74 cents) recorded for the same period of 2003.

Shareholders' equity increased more than three times to US\$206.6 million (HK\$1,611.5 million) at 30 June 2004, compared with US\$51.1 million (HK\$398.6 million) at 31 December 2003, reflecting principally the profit for the period and the net effect of restating the exchange and goodwill reserves of US\$129.7 million (HK\$1,011.7 million) as a result of the disposal of Escotel.

The consolidated gearing ratio improved to 1.47 times at 30 June 2004 (31 December 2003: 2.12 times), reflecting reduced net debts and increased net assets. At 30 June 2004, the Company gearing ratio was 0.13 time (31 December 2003: 0.12 time). In addition, guarantee obligations of US\$82.4 million (HK\$642.7 million) in respect of Escotel's borrowings were fully released upon the sale of that company in June 2004.

At the Head Office level, net interest expense increased by 58.5 per cent to US\$6.5 million (HK\$50.7 million) reflecting higher average debt levels.

The Directors do not propose the payment of an interim dividend.

Outlook and comments

Manuel V. Pangilinan, Managing Director and Chief Executive Officer of First Pacific said: "The consolidated efforts from shareholders, creditors and business partners, and staff have developed a strong foundation for First Pacific to resume its growth again. The continuous improvement on the financial performance proved that the board and the management have correctly repositioned our businesses, particularly PLDT which is now the largest profit contributor to the Group and the most profitable company in the Philippines," said Pangilinan.

“The challenges ahead will motivate First Pacific’s objective of future growth. However, our operations will continue strengthening their various market positions. PLDT’s innovative and affordable services will further enhance its performance and industry position in the coming years. Indofood will continue to focus on organic growth and rationalization of its businesses for greater efficiency,” added Pangilinan.

“With the ultimate goal of rebuilding long-term equity value, we will continue our efforts to enhance the profitability of our operations and to capture expansion opportunities at both operating and head office levels.” concluded Pangilinan.

Further information and analysis

Attached are the Group’s Condensed Interim Financial Statements and Contribution Summary. Further information - including discussion and analysis of the Group’s individual operations; review of the 2004 goals; and additional financial analysis - are available under the ‘News & Press Releases’ section of First Pacific’s website at www.firstpacco.com. The 2004 Interim Report will be mailed to shareholders and available on www.firstpacco.com before 31 August 2004.

Corporate Profile

First Pacific is a Hong Kong-based investment and management company with operations located in Southeast Asia. Its principal business interests relate to Telecommunications and Consumer Food Products. Listed in Hong Kong (0142), First Pacific’s shares are also available in the United States through American Depositary Receipts (FPAFY).

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FIRST PACIFIC COMPANY LIMITED
CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT- UNAUDITED

For the six months ended 30 June	2004	2003
US\$m		(Restated)
Turnover	1,002.0	1,008.7
Cost of sales	(756.7)	(772.1)
Gross profit	245.3	236.6
Gain on disposal of a discontinued business	17.1	-
Distribution costs	(90.2)	(74.0)
Administrative expenses	(64.1)	(68.0)
Other operating (expenses)/income, net	(34.7)	20.8
Operating profit	73.4	115.4
Share of profits less losses of associated companies	70.6	38.9
Net borrowing costs	(55.4)	(60.1)
Profit before taxation	88.6	94.2
Taxation	(27.3)	(19.7)
Profit after taxation	61.3	74.5
Outside interests	(6.6)	(38.9)
Profit attributable to ordinary shareholders	54.7	35.6
Per share data	2004	2003
US¢		(Restated)
Basic earnings per share	1.72	1.12

FIRST PACIFIC COMPANY LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET

	(Unaudited) At 30 June 2004	(Audited) At 31 December 2003 (Restated)
US\$m		
Non-current assets		
Property and equipment	627.0	699.3
Plantations	131.2	160.0
Associated companies	193.2	8.0
Long-term receivables and prepayments	304.6	248.0
Goodwill	17.8	18.3
Deferred tax assets	5.3	7.5
Restricted cash	4.7	4.7
	1,283.8	1,145.8
Current assets		
Cash and cash equivalents	247.8	233.3
Restricted cash and pledged deposits	9.2	17.6
Short-term investments	23.0	77.0
Accounts receivable, other receivables and prepayments	353.2	430.2
Inventories	295.1	309.6
	928.3	1,067.7
Current liabilities		
Accounts payable, other payables and accruals	438.7	379.9
Short-term borrowings	145.3	207.4
Provision for taxation	21.6	36.8
	605.6	624.1
Net current assets	322.7	443.6
Total assets less current liabilities	1,606.5	1,589.4
Equity capital and reserves		
Issued capital	31.9	31.9
Reserves	174.7	19.2
Shareholders' equity	206.6	51.1
Outside interests	322.6	376.7
Non-current liabilities		
Loan capital and long-term borrowings	896.1	955.9
Deferred liabilities and provisions	81.5	88.7
Deferred tax liabilities	99.7	117.0
	1,077.3	1,161.6
	1,606.5	1,589.4

**FIRST PACIFIC COMPANY LIMITED
CONTRIBUTION SUMMARY**

For the six months ended 30 June US\$ millions	Turnover		Contribution to Group profit ⁽ⁱ⁾	
	2004	2003	2004	2003 (Restated) ⁽ⁱⁱ⁾
PLDT ⁽ⁱⁱⁱ⁾	-	-	53.3	33.7
Indofood	973.4	970.7	12.9	13.8
Metro Pacific	28.6	38.0	(6.3)	(2.2)
From continuing businesses	1,002.0	1,008.7	59.9	45.3
From a discontinued business ^(iv)	-	-	1.9	(1.1)
From operations	1,002.0	1,008.7	61.8	44.2
Head Office items:				
- Corporate overhead			(4.2)	(3.4)
- Net interest expense			(6.5)	(4.1)
- Other income/(expenses)			1.8	(3.0)
Recurring profit			52.9	33.7
Foreign exchange (losses)/gains			(13.6)	1.9
Non-recurring items ^(v)			15.4	-
Profit attributable to ordinary shareholders			54.7	35.6

(i) After taxation and outside interests, where appropriate.

(ii) The Group has restated its contribution from Indofood for 1H03 from US\$14.9 million to US\$13.8 million as a result of its adoption of SSAP 36 "Agriculture". Accordingly, the Group's 1H03 profit attributable to ordinary shareholders has been restated from US\$36.7 million to US\$35.6 million.

(iii) Associated company.

(iv) Represents Escotel.

(v) Includes US\$17.1 million gain on disposal of Escotel.