

Monday, 19 August 2002

FIRST PACIFIC RECORDS TURNAROUND INTERIM PROFIT OF US\$26.8 MILLION
Operating profit up 65% to US\$137.4 million; recurring profit up 25% to US\$15.6 million

First Pacific today reported a first half 2002 profit attributable to ordinary shareholders of US\$26.8 million (HK\$209.0 million), a turnaround compared with the first half loss of US\$12.1 million (HK\$94.4 million loss) for the comparable period.

Turnover of US\$899.1 million (HK\$7,013.0 million) was broadly unchanged year on year, while operating profit grew 64.6 per cent to US\$137.4 million (HK\$1,071.7 million), both reflecting improved underlying operational performances, offset by the effects of business disposals. Turnover from continuing businesses improved 18.4 per cent to US\$898.7 million (HK\$7,009.9 million), principally due to Indofood (up 25 per cent).

Foreign exchange gains of US\$11.2 million (HK\$87.4 million) were recorded for the first half of 2002, compared with foreign exchange losses of US\$32.5 million (HK\$253.5 million) for the comparable period of 2001. These gains arose on the settlement and translation of the Group's net monetary liabilities as the rupiah and peso strengthened against the U.S. dollar.

Recurring profit, which excludes the effects of foreign exchange gains, increased by 24.8 per cent to US\$15.6 million (HK\$121.7 million), from US\$12.5 million (HK\$97.5 million) in the first half of 2001. Underpinning this growth were improved contributions from Indofood (up 33 per cent), PLDT (up 24 per cent) and maiden profits of US\$0.6 million from Escotel. These were partially offset by deeper losses at Metro Pacific.

Earnings per share was US0.85 cent (HK6.63 cents) for 2002, compared with the loss per share of US0.39 cent (HK3.04 cents) recorded for 2001.

At the Head Office level, overhead expenses declined to US\$5.0 million (HK\$39.0 million) as cost-cutting measures took effect, and net financing income of US\$0.5 million (HK\$3.9 million) was recorded. Interest expense declined to US\$9.6 million (HK\$74.9 million) on lower average debt levels and lower borrowing costs, and interest income increased to US\$10.1 million (HK\$78.9 million), reflecting US\$9.2 million (HK\$71.8 million) of interest accrued on the still outstanding US\$90 million Larouge Loan.

Net current assets totaled US\$155.9 million (HK\$1,216.0 million) at 30 June 2002, compared with net current liabilities of US\$234.5 million (HK\$1,829.1 million) at 31 December 2001. This strengthened position reflects the success of refinancing efforts at both the Head Office and Indofood.

The consolidated gearing ratio improved to 2.79 times at 30 June 2002 (31 December 2001: 3.93 times), reflecting enhanced net assets due to profits recorded and stronger regional currencies. At 30 June 2002, the Company gearing was 0.2 times (31 December 2001: 0.09 times).

The Directors do not propose the payment of an interim dividend (1H01: Nil).

Proposed transaction with the Gokongwei Group

On 5 June 2002, First Pacific announced its signing of a legally binding Memorandum of Agreement (MOA) with the Gokongwei Group for the establishment of joint venture arrangements in relation to First Pacific's existing interests in PLDT and BLC.

Since that announcement, First Pacific has focused upon addressing and discussing various transaction-related issues with the Gokongwei Group (due diligence), NTT (right of first refusal) and PLDT (due diligence access and director nomination and election) in order to resolve these issues and close the transaction. Currently, First Pacific has advanced documentation and commenced the transaction's pre-closing reorganization steps, while continuing to target a third quarter closing.

U.S. lawsuit

First Pacific disclosed the material terms and conditions of the MOA in its 5 June 2002 announcement, which announcement was made in accordance with the Hong Kong Stock Exchange Listing Rules on "Notifiable Transactions".

On 3 July 2002, PLDT initiated a U.S. lawsuit against First Pacific and certain related companies, to compel disclosure of the MOA itself to PLDT, whose securities are listed and traded in the U.S. To address this nuisance lawsuit and avoid unnecessary legal expense, First Pacific voluntarily disclosed the MOA on 19 July 2002 to all relevant entities. Although First Pacific's action confirmed that it had disclosed the MOA's material terms and conditions on 5 June 2002, PLDT still has not clarified its reasons for continuing the lawsuit.

First Pacific will make further announcements as and when appropriate. All previous announcements relating to the transaction are available at www.firstpacco.com.

Infrontier

First Pacific has reduced its interest in Infrontier Limited (Infrontier) to 19 per cent from 100 per cent, effective 30 April 2002.

First Pacific's decision was based on the fact that, while the enterprise continues to offer longer-term potential, key financial objectives were not achieved. Accordingly, First Pacific decided to limit its direct financial support for Infrontier, which to date has totaled US\$24 million.

Under the terms of the transaction, which was signed today, First Pacific has transferred a controlling stake of 81 per cent to the incumbent management who, with effect from 1 May 2002, have been responsible for meeting Infrontier's support requirements. Mr. James Jones has replaced Mr. Edward A. Tortorici, Executive Director of First Pacific, as CEO of Infrontier as Mr. Tortorici has stepped down.

In order to participate in Infrontier's future growth, First Pacific has retained a minority stake of 19 per cent, will have proportional representation on the Infrontier board, and holds an option, exercisable until 30 April 2003, to increase its shareholding to 49 per cent.

For the period to 30 April 2002, Infrontier contributed a loss of US\$2.3 million and, with effect from 1 May 2002, Infrontier has been accounted for as a long-term investment.

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 2002 goals; and additional financial analysis - is available under the 'News & Press Releases' section of First Pacific's website at www.firstpacco.com. The Interim Report will be published by the end of August 2002.

Corporate Profile

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

With effect from 2 September 2002, First Pacific's Hang Seng Stock Classification will change to Consumer Goods (Food and Beverages) from Conglomerates.

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FIRST PACIFIC COMPANY LIMITED
2002 INTERIM RESULTS

CONDENSED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT

For the six months ended 30 June	2002 US\$m	2001 US\$m	2002 HK\$m	2001 HK\$m
Turnover	899.1	904.5	7,013.0	7,055.1
Cost of sales	(676.5)	(666.4)	(5,276.7)	(5,197.9)
Gross profit	222.6	238.1	1,736.3	1,857.2
Distribution costs	(70.2)	(60.1)	(547.5)	(468.8)
Administrative expenses	(47.2)	(82.3)	(368.2)	(641.9)
Other operating expenses	(2.2)	(32.1)	(17.2)	(250.4)
Other operating income	34.4	19.9	268.3	155.2
Operating profit	137.4	83.5	1,071.7	651.3
Share of profits less losses of associated companies	11.0	(4.7)	85.8	(36.7)
Net borrowing costs	(51.1)	(49.9)	(398.6)	(389.2)
Profit before taxation	97.3	28.9	758.9	225.4
Taxation	(38.0)	(26.6)	(296.4)	(207.5)
Profit after taxation	59.3	2.3	462.5	17.9
Outside interests	(32.5)	(14.4)	(253.5)	(112.3)
Profit/(loss) attributable to ordinary shareholders	26.8	(12.1)	209.0	(94.4)
	2002	2001	2002	2001
Per share data	US¢	US¢	HK¢	HK¢
Earnings/(loss)				
- Basic	0.85	(0.39)	6.63	(3.04)
- Diluted	0.85	(0.39)	6.63	(3.04)

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CONDENSED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED BALANCE SHEET

	At 30 June 2002 US\$m	At 31 December 2001 US\$m	At 30 June 2002 HK\$m	At 31 December 2001 HK\$m
Non-current assets				
Property and equipment	1,035.6	840.2	8,077.7	6,553.6
Associated companies	(16.6)	(23.6)	(129.5)	(184.1)
Long-term receivables	244.6	176.3	1,907.9	1,375.1
Goodwill	11.1	-	86.6	-
	1,274.7	992.9	9,942.7	7,744.6
Current assets				
Cash and bank balances	162.0	310.1	1,263.6	2,418.8
Pledged deposits	41.1	41.0	320.6	319.8
Short-term investments	12.9	11.5	100.6	89.7
Accounts receivable and prepayments	364.0	328.7	2,839.2	2,563.8
Inventories	342.6	361.5	2,672.3	2,819.7
	922.6	1,052.8	7,196.3	8,211.8
Current liabilities				
Accounts payable and accruals	458.8	514.0	3,578.7	4,009.2
Short-term borrowings	289.9	750.2	2,261.2	5,851.5
Provision for taxation	18.0	23.1	140.4	180.2
	766.7	1,287.3	5,980.3	10,040.9
Net current assets/(liabilities)	155.9	(234.5)	1,216.0	(1,829.1)
Total assets less current liabilities	1,430.6	758.4	11,158.7	5,915.5
Equity capital and reserves				
Share capital	31.4	31.4	244.9	244.9
Reserves	(149.0)	(222.6)	(1,162.2)	(1,736.3)
Shareholders' deficit	(117.6)	(191.2)	(917.3)	(1,491.4)
Outside interests	465.9	392.2	3,634.0	3,059.2
Non-current liabilities				
Loan capital and long-term borrowings	885.5	391.4	6,906.9	3,052.9
Deferred liabilities and provisions	131.9	130.0	1,028.8	1,014.0
Deferred taxation	64.9	36.0	506.3	280.8
	1,082.3	557.4	8,442.0	4,347.7
	1,430.6	758.4	11,158.7	5,915.5
Number of shares in issue (million)	3,139.8	3,139.8	3,139.8	3,139.8

FIRST PACIFIC COMPANY LIMITED
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CONDENSED INTERIM FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS'
DEFICIT

	Share capital US\$m	Share premium US\$m	Property revaluation reserve US\$m	Exchange reserve US\$m	Revenue reserve US\$m	Total US\$m
Balance at 1 January 2001	31.4	908.7	1.3	(332.5)	(239.4)	369.5
Net losses not recognized in the profit and loss statement						
- Exchange translation	-	-	-	(52.8)	-	(52.8)
Goodwill reinstated on disposal of associated companies	-	-	-	-	16.6	16.6
Net loss for the period	-	-	-	-	(12.1)	(12.1)
Dividends	-	-	-	-	(4.0)	(4.0)
Balance at 30 June 2001	31.4	908.7	1.3	(385.3)	(238.9)	317.2
Balance at 1 January 2002	31.4	908.7	-	(20.2)	(1,111.1)	(191.2)
Net gains not recognized in the profit and loss statement						
- Exchange translation	-	-	-	37.5	0.4	37.9
Goodwill reinstated on dilution of interest in a subsidiary company	-	-	-	-	8.9	8.9
Net profit for the period	-	-	-	-	26.8	26.8
Balance at 30 June 2002	31.4	908.7	-	17.3	(1,075.0)	(117.6)
	Share capital HK\$m	Share premium HK\$m	Property revaluation reserve HK\$m	Exchange reserve HK\$m	Revenue reserve HK\$m	Total HK\$m
Balance at 1 January 2001	244.9	7,087.9	10.1	(2,593.5)	(1,867.3)	2,882.1
Net losses not recognized in the profit and loss statement						
- Exchange translation	-	-	-	(411.8)	-	(411.8)
Goodwill reinstated on disposal of associated companies	-	-	-	-	129.5	129.5
Net loss for the period	-	-	-	-	(94.4)	(94.4)
Dividends	-	-	-	-	(31.2)	(31.2)
Balance at 30 June 2001	244.9	7,087.9	10.1	(3,005.3)	(1,863.4)	2,474.2
Balance at 1 January 2002	244.9	7,087.9	-	(157.6)	(8,666.6)	(1,491.4)
Net gains not recognized in the profit and loss statement						
- Exchange translation	-	-	-	292.5	3.1	295.6
Goodwill reinstated on dilution of interest in a subsidiary company	-	-	-	-	69.5	69.5
Net profit for the period	-	-	-	-	209.0	209.0
Balance at 30 June 2002	244.9	7,087.9	-	134.9	(8,385.0)	(917.3)

FIRST PACIFIC COMPANY LIMITED
2002 INTERIM RESULTS

CONTRIBUTION SUMMARY

During the year, the Group's continuing businesses improved their profit contribution by eight per cent to US\$22.4 million (1H01: US\$20.7 million), while recurring profit improved by 25 per cent to US\$15.6 million (1H01: US\$12.5 million). Foreign exchange gains of US\$11.2 million (1H01: US\$32.5 million loss) were recorded, reflecting stronger regional currencies. There follows a contribution summary.

	Six months ended 30 June			
	Turnover		Contribution to	
	2002	2001	Group profit/(loss) ⁽ⁱ⁾	2001
	US\$m	US\$m	US\$m	US\$m
Indofood	836.4	671.4	24.8	18.6
PLDT ⁽ⁱⁱ⁾ (iii)	-	-	17.4	14.0
Metro Pacific	62.3	87.8	(20.4)	(8.2)
Escotel ⁽ⁱⁱ⁾	-	-	0.6	(3.7)
From continuing businesses	898.7	759.2	22.4	20.7
From disposed businesses ^(iv)	0.4	145.3	(2.3)	4.8
From operations	899.1	904.5	20.1	25.5
Corporate overhead			(5.0)	(6.3)
Interest expense			(9.6)	(12.8)
Interest income			10.1	6.1
Recurring profit			15.6	12.5
Foreign exchange gains/(losses)			11.2	(32.5)
Reversal of provision for investments ⁽ⁱⁱⁱ⁾			-	7.9
Profit/(loss) attributable to ordinary shareholders			26.8	(12.1)

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

(ii) Associated companies.

(iii) In 2001, a share of Piltel's losses of US\$7.9 million has been offset by the release of a provision at the Group level. Comparative figures for PLDT have been restated to separately show the effect of this provision release.

(iv) Represents Infrontier in 1H02 and 1H01; Berli Jucker, Darya-Varia and Savills plc in 1H01.