FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

Website: http://www.firstpacific.com

(Stock Code: 00142)

2018 Interim Results - Unaudited

FINANCIAL HIGHLIGHTS

- Turnover increased by 8% to US$3,844.9 million (HK$29,990.2 million) from US$3,572.5 million (HK$27,865.5 million).
- Profit attributable to owners of the parent increased by 1% to US$133.8 million (HK$1,043.6 million) from US$133.1 million (HK$1,038.2 million).
- Profit contribution from operations decreased by 8% to US$213.8 million (HK$1,667.6 million) from US$231.8 million (HK$1,808.0 million).
- Recurring profit decreased by 5% to US$161.0 million (HK$1,255.8 million) from US$168.7 million (HK$1,315.9 million).
- Basic earnings per share remained flat at U.S. 3.09 cents (HK24.1 cents) from U.S. 3.10 cents (HK24.2 cents).
- Recurring basic earnings per share (calculated based on recurring profit) decreased by 5% to U.S. 3.72 cents (HK29.0 cents) from U.S. 3.93 cents (HK30.7 cents).
- An interim distribution of HK8.00 cents (U.S. 1.03 cents) (2017: HK8.00 cents or U.S. 1.03 cents) per ordinary share has been declared, representing a payout ratio of approximately 28% (2017: 26%) of recurring profit.
- Equity attributable to owners of the parent decreased by 4% to US$3,105.0 million (HK$24,219.0 million) at 30 June 2018 compared with US$3,227.1 million (HK$25,171.4 million) at 31 December 2017.
- Consolidated gearing ratio increased to 0.70 times at 30 June 2018 from 0.66 times at 31 December 2017.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT - UNAUDITED

For the six months ended 30 June	Notes	2018 US$m	2017 US$m	2018 HK$m*	2017 HK$m*
Turnover	2	**3,844.9**	3,572.5	**29,990.2**	27,865.5
Cost of sales		**(2,725.3)**	(2,505.8)	**(21,257.3)**	(19,545.2)
Gross profit		**1,119.6**	1,066.7	**8,732.9**	8,320.3
Selling and distribution expenses		**(291.5)**	(288.8)	**(2,273.7)**	(2,252.6)
Administrative expenses		**(288.3)**	(279.9)	**(2,248.8)**	(2,183.2)
Other operating (expenses)/income, net		**(16.9)**	48.2	**(131.8)**	375.9
Interest income		**29.1**	26.3	**227.0**	205.1
Finance costs		**(195.4)**	(169.0)	**(1,524.1)**	(1,318.2)
Share of profits less losses of associated companies and joint ventures		**189.0**	132.7	**1,474.2**	1,035.1
Profit before taxation	3	**545.6**	536.2	**4,255.7**	4,182.4
Taxation	4	**(136.7)**	(141.3)	**(1,066.3)**	(1,102.2)
Profit for the period		**408.9**	394.9	**3,189.4**	3,080.2
Attributable to:					
Owners of the parent	5	**133.8**	133.1	**1,043.6**	1,038.2
Non-controlling interests		**275.1**	261.8	**2,145.8**	2,042.0
		408.9	394.9	**3,189.4**	3,080.2
		US¢	US¢	**HK¢***	HK¢*
Earnings per share attributable to owners of the parent	6				
Basic		**3.09**	3.10	**24.1**	24.2
Diluted		**3.08**	3.10	**24.0**	24.2

Details of the interim distribution declared for the period are disclosed in Note 7.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

For the six months ended 30 June	2018 US$m	2017 US$m	2018 HK$m*	2017 HK$m*
Profit for the period	**408.9**	394.9	**3,189.4**	3,080.2
Other comprehensive (loss)/income				
Items that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	**(553.5)**	(24.6)	**(4,317.4)**	(191.9)
Unrealized losses on debt investments at fair value through other comprehensive income	**(0.7)**	-	**(5.5)**	-
Unrealized gains on available-for-sale assets	**-**	17.7	**-**	138.1
Unrealized gains/(losses) on cash flow hedges	**27.7**	(34.7)	**216.1**	(270.7)
Realized losses on cash flow hedges	**0.5**	-	**3.9**	-
Income tax related to cash flow hedges	**(4.6)**	6.0	**(35.9)**	46.8
Share of other comprehensive income of associated companies and joint ventures	**7.7**	13.1	**60.1**	102.2
Items that will not be reclassified to profit or loss:				
Unrealized gains on equity investments at fair value through other comprehensive income	**23.3**	-	**181.7**	-
Actuarial gains/(losses) on defined benefit pension plans	**0.8**	(0.1)	**6.3**	(0.8)
Share of other comprehensive loss of associated companies and joint ventures	**(22.3)**	(6.5)	**(173.9)**	(50.7)
Other comprehensive loss for the period, net of tax	**(521.1)**	(29.1)	**(4,064.6)**	(227.0)
Total comprehensive (loss)/income for the period	**(112.2)**	365.8	**(875.2)**	2,853.2
Attributable to:				
Owners of the parent	**(82.6)**	139.2	**(644.3)**	1,085.8
Non-controlling interests	**(29.6)**	226.6	**(230.9)**	1,767.4
	(112.2)	365.8	**(875.2)**	2,853.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2018 (Unaudited) US$m	At 31 December 2017 (Audited) US$m	At 30 June 2018 (Unaudited) HK$m*	At 31 December 2017 (Audited) HK$m*
Non-current assets					
Property, plant and equipment		**5,127.1**	5,321.1	**39,991.3**	41,504.5
Biological assets		**22.0**	23.1	**171.6**	180.2
Associated companies and joint ventures		**4,950.1**	5,203.2	**38,610.8**	40,585.0
Goodwill		**1,034.6**	1,095.1	**8,069.9**	8,541.8
Other intangible assets		**3,656.7**	3,659.4	**28,522.3**	28,543.3
Investment properties		**9.5**	10.1	**74.1**	78.8
Accounts receivable, other receivables and prepayments		**13.9**	7.0	**108.4**	54.6
Financial assets at fair value through other comprehensive income		**287.7**	-	**2,244.1**	-
Available-for-sale assets		**-**	173.6	**-**	1,354.1
Deferred tax assets		**180.4**	208.9	**1,407.1**	1,629.4
Other non-current assets		**465.5**	456.0	**3,630.9**	3,556.8
		15,747.5	16,157.5	**122,830.5**	126,028.5
Current assets					
Cash and cash equivalents and short-term deposits		**1,856.4**	2,157.2	**14,479.9**	16,826.2
Restricted cash		**60.6**	81.1	**472.7**	632.6
Financial assets at fair value through other comprehensive income		**78.5**	-	**612.3**	-
Available-for-sale assets		**-**	60.2	**-**	469.5
Accounts receivable, other receivables and prepayments	8	**1,245.1**	1,084.4	**9,711.8**	8,458.3
Inventories		**828.2**	874.3	**6,459.9**	6,819.6
Biological assets		**38.2**	39.8	**298.0**	310.4
		4,107.0	4,297.0	**32,034.6**	33,516.6
Assets classified as held for sale		**23.4**	-	**182.5**	-
		4,130.4	4,297.0	**32,217.1**	33,516.6
Current liabilities					
Accounts payable, other payables and accruals	9	**1,388.9**	1,333.9	**10,833.4**	10,404.4
Short-term borrowings		**1,832.2**	1,460.4	**14,291.2**	11,391.1
Provision for taxation		**104.5**	65.3	**815.1**	509.4
Current portion of deferred liabilities, provisions and payables		**375.0**	396.4	**2,925.0**	3,091.9
		3,700.6	3,256.0	**28,864.7**	25,396.8
Net current assets		**429.8**	1,041.0	**3,352.4**	8,119.8
Total assets less current liabilities		**16,177.3**	17,198.5	**126,182.9**	134,148.3
Equity					
Issued share capital		**43.4**	43.4	**338.5**	338.5
Shares held for share award scheme		**(4.2)**	(8.9)	**(32.8)**	(69.4)
Retained earnings		**1,587.3**	1,429.2	**12,380.9**	11,147.8
Other components of equity		**1,478.5**	1,763.4	**11,532.4**	13,754.5
Equity attributable to owners of the parent		**3,105.0**	3,227.1	**24,219.0**	25,171.4
Non-controlling interests		**5,337.9**	5,515.4	**41,635.6**	43,020.1
Total equity		**8,442.9**	8,742.5	**65,854.6**	68,191.5
Non-current liabilities					
Long-term borrowings		**5,955.8**	6,509.3	**46,455.2**	50,772.6
Deferred liabilities, provisions and payables		**1,486.8**	1,630.8	**11,597.1**	12,720.2
Deferred tax liabilities		**291.8**	315.9	**2,276.0**	2,464.0
		7,734.4	8,456.0	**60,328.3**	65,956.8
		16,177.3	17,198.5	**126,182.9**	134,148.3

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

		Equity attributable to owners of the parent											
US$ millions	Note	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive (loss)/income (Note 10)	Differences arising from changes in equities of subsidiary companies	Capital and other reserves	Contributed surplus	Retained earnings	Total	Non-controlling interests	**Total equity**
At 1 January 2017		42.8	(10.9)	5.3	72.3	(690.2)	459.6	12.6	1,915.0	1,305.5	3,112.0	4,922.3	8,034.3
Profit for the period		-	-	-	-	-	-	-	-	133.1	133.1	261.8	394.9
Other comprehensive income/(loss) for the period		-	-	-	-	3.1	-	-	-	3.0	6.1	(35.2)	(29.1)
Total comprehensive income for the period		-	-	-	-	3.1	-	-	-	136.1	139.2	226.6	365.8
Issue of shares upon the exercise of share options		0.6	-	51.0	(17.1)	-	-	-	-	-	34.5	-	34.5
Issue of shares under share award scheme		-	(0.1)	0.1	-	-	-	-	-	-	-	-	-
Shares vested under share award scheme		-	6.0	-	(5.3)	-	-	-	-	(0.7)	-	-	-
Forfeiture of share options		-	-	-	(0.7)	-	-	-	-	0.7	-	-	-
Employee share-based compensation benefits		-	-	-	5.2	-	-	-	-	-	5.2	-	5.2
Acquisition, divestment and dilution of interests in subsidiary companies		-	-	-	-	-	13.4	-	-	-	13.4	(11.5)	1.9
2016 final distribution paid		-	-	-	-	-	-	-	(30.5)	-	(30.5)	-	(30.5)
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	-	-	414.1	414.1
Disposal of subsidiary companies		-	-	-	-	-	-	-	-	-	-	(0.7)	(0.7)
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	3.3	3.3
Dividends paid and declared to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(185.5)	(185.5)
At 30 June 2017		43.4	(5.0)	56.4	54.4	(687.1)	473.0	12.6	1,884.5	1,441.6	3,273.8	5,368.6	8,642.4
At 1 January 2018		43.4	(8.9)	62.0	60.9	(668.4)	456.1	12.6	1,840.2	1,429.2	3,227.1	5,515.4	**8,742.5**
Impact on initial application of HKFRS 9	1(B)	-	-	-	-	(18.7)	-	-	-	12.1	(6.6)	5.8	**(0.8)**
Impact on initial application of HKFRS 15	1(B)	-	-	-	-	-	-	-	-	13.1	13.1	-	**13.1**
At 1 January 2018 (As adjusted)		43.4	(8.9)	62.0	60.9	(687.1)	456.1	12.6	1,840.2	1,454.4	3,233.6	5,521.2	**8,754.8**
Profit for the period		-	-	-	-	-	-	-	-	133.8	133.8	275.1	**408.9**
Other comprehensive loss for the period		-	-	-	-	(216.4)	-	-	-	-	(216.4)	(304.7)	**(521.1)**
Total comprehensive loss for the period		-	-	-	-	(216.4)	-	-	-	133.8	(82.6)	(29.6)	**(112.2)**
Purchase of shares under share award scheme		-	(2.0)	-	-	-	-	-	-	-	(2.0)	-	**(2.0)**
Shares vested under share award scheme		-	6.7	-	(5.4)	-	-	-	-	(1.3)	-	-	**-**
Forfeiture of share options		-	-	-	(0.4)	-	-	-	-	0.4	-	-	**-**
Employee share-based compensation benefits		-	-	-	1.5	-	-	-	-	-	1.5	-	**1.5**
Acquisition of interests in subsidiary companies		-	-	-	-	-	(15.1)	-	-	-	(15.1)	(12.0)	**(27.1)**
2017 final distribution paid		-	-	-	-	-	-	-	(30.4)	-	(30.4)	-	**(30.4)**
Acquisition of a subsidiary company		-	-	-	-	-	-	-	-	-	-	3.0	**3.0**
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	35.0	**35.0**
Dividends paid and declared to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(179.7)	**(179.7)**
At 30 June 2018		**43.4**	**(4.2)**	**62.0**	**56.6**	**(903.5)**	**441.0**	**12.6**	**1,809.8**	**1,587.3**	**3,105.0**	**5,337.9**	**8,442.9**

		Equity attributable to owners of the parent											
HK$ millions*	Note	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive (loss)/income (Note 10)	Differences arising from changes in equities of subsidiary companies	Capital and other reserves	Contributed surplus	Retained earnings	Total	Non-controlling interests	**Total equity**
At 1 January 2017		333.8	(85.0)	41.3	564.0	(5,383.6)	3,584.9	98.3	14,937.0	10,182.9	24,273.6	38,393.9	62,667.5
Profit for the period		-	-	-	-	-	-	-	-	1,038.2	1,038.2	2,042.0	3,080.2
Other comprehensive income/(loss) for the period		-	-	-	-	24.2	-	-	-	23.4	47.6	(274.6)	(227.0)
Total comprehensive income for the period		-	-	-	-	24.2	-	-	-	1,061.6	1,085.8	1,767.4	2,853.2
Issue of shares upon the exercise of share options		4.7	-	397.8	(133.4)	-	-	-	-	-	269.1	-	269.1
Issue of shares under share award scheme		-	(0.8)	0.8	-	-	-	-	-	-	-	-	-
Shares vested under share award scheme		-	46.8	-	(41.3)	-	-	-	-	(5.5)	-	-	-
Forfeiture of share options		-	-	-	(5.5)	-	-	-	-	5.5	-	-	-
Employee share-based compensation benefits		-	-	-	40.5	-	-	-	-	-	40.5	-	40.5
Acquisition, divestment and dilution of interests in subsidiary companies		-	-	-	-	-	104.5	-	-	-	104.5	(89.7)	14.8
2016 final distribution paid		-	-	-	-	-	-	-	(237.9)	-	(237.9)	-	(237.9)
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	-	-	3,230.0	3,230.0
Disposal of subsidiary companies		-	-	-	-	-	-	-	-	-	-	(5.5)	(5.5)
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	25.8	25.8
Dividends paid and declared to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(1,446.8)	(1,446.8)
At 30 June 2017		338.5	(39.0)	439.9	424.3	(5,359.4)	3,689.4	98.3	14,699.1	11,244.5	25,535.6	41,875.1	67,410.7
At 1 January 2018		338.5	(69.4)	483.6	475.0	(5,213.5)	3,557.6	98.3	14,353.5	11,147.8	25,171.4	43,020.1	**68,191.5**
Impact on initial application of HKFRS 9	1(B)	-	-	-	-	(145.9)	-	-	-	94.4	(51.5)	45.3	**(6.2)**
Impact on initial application of HKFRS 15	1(B)	-	-	-	-	-	-	-	-	102.1	102.1	-	**102.1**
At 1 January 2018 (As adjusted)		338.5	(69.4)	483.6	475.0	(5,359.4)	3,557.6	98.3	14,353.5	11,344.3	25,222.0	43,065.4	**68,287.4**
Profit for the period		-	-	-	-	-	-	-	-	1,043.6	1,043.6	2,145.8	**3,189.4**
Other comprehensive loss for the period		-	-	-	-	(1,687.9)	-	-	-	-	(1,687.9)	(2,376.7)	**(4,064.6)**
Total comprehensive loss for the period		-	-	-	-	(1,687.9)	-	-	-	1,043.6	(644.3)	(230.9)	**(875.2)**
Purchase of shares under share award scheme		-	(15.6)	-	-	-	-	-	-	-	(15.6)	-	**(15.6)**
Shares vested under share award scheme		-	52.2	-	(42.1)	-	-	-	-	(10.1)	-	-	**-**
Forfeiture of share options		-	-	-	(3.1)	-	-	-	-	3.1	-	-	**-**
Employee share-based compensation benefits		-	-	-	11.7	-	-	-	-	-	11.7	-	**11.7**
Acquisition of interests in subsidiary companies		-	-	-	-	-	(117.8)	-	-	-	(117.8)	(93.6)	**(211.4)**
2017 final distribution paid		-	-	-	-	-	-	-	(237.0)	-	(237.0)	-	**(237.0)**
Acquisition of a subsidiary company		-	-	-	-	-	-	-	-	-	-	23.4	**23.4**
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	273.0	**273.0**
Dividends paid and declared to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(1,401.7)	**(1,401.7)**
At 30 June 2018		**338.5**	**(32.8)**	**483.6**	**441.5**	**(7,047.3)**	**3,439.8**	**98.3**	**14,116.5**	**12,380.9**	**24,219.0**	**41,635.6**	**65,854.6**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

For the six months ended 30 June	Note	2018 US$m	2017 US$m	2018 HK$m*	2017 HK$m*
Profit before taxation		**545.6**	536.2	**4,255.7**	4,182.4
Adjustments for:					
Finance costs		**195.4**	169.0	**1,524.1**	1,318.2
Depreciation	3	**159.7**	131.2	**1,245.7**	1,023.4
Amortization of intangible assets	3	**49.5**	46.3	**386.1**	361.1
Provision/(reversal of provision) for onerous contracts, net	3	**3.7**	(3.5)	**28.9**	(27.3)
Employee share-based compensation benefit expenses		**2.4**	6.3	**18.7**	49.1
Provision for impairment losses	3	**1.7**	21.7	**13.3**	169.3
Loss on changes in fair value of biological assets	3	**0.8**	6.4	**6.2**	49.9
Loss/(gain) on divestment of interest in an associated company	3	**0.2**	(14.6)	**1.6**	(113.9)
Share of profits less losses of associated companies and joint ventures		**(189.0)**	(132.7)	**(1,474.2)**	(1,035.1)
Interest income		**(29.1)**	(26.3)	**(227.0)**	(205.1)
Gain on remeasurement of a previously held interest in an associated company	3	**(4.3)**	(27.8)	**(33.5)**	(216.8)
Gain on disposal of property, plant and equipment	3	**(1.1)**	(0.6)	**(8.6)**	(4.7)
Loss on remeasurement of a previously held interest in a joint venture	3	**-**	22.5	**-**	175.5
Preferred share dividend income from a joint venture	3	**-**	(50.8)	**-**	(396.2)
Others		**6.8**	11.2	**53.0**	87.3
		742.3	694.5	**5,790.0**	5,417.1
Increase in working capital		**(69.7)**	(129.2)	**(543.7)**	(1,007.8)
Net cash generated from operations		**672.6**	565.3	**5,246.3**	4,409.3
Interest received		**32.9**	25.2	**256.6**	196.7
Interest paid		**(180.6)**	(152.2)	**(1,408.7)**	(1,187.2)
Taxes paid		**(126.4)**	(142.7)	**(985.9)**	(1,113.1)
Net cash flows from operating activities		**398.5**	295.6	**3,108.3**	2,305.7
Decrease/(increase) in short-term deposits and time deposits with original maturity of more than three months		**149.3**	(16.6)	**1,164.6**	(129.5)
Dividends received from associated companies		**136.8**	82.2	**1,067.0**	641.2
Decrease in restricted cash		**20.5**	12.1	**159.9**	94.4
Proceeds from disposal of property, plant and equipment		**19.0**	10.2	**148.2**	79.6
Dividends received from financial assets at fair value through other comprehensive income/available-for-sale assets		**3.3**	3.0	**25.7**	23.4
Proceeds from divestment of interests in associated companies		**2.5**	248.2	**19.5**	1,935.9
Proceeds from disposal of financial assets at fair value through other comprehensive income/available-for-sale assets		**1.5**	59.5	**11.7**	464.1
Investments in intangible assets		**(241.1)**	(150.9)	**(1,880.6)**	(1,177.0)
Purchase of property, plant and equipment		**(202.1)**	(319.6)	**(1,576.4)**	(2,492.9)
Increased investments in joint ventures		**(59.0)**	(42.1)	**(460.2)**	(328.4)
Investments in associated companies		**(50.9)**	(8.3)	**(397.0)**	(64.8)
Partial payment for acquisition of a subsidiary company		**(46.9)**	-	**(365.8)**	-
Acquisition of financial assets at fair value through other comprehensive income/available-for-sale assets		**(23.8)**	(14.1)	**(185.6)**	(110.0)
Acquisition of subsidiary companies		**(16.2)**	(117.5)	**(126.4)**	(916.5)
Increased investments in associated companies		**(8.7)**	(3.1)	**(67.9)**	(24.2)
Investment in a joint venture		**(7.1)**	-	**(55.4)**	-
Advances to a joint venture		**(2.3)**	(3.8)	**(17.9)**	(29.6)
Investments in biological assets		**(0.3)**	(1.4)	**(2.3)**	(10.9)
Proceeds from redemption of preferred shares issued by a joint venture		**-**	69.9	**-**	545.2
Preferred share dividends received from a joint venture		**-**	31.7	**-**	247.3
Disposal of a subsidiary company		**-**	0.4	**-**	3.1
Acquisition of a business		**-**	(3.8)	**-**	(29.6)
Net cash flows used in investing activities		**(325.5)**	(164.0)	**(2,538.9)**	(1,279.2)
Proceeds from new borrowings		**2,070.5**	1,386.0	**16,149.9**	10,810.8
Capital contributions from non-controlling shareholders		**35.0**	3.3	**273.0**	25.8
Proceeds from issue of shares to non-controlling shareholders by subsidiary companies		**0.2**	1.1	**1.6**	8.6
Borrowings repaid		**(2,043.0)**	(1,219.3)	**(15,935.4)**	(9,510.6)
Dividends paid to non-controlling shareholders by subsidiary companies		**(108.4)**	(67.1)	**(845.6)**	(523.4)
Distributions paid to shareholders		**(30.4)**	(30.5)	**(237.0)**	(237.9)
Increased investments in subsidiary companies		**(27.1)**	-	**(211.4)**	-
Payments for concession fees payable		**(13.4)**	(14.0)	**(104.6)**	(109.2)
Payments for purchase of shares under a long-term incentive plan		**(2.0)**	-	**(15.6)**	-
Proceeds from issue of shares under a long-term incentive plan		**-**	34.5	**-**	269.1
Net cash flows (used in)/from financing activities		**(118.6)**	94.0	**(925.1)**	733.2
Net (decrease)/increase in cash and cash equivalents		**(45.6)**	225.6	**(355.7)**	1,759.7
Cash and cash equivalents at 1 January		**1,987.3**	1,611.2	**15,501.0**	12,567.4
Exchange translation		**(105.9)**	0.4	**(826.0)**	3.1
Cash and cash equivalents at 30 June		**1,835.8**	1,837.2	**14,319.3**	14,330.2
Representing					
Cash and cash equivalents and short-term deposits as stated in the condensed consolidated statement of financial position		**1,856.4**	2,145.4	**14,479.9**	16,734.1
Less short-term deposits and time deposits with original maturity of more than three months		**(20.6)**	(308.2)	**(160.6)**	(2,403.9)
Cash and cash equivalents at 30 June		**1,835.8**	1,837.2	**14,319.3**	14,330.2

* *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.*

Notes:-

1. **Basis of preparation and changes to the Group's accounting policies**

(A) *Basis of preparation*

The condensed interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited ("SEHK"). The condensed interim consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2017 annual financial statements of First Pacific Company Limited ("First Pacific" or the "Company") and its subsidiary companies (the "Group"), except for the adoption of new standards effective as of 1 January 2018. Details of any changes in accounting policies are set out in Note 1(B).

(B) *New standards, interpretations and amendments adopted by the Group*

During 2018, the Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, HKASs and Hong Kong (International Financial Reporting Interpretations Committee) – Interpretations ("HK(IFRIC)-Int")) effective for annual periods commencing on or after 1 January 2018 issued by the HKICPA:

HKAS 40 Amendments	"Transfers of Investment Property"
HKFRS 2 Amendments	"Classification and Measurement of Share-based Payment Transactions"
HKFRS 4 Amendments	"Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts"
HKFRS 9	"Financial Instruments"
HKFRS 15	"Revenue from Contracts with Customers"
HKFRS 15 Amendments	"Clarifications to HKFRS 15 Revenue from Contracts with Customers"
HK(IFRIC)-Int 22	"Foreign Currency Transactions and Advance Consideration"
Annual improvements to HKFRSs 2014 -2016	HKAS 28 Amendments "Investments in Associates and Joint Ventures"

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group's adoption of the above pronouncements, except for HKFRS 9 and HKFRS 15, has had no effect on both the profit attributable to owners of the parent for the six months ended 30 June 2018 and 2017 and the equity attributable to owners of the parent at 30 June 2018 and 31 December 2017. The Group adopted HKFRS 9 and HKFRS 15 using the modified retrospective approach with the cumulative effect arising from the transition recognized as an adjustment to the opening balance of equity without restating comparative information. The following table summarized the adjustments recognized for each individual line item affected:

Condensed consolidated statement of financial position (extract)	At 31 December 2017 US$m	Impact of HKFRS 9 US$m	Impact of HKFRS 15 US$m	At 1 January 2018 (As adjusted) US$m
Non-current assets				
Associated companies and joint ventures	5,203.2	(111.7)	13.1	5,104.6
Available-for-sale assets	173.6	(173.6)	-	-
Financial assets at fair value through other comprehensive income	-	284.5	-	284.5
	5,376.8	(0.8)	13.1	5,389.1
Current assets				
Available-for-sale assets	60.2	(60.2)	-	-
Financial assets at fair value through other comprehensive income	-	60.2	-	60.2
	60.2	-	-	60.2
Equity				
Retained earnings	1,429.2	12.1	13.1	1,454.4
Other components of equity	1,763.4	(18.7)	-	1,744.7
Non-controlling interests	5,515.4	5.8	-	5,521.2
	8,708.0	(0.8)	13.1	8,720.3

Condensed consolidated statement of financial position (extract)	At 31 December 2017 HK$m*	Impact of HKFRS 9 HK$m*	Impact of HKFRS 15 HK$m*	At 1 January 2018 (As adjusted) HK$m*
Non-current assets				
Associated companies and joint ventures	40,585.0	(871.2)	102.1	39,815.9
Available-for-sale assets	1,354.1	(1,354.1)	-	-
Financial assets at fair value through other comprehensive income	-	2,219.1	-	2,219.1
	41,939.1	(6.2)	102.1	42,035.0
Current assets				
Available-for-sale assets	469.5	(469.5)	-	-
Financial assets at fair value through other comprehensive income	-	469.5	-	469.5
	469.5	-	-	469.5
Equity				
Retained earnings	11,147.8	94.4	102.1	11,344.3
Other components of equity	13,754.5	(145.9)	-	13,608.6
Non-controlling interests	43,020.1	45.3	-	43,065.4
	67,922.4	(6.2)	102.1	68,018.3

Further information on the changes in accounting policies and the effect of adjustments upon the adoption of HKFRS 9 and HKFRS 15 are set out in the Group's 2018 interim report.

2. Turnover and operating segmental information

For the six months ended 30 June	2018 US$m	2017 US$m	2018 HK$m*	2017 HK$m*
Turnover				
Sale of goods	**2,714.6**	2,800.0	**21,173.9**	21,840.0
Sale of electricity	**602.3**	277.6	**4,697.9**	2,165.3
Rendering of services	**528.0**	494.9	**4,118.4**	3,860.2
Total	**3,844.9**	3,572.5	**29,990.2**	27,865.5

Operating segmental Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose operating results are regularly reviewed by the Group's chief operating decision maker who makes decisions about how resources are to be allocated to the segment and assesses its performance, and for which discrete financial information is available to him.

The Board of Directors considers the business of the Group from both product or service and geographical perspectives. From the product or service perspective, the Group's business interests are divided into four main segments, which are consumer food products, telecommunications, infrastructure and natural resources. Geographically, the Board of Directors considers the businesses of the Group are operating in the Indonesia, Philippines, Australasia and Singapore and the turnover information is based on the locations of the customers.

The Board of Directors assesses the performance of the operating segments based on a measure of recurring profit. This basis measures the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains/losses, gain/loss on changes in fair value of biological assets and non-recurring items. Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. The amounts provided to the Board of Directors with respect to total assets and liabilities are measured in a manner consistent with that of the condensed interim consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the assets.

The revenue, results and other information for the six months ended 30 June 2018 and 2017, and total assets and total liabilities at 30 June 2018 and 31 December 2017 regarding the Group's operating segments are as follows:

By principal business activity – 2018

For the six months ended/at 30 June	Consumer Food Products US$m	Telecom-munications US$m	Infrastructure US$m	Natural Resources US$m	Head Office US$m	**2018 Total US$m**	**2018 Total HK$m***
Revenue							
Turnover							
- Point in time	2,686.2	-	28.4	-	-	**2,714.6**	**21,173.9**
- Over time	43.2	-	1,087.1	-	-	**1,130.3**	**8,816.3**
Total	2,729.4	-	1,115.5	-	-	**3,844.9**	**29,990.2**
Results							
Recurring profit	81.3	62.7	65.7	4.1	(52.8)	**161.0**	**1,255.8**
Assets and liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	629.1	1,162.7	2,864.2	294.1	-	**4,950.1**	**38,610.8**
- Others	3,971.8	-	6,247.2	-	1.1	**10,220.1**	**79,716.8**
	4,600.9	1,162.7	9,111.4	294.1	1.1	**15,170.2**	**118,327.6**
Other assets	2,988.2	-	1,556.6	-	162.9	**4,707.7**	**36,720.0**
Total assets	7,589.1	1,162.7	10,668.0	294.1	164.0	**19,877.9**	**155,047.6**
Borrowings	1,994.6	-	4,155.2	-	1,638.2	**7,788.0**	**60,746.4**
Other liabilities	1,474.6	-	2,052.8	-	119.6	**3,647.0**	**28,446.6**
Total liabilities	3,469.2	-	6,208.0	-	1,757.8	**11,435.0**	**89,193.0**
Other information							
Depreciation and amortization	(111.8)	-	(98.0)	-	(1.8)	**(211.6)**	**(1,650.5)**
Loss on changes in fair value of biological assets	(0.8)	-	-	-	-	**(0.8)**	**(6.2)**
Impairment losses	(0.4)	-	(1.3)	-	-	**(1.7)**	**(13.3)**
Interest income	16.1	-	10.1	-	2.9	**29.1**	**227.0**
Finance costs	(54.4)	-	(101.6)	-	(39.4)	**(195.4)**	**(1,524.1)**
Share of profits less losses of associated companies and joint ventures	4.5	60.6	121.7	2.2	-	**189.0**	**1,474.2**
Taxation	(76.9)	-	(64.4)	-	4.6	**(136.7)**	**(1,066.3)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	215.7	-	458.0	-	0.1	**673.8**	**5,255.6**

By geographical market – 2018

For the six months ended/at 30 June	Indonesia US$m	The Philippines US$m	Australasia US$m	Singapore US$m	Others US$m	**2018 Total US$m**	**2018 Total HK$m***
Revenue							
Turnover	2,384.3	909.0	15.0	361.4	175.2	**3,844.9**	**29,990.2**
Assets							
Non-current assets (other than financial instruments and deferred tax assets)	3,392.6	10,083.1	532.9	1,100.9	60.7	**15,170.2**	**118,327.6**

By principal business activity – 2017

For the six months ended 30 June/at 31 December	Consumer Food Products US$m	Telecom-munications US$m	Infrastructure US$m	Natural Resources US$m	Head Office US$m	2017 Total US$m	2017 Total HK$m*
Revenue							
Turnover	2,813.5	-	759.0	-	-	3,572.5	27,865.5
Results							
Recurring profit	85.0	77.7	63.0	6.1	(63.1)	168.7	1,315.9
Assets and liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	651.1	1,163.9	2,969.9	418.3	-	5,203.2	40,585.0
- Others	4,066.6	-	6,392.7	-	11.1	10,470.4	81,669.1
	4,717.7	1,163.9	9,362.6	418.3	11.1	15,673.6	122,254.1
Other assets	2,947.2	-	1,738.1	-	95.6	4,780.9	37,291.0
Total assets	7,664.9	1,163.9	11,100.7	418.3	106.7	20,454.5	159,545.1
Borrowings	2,004.1	-	4,353.1	-	1,612.5	7,969.7	62,163.7
Other liabilities	1,395.5	-	2,213.2	-	133.6	3,742.3	29,189.9
Total liabilities	3,399.6	-	6,566.3	-	1,746.1	11,712.0	91,353.6
Other information							
Depreciation and amortization	(112.3)	-	(66.5)	-	(5.0)	(183.8)	(1,433.6)
Loss on changes in fair value of biological assets	(6.4)	-	-	-	-	(6.4)	(49.9)
Impairment losses	(3.2)	-	(15.9)	(2.6)	-	(21.7)	(169.3)
Interest income	20.0	-	3.4	-	2.9	26.3	205.1
Finance costs	(55.0)	-	(69.5)	-	(44.5)	(169.0)	(1,318.2)
Share of profits less losses of associated companies and joint ventures	(6.7)	79.7	54.7	5.0	-	132.7	1,035.1
Taxation	(81.1)	-	(48.7)	-	(11.5)	(141.3)	(1,102.2)
Additions to non-current assets (other than financial instruments and deferred tax assets)	305.9	-	1,890.5	-	-	2,196.4	17,131.9

By geographical market – 2017

For the six months ended 30 June/at 31 December	Indonesia US$m	The Philippines US$m	Australasia US$m	Singapore US$m	Others US$m	2017 Total US$m	2017 Total HK$m*
Revenue							
Turnover	2,473.4	626.7	7.0	290.4	175.0	3,572.5	27,865.5
Assets							
Non-current assets (other than financial instruments and deferred tax assets)	3,431.0	10,459.5	543.5	1,175.5	64.1	15,673.6	122,254.1

3. Profit before taxation

For the six months ended 30 June	2018 US$m	2017 US$m	2018 HK$m*	2017 HK$m*
Profit before taxation is stated after (charging)/crediting				
Cost of inventories sold	**(1,396.7)**	(1,450.4)	**(10,894.3)**	(11,313.1)
Employees' remuneration	**(412.9)**	(394.1)	**(3,220.6)**	(3,074.0)
Cost of services rendered	**(366.2)**	(173.3)	**(2,856.4)**	(1,351.7)
Depreciation	**(159.7)**	(131.2)	**(1,245.7)**	(1,023.4)
Amortization of intangible assets	**(49.5)**	(46.3)	**(386.1)**	(361.1)
Impairment losses				
- Accounts receivable(i)	**(1.5)**	(0.1)	**(11.7)**	(0.8)
- Inventories(ii)	**(0.2)**	(3.7)	**(1.6)**	(28.9)
- Associated companies and joint ventures(iii)	**-**	(11.4)	**-**	(88.9)
- Goodwill(iii)	**-**	(6.5)	**-**	(50.7)
Foreign exchange and derivative (losses)/gains, net	**(19.4)**	17.5	**(151.3)**	136.5
(Provision)/reversal of provision for onerous contracts, net	**(3.7)**	3.5	**(28.9)**	27.3
Loss on changes in fair value of biological assets	**(0.8)**	(6.4)	**(6.2)**	(49.9)
(Loss)/gain on divestment of interest in an associated company	**(0.2)**	14.6	**(1.6)**	113.9
Gain on remeasurement of a previously held interest in an associated company	**4.3**	27.8	**33.5**	216.8
Dividend income from financial assets at fair value through other comprehensive income/available-for-sale assets	**3.3**	1.9	**25.7**	14.8
Gain on disposal of property, plant and equipment	**1.1**	0.6	**8.6**	4.7
Preferred share dividend income from a joint venture	**-**	50.8	**-**	396.2
Loss on remeasurement of a previously held interest in a joint venture	**-**	(22.5)	**-**	(175.5)

(i) Included in selling and distribution expenses
(ii) Included in cost of sales
(iii) Included in other operating (expenses)/income, net

4. Taxation

No Hong Kong profits tax (2017: Nil) has been provided as the Group had no estimated assessable profits (2017: Nil) arising in Hong Kong 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 companies operate.

For the six months ended 30 June	2018 US$m	2017 US$m	2018 HK$m*	2017 HK$m*
Subsidiary companies - overseas				
Current taxation	**142.5**	131.5	**1,111.5**	1,025.7
Deferred taxation	**(5.8)**	9.8	**(45.2)**	76.5
Total	**136.7**	141.3	**1,066.3**	1,102.2

Included within share of profits less losses of associated companies and joint ventures is taxation of US$58.4 million (HK$455.5 million) (2017: US$67.2 million or HK$524.2 million) which is analyzed as follows:

For the six months ended 30 June	2018 US$m	2017 US$m	2018 HK$m*	2017 HK$m*
Associated companies and joint ventures - overseas				
Current taxation	**63.7**	66.7	**496.9**	520.3
Deferred taxation	**(5.3)**	0.5	**(41.4)**	3.9
Total	**58.4**	67.2	**455.5**	524.2

5. **Profit attributable to owners of the parent**

The profit attributable to owners of the parent includes US$5.4 million (HK$42.1 million) of net foreign exchange and derivative losses (2017: US$7.8 million or HK$60.8 million of gains), which represent the foreign exchange translation differences on the Group's unhedged foreign currency denominated net assets/liabilities and the changes in the fair values of derivatives, US$0.1 million (HK$0.8 million) (2017: US$0.6 million or HK$4.7 million) of loss on changes in fair value of biological assets and US$21.7 million (HK$169.3 million) (2017: US$42.8 million or HK$333.8 million) of net non-recurring losses.

Analysis of foreign exchange and derivative (losses)/gains, net

For the six months ended 30 June	**2018 US$m**	2017 US$m	**2018 HK$m***	2017 HK$m*
Foreign exchange and derivative (losses)/gains, net				
- Subsidiary companies	**(19.4)**	17.5	**(151.3)**	136.5
- Associated companies and joint ventures	**10.5**	3.7	**81.9**	28.9
Subtotal	**(8.9)**	21.2	**(69.4)**	165.4
Attributable to taxation and non-controlling interests	**3.5**	(13.4)	**27.3**	(104.6)
Total	**(5.4)**	7.8	**(42.1)**	60.8

The non-recurring losses represent certain items, through occurrence or size, which are not considered as usual operating items. 1H18's non-recurring losses of US$21.7 million (HK$169.3 million) mainly represent PLDT's non-core accelerated depreciation for its wireless network assets (US$12.3 million or HK$95.9 million) and Head Office's bond tender and debt refinancing costs (US$10.7 million or HK$83.5 million).

6. **Earnings per share attributable to owners of the parent**

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 4,342.0 million (2017: 4,298.6 million) in issue less shares held for a share award scheme of 9.8 million (2017: 11.0 million) during the period.

The calculation of the diluted earnings per share is based on the profit for the period attributable to owners of the parent, adjusted to reflect the dilutive impact in respect of the exercise of share options issued by the Group's subsidiary and associated companies and the restricted stock unit plan of a subsidiary company, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

For the six months ended 30 June	**2018 US$m**	2017 US$m	**2018 HK$m***	2017 HK$m*
Earnings				
Profit attributable to owners of the parent used in the basic earnings per share calculation	**133.8**	133.1	**1,043.6**	1,038.2
Less: Dilutive impact in respect of the exercise of share options issued by the Group's subsidiary companies and the restricted stock unit plan of a subsidiary company	**(0.1)**	(0.1)	**(0.8)**	(0.8)
Profit attributable to owners of the parent used in the diluted earnings per share calculation	**133.7**	133.0	**1,042.8**	1,037.4

For the six months ended 30 June	**Number of shares**	
	2018 Millions	2017 Millions
Shares		
Weighted average number of ordinary shares issued during the period	**4,342.0**	4,298.6
Less: Weighted average number of ordinary shares held for a share award scheme	**(9.8)**	(11.0)
Weighted average number of ordinary shares used in the basic earnings per share calculation	**4,332.2**	4,287.6
Add: Dilutive impact of share options and awarded shares on the weighted average number of ordinary shares	**6.3**	1.4
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**4,338.5**	4,289.0

7. **Ordinary share interim distribution**

At a meeting held on 29 August 2018, the Directors declared an interim cash distribution of HK8.00 cents (U.S. 1.03 cents) (2017: HK8.00 cents or U.S. 1.03 cents) per ordinary share, equivalent to a total amount of US$44.5 million (HK$347.1 million) (2017: US$44.3 million or HK$345.5 million).

8. Accounts receivable, other receivables and prepayments

Included in accounts receivable, other receivables and prepayments are accounts receivable of US$744.0 million (HK$5,803.2 million) (31 December 2017: US$656.2 million or HK$5,118.4 million) with an ageing profile based on the invoice date as follows:

	At 30 June 2018 US$m	At 31 December 2017 US$m	**At 30 June 2018 HK$m***	At 31 December 2017 HK$m*
0 to 30 days	**662.7**	559.5	**5,169.1**	4,364.1
31 to 60 days	**41.7**	44.5	**325.3**	347.1
61 to 90 days	**12.0**	15.2	**93.6**	118.6
Over 90 days	**27.6**	37.0	**215.2**	288.6
Total	**744.0**	656.2	**5,803.2**	5,118.4

Indofood generally allows customers 30 to 60 days of credit. MPIC generally allows 15 to 30 days of credit for its power generation customers, 14 to 60 days of credit for its water and sewerage service customers, 45 to 60 days of credit for its bulk water supply customers and collects charges when services are rendered to its hospital customers, except for certain corporate customers which are allowed an average of 30 days of credit. PLP generally allows customers 30 days of credit.

9. Accounts payable, other payables and accruals

Included in accounts payable, other payables and accruals are accounts payable of US$485.0 million (HK$3,783.0 million) (31 December 2017: US$462.5 million or HK$3,607.5 million) with an ageing profile based on the invoice date as follows:

	At 30 June 2018 US$m	At 31 December 2017 US$m	**At 30 June 2018 HK$m***	At 31 December 2017 HK$m*
0 to 30 days	**401.9**	410.9	**3,134.8**	3,205.0
31 to 60 days	**25.5**	12.3	**198.9**	96.0
61 to 90 days	**11.4**	7.4	**88.9**	57.7
Over 90 days	**46.2**	31.9	**360.4**	248.8
Total	**485.0**	462.5	**3,783.0**	3,607.5

10. Other comprehensive (loss)/income attributable to owners of the parent

	Exchange reserve US$m	Unrealized gains on available-for-sale assets/ financial assets at fair value through other comprehensive income US$m	Unrealized gains/ (losses) on cash flow hedges US$m	Income tax related to cash flow hedges US$m	Actuarial losses on defined benefit pension plans US$m	Share of other comprehensive (loss)/income of associated companies and joint ventures US$m	**Total US$m**	**Total HK$m***
At 1 January 2017	(603.7)	45.1	9.0	(2.2)	(17.5)	(120.9)	(690.2)	(5,383.6)
Other comprehensive income/(loss) for the period	4.2	8.0	(16.2)	2.9	(0.1)	7.3	6.1	47.6
Recycled to retained earnings	-	-	-	-	-	(3.0)	(3.0)	(23.4)
At 30 June 2017	(599.5)	53.1	(7.2)	0.7	(17.6)	(116.6)	(687.1)	(5,359.4)
At 1 January 2018	(588.6)	59.9	3.8	(1.3)	(27.3)	(114.9)	(668.4)	(5,213.5)
Impact on initial adoption of HKFRS 9 (Note 1(B))	-	4.2	-	-	-	(22.9)	(18.7)	(145.9)
At 1 January 2018 (As adjusted)	(588.6)	64.1	3.8	(1.3)	(27.3)	(137.8)	(687.1)	(5,359.4)
Other comprehensive (loss)/income for the period	(227.0)	10.7	13.8	(2.2)	(0.2)	(11.5)	(216.4)	(1,687.9)
At 30 June 2018	**(815.6)**	**74.8**	**17.6**	**(3.5)**	**(27.5)**	**(149.3)**	**(903.5)**	**(7,047.3)**

11. Contingent liabilities

(A) At 30 June 2018, except for US$49.0 million (HK$382.2 million) (31 December 2017: US$53.1 million or HK$414.2 million) of guarantees given by Indofood for loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of fresh fruit bunches to Indofood, the Group had no significant contingent liabilities (31 December 2017: Nil).

(B) In Wilson P. Gamboa vs. Finance Secretary Margarito B. Teves, et. al. (G.R. No. 176579) (the "Gamboa Case"), the Supreme Court of the Philippines (the "Court") held the term "capital" in Section 11, Article XII of the 1987 Constitution refers only to "shares of stock entitled to vote in the election of directors" and thus only to voting common shares, and not to the "total outstanding capital stock (common and non-voting preferred shares)". It directed the Philippine Securities and Exchange Commission ("SEC") "to apply this definition of the term 'capital' in determining the extent of allowable foreign ownership in PLDT, and if there is a violation of Section 11, Article XII of the Constitution, to impose the appropriate sanctions under the law." On 9 October 2012, the Court issued a Resolution denying with finality all Motions for Reconsideration of the respondents. The Court decision became final and executory on 18 October 2012.

On 20 May 2013, the Philippine SEC issued SEC Memorandum Circular No. 8, Series of 2013 – Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly-Nationalized Activities, or MC No. 8, which provides that the required percentage of Filipino ownership shall be applied to BOTH (a) the total number of outstanding shares of stock entitled to vote in the election of directors; AND (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

On 10 June 2013, Jose M. Roy III filed before the Court a Petition for Certiorari against the Philippine SEC, Philippine SEC Chairman and PLDT, or the Petition, claiming: (1) that MC No. 8 violates the decision of the Court in the Gamboa Case, which according to the Petitioner required that (a) the 60-40 ownership requirement be imposed on "each class of shares" and (b) Filipinos must have full beneficial ownership of 60% of the outstanding capital stock of those corporations subject to that 60-40 Filipino-foreign ownership requirement; and (2) that the PLDT Beneficial Trust Fund is not a Filipino-owned entity and consequently, the corporations owned by PLDT Beneficial Trust Fund, including BTF Holdings, Inc., which owns 150 million voting preferred shares in PLDT, cannot be considered a Filipino-owned corporation. PLDT and Philippine SEC sought the dismissal of the Petition.

On 16 July 2013, Wilson C. Gamboa, Jr. et. al. filed a Motion for Leave to file a Petition-in-Intervention dated 16 July 2013, which the Court granted on 6 August 2013. The Petition-in-Intervention raised identical arguments and issues as those in the Petition.

The Court, in its 22 November 2016 decision, dismissed the Petition and Petition-In-Intervention and upheld the validity of MC No. 8. In the course of discussing the Petition, the Court expressly rejected petitioners' argument that the 60% Filipino ownership requirement for public utilities must be applied to each class of shares. According to the Court, the position is "simply beyond the literal text and contemplation of Section 11, Article XII of the 1987 Constitution" and that the petitioners' suggestion would "effectively and unwarrantedly amend or change" the Court's ruling in Gamboa. In categorically rejecting the petitioners' claim, the Court declared and stressed that its Gamboa ruling "did NOT make any definitive ruling that the 60% Filipino ownership requirement was intended to apply to each class of shares." On the contrary, according to the Court, "nowhere in the discussion of the term 'capital' in Section 11, Article XII of the 1987 Constitution in the Gamboa Decision did the Court mention the 60% Filipino equity requirement to be applied to each class of shares."

In respect of ensuring Filipino ownership and control of public utilities, the Court noted that this is already achieved by the requirements under MC No. 8. According to the Court, "since Filipinos own at least 60% of the outstanding shares of stock entitled to vote directors, which is what the Constitution precisely requires, then the Filipino stockholders control the corporation – i.e., they dictate corporate actions and decisions…"

The Court further noted that the application of the Filipino ownership requirement as proposed by petitioners "fails to understand and appreciate the nature and features of stocks and financial instruments" and would "greatly erode" a corporation's "access to capital – which a stock corporation may need for expansion, debt relief/repayment, working capital requirement and other corporate pursuits." The Court reaffirmed that "stock corporations are allowed to create shares of different classes with varying features" and that this "is a flexibility that is granted, among others, for the corporation to attract and generate capital (funds) from both local and foreign capital markets" and that "this access to capital – which a stock corporation may need for expansion, debt relief/repayment, working capital requirement and other corporate pursuits – will be greatly eroded with further unwarranted limitations that are not articulated in the Constitution." The Court added that "the intricacies and delicate balance between debt instruments (liabilities) and equity (capital) that stock corporations need to calibrate to fund their business requirements and achieve their financial targets are better left to the judgment of their boards and officers, whose bounden duty is to steer their companies to financial stability and profitability and who are ultimately answerable to their shareholders."

The Court went on to say that "a too restrictive definition of 'capital', one that was never contemplated in the Gamboa Decision, will surely have a dampening effect on the business milieu by eroding the flexibility inherent in the issuance of preferred shares with varying terms and conditions. Consequently, the rights and prerogatives of the owners of the corporation will be unwarrantedly stymied." Accordingly, the Court said that the petitioners' "restrictive interpretation of the term 'capital' would have a tremendous adverse impact on the country as a whole – and to all Filipinos."

Petitioner Jose M. Roy III filed a Motion for Reconsideration of the Court Decision dated 22 November 2016. On 18 April 2017, the Court denied with finality Petitioner's Motion for Reconsideration.

12. Employee information

For the six months ended 30 June	**2018 US$m**	2017 US$m	**2018 HK$m***	2017 HK$m*
Employee remuneration (including Directors' remuneration)	**412.9**	394.1	**3,220.6**	3,074.0

Number of employees	**2018**	2017
At 30 June	**105,968**	98,716
Average for the period	**104,427**	96,298

13. Event after the reporting period

On 2 July 2018, Metro Pacific Tollways Corporation ("MPTC"), through its Indonesian subsidiary company, PT Metro Pacific Tollways Indonesia ("PT MPTI"), acquired an additional 4.99% interest in PT Nusantara Infrastructure Tbk ("PT Nusantara") for a consideration of Pesos 597 million (US$11.2 million or HK$87.4 million). This transaction increased MPTC's aggregate interest in PT Nusantara to approximately 53.3% and the Group had started to consolidate PT Nusantara's financial results and financial position since then. As a result of the transaction, MPTC is required to conduct a mandatory tender offer (the "Offer") in favor of the minority shareholders of PT Nusantara who collectively hold approximately 44.2% of PT Nusantara with the remaining 2.5% held as treasury stock by PT Nusantara. The Offer price of Rupiah 211 per share was approved by the Indonesian Financial Services Authority. The Offer period is from 1 August 2018 to 30 August 2018.

The financial effects of the consolidation of PT Nusantara are estimated as follows:

	Provisional fair value recognized on acquisition[(i)]	
	US$m	HK$m*
Consideration		
Cash and cash equivalents	11.2	87.4
Associated companies and joint ventures[(ii)]	138.8	1,082.6
Current portion of deferred liabilities, provisions and payables[(iii)]	99.0	772.2
Total	249.0	1,942.2
Net assets		
Property, plant and equipment	34.9	272.2
Associated companies and joint ventures	54.3	423.5
Other intangible assets	238.9	1,863.4
Deferred tax assets	1.0	7.8
Restricted cash	2.8	21.8
Other non-current assets	25.1	195.8
Cash and cash equivalents	42.6	332.3
Accounts receivable, other receivables and prepayments	19.2	149.8
Accounts payable, other payables and accruals	(8.3)	(64.7)
Short-term borrowings	(17.4)	(135.7)
Current portion of deferred liabilities, provisions and payables	(0.2)	(1.6)
Long-term borrowings	(45.2)	(352.6)
Deferred liabilities, provisions and payables	(3.3)	(25.7)
Deferred tax liabilities	(48.8)	(380.6)
Total net identifiable assets acquired	295.6	2,305.7
Non-controlling interests[(iv)]	(69.2)	(539.8)
Total share of net identifiable assets acquired	226.4	1,765.9
Goodwill	22.6	176.3

(i) Provisional amounts determined based on management's best estimates of the fair values of the identifiable assets acquired, liabilities and contingent liabilities assumed, and subject to revision upon their further assessment

(ii) Represents the fair value of a 48.3% interest in PT Nusantara previously held by PT MPTI, including an estimated gain on remeasurement of US$2.3 million (HK$17.9 million)

(iii) Represents the fair value of a financial liability arising from the Offer to acquire the remaining 44.2% interest in PT Nusantara

(iv) The non-controlling interests were measured at the proportionate share of their interests in PT Nusantara's identifiable net assets.

Additional non-controlling interests would be recognized at the end of the Offer period for the minority shareholders who would not participate in the Offer and measured at the proportionate share of their interests in PT Nusantara's identifiable net assets as at the acquisition date. The remaining financial liability arising from the Offer will be derecognized with any difference between the non-controlling interests and derecognized financial liability adjusted to goodwill.

14. Approval of the condensed interim consolidated financial statements

The condensed interim consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on 29 August 2018.

REVIEW OF OPERATIONS

FIRST PACIFIC

Below is an analysis of results by individual company.

Contribution and profit summary

For the six months ended 30 June US$ millions	Turnover **2018**	 2017	Contribution to Group profit[(i)] **2018**	 2017
Indofood	**2,596.8**	2,675.4	**70.3**	77.2
PLDT[(ii)]	**-**	-	**62.7**	77.7
MPIC	**767.7**	481.4	**69.1**	66.9
FPW[(iii)]	**-**	-	**10.3**	6.6
Philex[(ii)]	**-**	-	**4.1**	6.1
FPM Power	**347.8**	277.6	**(3.4)**	(3.9)
FP Natural Resources	**132.6**	138.1	**0.7**	1.2
Contribution from operations[(iv)]	**3,844.9**	3,572.5	**213.8**	231.8
Head Office items:				
– Corporate overhead			**(12.1)**	(13.0)
– Net interest expense			**(38.0)**	(43.2)
– Other expenses			**(2.7)**	(6.9)
Recurring profit[(v)]			**161.0**	168.7
Foreign exchange and derivative (losses)/gains, net[(vi)]			**(5.4)**	7.8
Loss on changes in fair value of biological assets			**(0.1)**	(0.6)
Non-recurring items[(vii)]			**(21.7)**	(42.8)
Profit attributable to owners of the parent			**133.8**	133.1

(i) After taxation and non-controlling interests, where appropriate.
(ii) Associated companies.
(iii) Joint venture.
(iv) Contribution from operations represents the recurring profit contributed to the Group by its operating companies.
(v) Recurring profit represents the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative (losses)/gains, loss on changes in fair value of biological assets and non-recurring items.
(vi) Foreign exchange and derivative (losses)/gains, net represent the net (losses)/gains on foreign exchange translation differences on the Group's unhedged foreign currency denominated net assets/liabilities and the changes in the fair values of derivatives.
(vii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 1H18's non-recurring losses of US$21.7 million mainly represent PLDT's non-core accelerated depreciation for its wireless network assets (US$12.3 million) and Head Office's bond tender and debt refinancing costs (US$10.7 million). 1H17's non-recurring losses of US$42.8 million mainly represent Head Office's bond tender and debt refinancing costs (US$13.8 million), Goodman Fielder's manufacturing network optimization costs (US$10.5 million), MPIC's loss on remeasurement of its previously held 75% interest in Beacon Electric Assets Holding Inc. (US$9.5 million), impairment provision for investment in AF Payments, Inc. (US$6.7 million), PLDT's impairment provision for investment in Rocket Internet shares (US$2.8 million) and Maynilad Water Services, Inc.'s manpower reduction costs (US$1.2 million), partly offset by MPIC's gain on divestment of a 4.5% direct interest in Manila Electric Company (US$6.1 million).

Turnover up 8% to US$3.8 billion from US$3.6 billion

- reflecting higher revenues at FPM Power and MPIC with the consolidation of GBPC
- slightly offset by weakness of the Indonesian rupiah reducing the US dollar value of revenue growth at Indofood

Recurring profit down 5% to US$161.0 million from US$168.7 million

- reflecting lower contributions from PLDT, Indofood, Philex and FP Natural Resources due to lower core net incomes and the depreciation of the average peso and rupiah exchange rates against the US dollar
- partly offset by higher contributions from MPIC and FPW, and lower losses at FPM Power
- lower Head Office net interest expense, other expenses and corporate overhead

Non-recurring losses down 49% to US$21.7 million from US$42.8 million

- the losses mainly reflecting PLDT's accelerated depreciation of wireless network assets in the period
- Head Office's bond tender and debt refinancing costs

Reported profit up 1% to US$133.8 million from US$133.1 million

- reflecting lower non-recurring losses
- partly offset by lower recurring profit
- lower foreign exchange and derivative gains at the operating units

The Group's operating results are denominated in local currencies, principally the rupiah, the peso, the Australian dollar (A$) and the Singapore dollar (S$), which are translated and consolidated to provide the Group's results in U.S. dollar. The changes of these currencies against the U.S. dollar are summarized below.

Closing exchange rates against U.S. dollar	At 30 June 2018	At 31 December 2017	Six months change	At 30 June 2017	One year change
Rupiah	**14,404**	13,548	-5.9%	13,319	-7.5%
Peso	**53.34**	49.93	-6.4%	50.47	-5.4%
A$	**1.350**	1.281	-5.1%	1.301	-3.6%
S$	**1.362**	1.336	-1.9%	1.376	+1.0%

Average exchange rates against U.S. dollar	Six months ended 30 June 2018	12 months ended 31 December 2017	Six months change	Six months ended 30 June 2017	One year change
Rupiah	**13,863**	13,401	-3.3%	13,326	-3.9%
Peso	**52.19**	50.38	-3.5%	50.05	-4.1%
A$	**1.305**	1.301	-0.3%	1.320	+1.1%
S$	**1.329**	1.374	+3.4%	1.394	+4.9%

During the period, the Group recorded net foreign exchange and derivative losses of US$5.4 million (1H17: gains of US$7.8 million), which can be further analyzed as follows:

For the six months ended 30 June US$ millions	**2018**	2017
Head Office	**(7.4)**	(3.0)
Indofood	**(2.4)**	1.5
PLDT	**0.6**	(0.3)
MPIC	**4.7**	1.7
FPW	**1.1**	0.1
Philex	**(0.7)**	(0.4)
FPM Power	**(1.3)**	8.2
Total	**(5.4)**	7.8

Capital Management

Interim Distribution

First Pacific's Board of Directors, taking into consideration cash flow trends and following consistent prudent risk management practices, declared an interim distribution of 8 HK cents (US 1.03 cents) (1H17: 8 HK cents (US 1.03 cents)) per share, representing a payout ratio of approximately 28% (1H17: 26%) of recurring profit.

Debt Profile

In May 2018, FPC Capital Limited, a wholly-owned subsidiary of First Pacific, issued US$175.0 million of 7-year unsecured guaranteed bonds at a 5.75% coupon ("the Bonds") as part of the Head Office's liability management program.

The net proceeds from the Bonds together with a US$70.0 million partial drawn down from a new US$200.0 million medium-term banking facility were used to fund acceptances of bond tenders for the Company's guaranteed bonds maturing in 2019 and 2020. As a result of this liability management exercise, the Company bought back and cancelled principal amounts of approximately US$159.5 million of the 2019 bonds and US$60.3 million of the 2020 bonds. The next debt maturity for First Pacific is of the residual US$215 million bonds remaining from a US$400 million bond issue in 2012 due in June 2019. First Pacific has secured committed banking facilities to finance redemption of all the remaining issue.

The issuance of the Bonds along with the new medium-term bank loan extended First Pacific's debt maturity profile. The average debt maturity extended to 3.8 years while the blended average borrowing cost was lowered to 4.6%.

At 30 June 2018, net debt at the Head Office stood at approximately US$1.57 billion while gross debt stood at approximately US$1.64 billion. Approximately 39% of the Head Office borrowings were floating rate bank loans while fixed rate bonds comprised the remainder. Unsecured debts accounted for approximately 85% of Head Office borrowings.

As at 29 August 2018, the principal amount of the following bonds remains outstanding:

- US$214.9 million 7-year at 6.0% coupon with maturity on 28 June 2019
- US$251.9 million 10-year at 6.375% coupon with maturity on 28 September 2020
- US$358.8 million 10-year at 4.5% coupon with maturity on 16 April 2023
- US$175.0 million 7-year at 5.75% coupon with maturity on 30 May 2025

There is no Head Office recourse for subsidiaries or affiliate companies' borrowings.

Interest Cover

For the first half of 2018, Head Office recurring operating cash inflow before interest expense was US$55.8 million. Net cash interest expense declined 17% to US$33.9 million reflecting a lower average debt balance arising from bond repurchases and redemption, and a lower average interest bill resulting from debt refinancing. For the 12 months ended 30 June 2018, the cash interest cover was approximately 2.6 times.

Foreign Currency Hedging

The Company actively reviews the potential benefits of hedging based on forecast dividend income and enters into hedging arrangements for managing its foreign currency exposures in respect of dividend income and payments in foreign currencies on a transactional basis.

2018 Outlook

MPIC is again likely to show stronger earnings for the full year, while Indofood will likely be restrained only by lower palm oil prices and PLDT's cellular and fixed-line data offerings are delivering strong growth, showing that this company's best days lie ahead of it. These companies are the core holdings of First Pacific. We remain intent on launching a meaningful share repurchase program as we review our investment portfolio for potential disposal of assets that are missing our return targets. Proceeds from any asset disposal will go towards debt reduction and share repurchases to boost investor returns.

INDOFOOD

Indofood's contribution to the Group decreased 9% to US$70.3 million (1H17: US$77.2 million) principally reflecting lower core profit and a 3.9% depreciation of the average rupiah exchange rate against the U.S. dollar.

Core profit down 11% to 2.0 trillion rupiah (US$142.8 million) from 2.2 trillion rupiah (US$167.1 million) (restated)	▪ reflecting weaker performance of the Agribusiness group arising from lower crude palm oil ("CPO") prices and timing of sales of CPO stocks ▪ partly offset by a stronger performance by the Consumer Branded Products ("CBP") group
Net income down 13% to 2.0 trillion rupiah (US$141.1 million) from 2.2 trillion rupiah (US$168.1 million) (restated)	▪ reflecting the decline in core profit ▪ foreign exchange losses resulting from a 5.9% depreciation of the closing rupiah exchange rate against the U.S. dollar
Consolidated net sales up 1% to 36.0 trillion rupiah (US$2.6 billion) from 35.7 trillion rupiah (US$2.7 billion)	▪ driven by higher sales of the CBP, Bogasari and Distribution groups ▪ partly offset by lower sales of the Agribusiness group
Gross profit margin to 28.2% from 28.5% (restated)	▪ gross profit margin remained stable
Consolidated operating expenses down 1% to 5.6 trillion rupiah (US$404.0 million) from 5.7 trillion rupiah (US$427.7 million) (restated)	▪ mainly due to higher net other operating income in relation to higher foreign exchange gains ▪ partly offset by higher selling, distribution, and general and administrative expenses
EBIT margin to 12.6% from 12.5% (restated)	▪ the EBIT margin remained stable
Net gearing at 0.25 times from 0.23 times at the end of 2017	

Debt Profile

As at 30 June 2018, Indofood recorded gross debt of 25.8 trillion rupiah (US$1.8 billion), up 6% from 24.3 trillion rupiah (US$1.8 billion) as at 31 December 2017. Of this total, 65% matures within one year and the remainder matures between July 2019 and December 2027, while 70% was denominated in rupiah and the remaining 30% was denominated in foreign currencies.

Additional Investments

On 19 February 2018, IndoAgri announced its wholly-owned Brazilian subsidiary IndoAgri Brazil Participações Ltda. partnered with JF Investimentos S.A. to jointly invest in Canápolis Holding S.A. and its subsidiaries ("Canápolis Group"). Canápolis Group has invested in a Minas Gerais sugar mill in Brazil with annual sugar cane crushing capacity of 1.8 million tonnes and acreage of 6,048 hectares for a consideration of 137.8 million Brazilian Real (US$42.0 million). Operation of its sugar mill is expected to commence in 2020.

On 29 March 2018, Indofood's subsidiary PT Indofood CBP Sukses Makmur Tbk ("Indofood CBP") completed the acquisition from Asahi Group Holdings, Ltd. of approximately 51% of PT Asahi Indofood Beverage Makmur (subsequently renamed PT Anugerah Indofood Barokah Makmur) ("AIBM") and approximately 49% of PT Indofood Asahi Sukses Beverage (subsequently renamed PT Indofood Anugerah Sukses Barokah) for a total consideration of approximately US$20.0 million.

On 1 July 2018, IndoAgri's 50%-owned Brazilian joint venture Companhia Mineira de Açúcar e Álcool Participações ("CMAA") entered into an agreement with JFLIM Participações S.A.("JFLIM") to acquire JFLIM's 100% interest in Vale do Pontal Açúcar e Álcool Ltda ("UVP"), by issuing new shares of CMAA at an agreed share value of 75.9 million Brazilian Real (US$19.7 million). Upon the completion of the transaction, IndoAgri's interest in CMAA will be diluted to 35% and JFLIM will own 30% of CMAA. UVP is principally engaged in the cultivation and processing of sugar cane for the production and marketing of sugar and ethanol.

CBP

The CBP group produces and markets a wide range of consumer branded products, offering everyday solutions for consumers of all ages across different market segments with around 40 leading product brands. This business group comprises the Noodles, Dairy, Snack Foods, Food Seasonings, Nutrition & Special Foods, and Beverages divisions. With over 50 plants located in key markets across Indonesia, CBP's products are available across the country and are exported to more than 60 countries around the world.

Indofood's Noodles division is one of the world's largest producers of instant wheat noodles and is the market leader in Indonesia. Its annual production capacity is around 18 billion packs, assorted in a broad range of instant noodles in various brands and formats, as well as egg noodles.

The Dairy division has an annual production capacity of more than 600,000 tonnes and is one of the largest dairy manufacturers in Indonesia. It produces and markets UHT milk, sterilized bottled milk, sweetened condensed milk, creamer, pasteurized liquid milk, milk flavored drinks, cereal milk drinks, powdered milk, ice cream and butter.

The Snack Foods division comprises two business units: snack foods and biscuits. It has an annual production capacity of over 50,000 tonnes, producing western and traditional snacks made from potato, cassava, soybean, sweet potato and corn, as well as various extruded snacks and a wide range of biscuits.

The Food Seasonings division has an annual production capacity of around 135,000 tonnes, manufacturing a wide range of culinary products, including soy sauces, chilli sauces, tomato sauces, instant seasonings, as well as cordial syrups and instant porridge.

Indofood's Nutrition & Special Foods division is one of the market leaders in Indonesia's baby food industry. It produces and markets specialty foods for infants, toddlers and older children, as well as for expectant and lactating mothers. This division has an annual production capacity of around 25,000 tonnes, producing cereals, biscuits, puddings and rice puffs for infants and toddlers, cereal snacks for children, cereal drinks for children and the whole family, as well as milk products for expectant and lactating mothers.

The Beverages division's product portfolio includes a wide range of ready-to-drink teas, ready-to-drink coffees, packaged water, fruit-flavored drinks, and carbonated soft drinks with a combined annual production capacity of around 3 billion liters.

Sales by the CBP group rose 7% to 19.5 trillion rupiah (US$1.4 billion), with sales growth of noodles, dairy, nutrition & special foods and beverages businesses partly offset by lower sales at the food seasonings business. The EBIT margin was stable at 14.7%.

There was an increase in demand for fast moving consumer goods in the second quarter of this year, and CBP continued with its strategy of product innovation and extending offers from its major product divisions, which further strengthened its market position in most product categories. During the period, CBP group launched almost 40 new products including a new innovation in ice cream, MaxSwich, and a new category for biscuits, Wonderland Wafer, as well as new flavor extensions.

Bogasari

Bogasari is the largest integrated flour miller in Indonesia. It operates four flour mills in Indonesia with a total annual capacity of approximately 3.9 million tonnes. Bogasari produces a wide range of wheat flour products and pasta for domestic and international markets.

Its sales rose 8% to 10.0 trillion rupiah (US$720.3 million) reflecting a 2% growth in sales volume and improved average selling prices. The EBIT margin declined to 5.5% from 6.5% due to higher wheat costs.

Growth in Indonesia's flour industry remains steady, with the country's expanding middle class and growing appetite among younger consumers' for more varieties of flour-based products supporting a positive outlook for the industry.

Agribusiness

The diversified and vertically integrated Agribusiness group is one of Indonesia's largest palm oil producers with a leading market share in branded edible oils and fats. It consists of two divisions: Plantations and Edible Oils & Fats ("EOF"), which operate through IndoAgri and its main operating subsidiaries, PT Salim Ivomas Pratama Tbk ("SIMP") and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk ("Lonsum") in Indonesia. In Brazil, IndoAgri has equity investments in sugar and ethanol operations in CMAA and Canápolis Group. It is also invested in RHI in the Philippines.

During the period, in Indonesia, the completion of a new refinery in Surabaya increased the group's annual CPO refinery capacity by 300,000 tonnes. IndoAgri is expanding its milling capacity of fresh fruit bunches ("FFB") in Kalimantan by 45 tonnes per hour. In Brazil, the investment in Canápolis Group in February 2018 and in UVP in July 2018 more than doubled CMAA's combined annual sugar cane crushing capacity to 8.3 million tonnes from 4.0 million tonnes.

Sales declined 23% to 6.5 trillion rupiah (US$470.5 million), reflecting mainly weaker commodity prices and lower sales from CPO and palm kernel products. Sales volume of CPO fell 18% to approximately 355,000 tonnes, palm kernel products declined 23% to 79,000 tonnes, and rubber sales decreased by 32% to 4,300 tonnes, while sugar sales volumes rose 1% to approximately 20,400 tonnes, sales of oil palm seeds rose 23% to 5.4 million seeds. The EBIT margin fell to 6.6% from 10.6% (restated) due to weaker commodity prices and lower CPO sales volumes.

Plantations

In Indonesia, total planted area rose to 301,624 hectares of which oil palm accounted for 82% while sugar cane, rubber, timber, cocoa and tea accounted for the remaining 18%. IndoAgri's oil palms have an average age of approximately 16 years, while around 16% of its oil palms are younger than seven years, the age at which oil palms begin entering their high-yield, peak maturity years. This division has a total annual processing capacity of 6.8 million tonnes of FFB.

In the first half of 2018, FFB nucleus production rose 1% to 1,449,000 tonnes despite a slight decline in yield to 6.8 tonnes per hectare, while CPO production fell 2% to 385,000 tonnes with yield of 1.5 tonnes per hectare, reflecting lower purchases of FFB from external partners.

In Indonesia, total planted area of rubber fell 1% to 19,729 hectares from end-2017 while that of sugar cane rose 3% to 12,977 hectares from end-2017. Sugar production declined 20% period-on-period to 16,000 tonnes due to a later start of harvesting this year.

In Brazil, the sugar cane planted area increased 10% from end-2017 to 54,227 hectares amid replanting. IndoAgri's 50% share of CMAA contributed a profit of 11 billion rupiah (US$0.8 million), 58% lower than the first half of 2017, owing to lower average selling prices and sales volume of raw sugar. In the first half of 2018, CMAA harvested a total of 1.82 million tonnes of sugar cane, up 10% from 1.66 million tonnes in the same period of 2017.

EOF

This division manufactures cooking oils, margarines and shortenings with an annual refinery capacity of 1.7 million tonnes of CPO. Approximately 71% of this division's input need is sourced from the Plantations division's CPO production, up from 53% for the same period last year.

In the first half of 2018, the EOF division recorded a 5% decline in sales due to lower average selling prices arising from lower CPO prices.

With the positive economic outlook in Indonesia and strong and increasing domestic demand for palm oil and its products, the agribusiness continues its facilities expansion plan. The expansion of milling facilties in Kalimantan with additional capacity of 45 tonnes per hour of FFB is expected to be completed in 2019. Replanting of 3,000 hectares of older palms in North Sumatra and Riau this year is progressing as planned. A chocolate factory being built by a 49%/51% joint venture between IndoAgri and Japan's Daitocacao Co., Ltd. ("Daitocacao") is on schedule for commercial production in 2019.

Distribution

The Distribution group is a major component of Indofood's Total Food Solutions chain of vertically integrated operations as it has one of the most extensive nationwide distribution networks in Indonesia. It has approximately 1,300 distribution and stock points in densely populated areas, and is well connected to both traditional and modern grocery outlets to ensure the ready availability of Indofood products.

The Distribution group's sales rose 8% to 3.0 trillion rupiah (US$215.6 million) partly because of higher sales by the CBP group through its channels. The EBIT margin declined to 3.5% from 4.5%.

The Distribution group continues to strengthen its distribution network, serving over 600,000 registered retail outlets in Indonesia to futher increase Indofood's product penetration and high product availability in retail outlets, especially in newly developed areas.

2018 Outlook

The Indonesian economy is expected to continue growing strongly through 2018 mainly supported by domestic private consumption and investments. However further depreciation of the rupiah may translate into higher inflation.

PLDT

PLDT's contribution to the Group declined 19% to US$62.7 million (1H17: US$77.7 million), reflecting lower core income and a 4.1% depreciation of the average peso exchange rate against the U.S. dollar in the period.

Consolidated core net income down 25% to 13.1 billion pesos (US$251.7 million) from 17.4 billion pesos (US$348.2 million)

- reflecting a lower gain from the sale of 6.8 million shares of Rocket Internet in the first half of 2018 compared with the gain on sale of a 25% interest in Beacon Electric in June 2017
- lack of equity earnings from Beacon Electric and SPi due to the sale of these assets
- a higher loss at Voyager Innovations Holdings Pte. Ltd. ("Voyager")
- core income from pure telco operations (excluding the impact of Voyager and the gain from asset sales) rose 6% to 13.0 billion pesos (US$249.1 million)

Reported net income down 29% to 11.8 billion pesos (US$225.4 million) from 16.5 billion pesos (US$330.0 million)

- reflecting lower core net income
- significant non-core accelerated depreciation due to shortened estimated useful life of wireless network assets
- partly offset by a revaluation gain of 1.5 billion pesos (US$28.1 million) on PLDT's remaining 2.1% interest in Rocket Internet

Consolidated service revenues up 1% to 76.4 billion pesos (US$1.5 billion) from 75.4 billion pesos (US$1.5 billion)

- reflecting higher data and broadband revenues, together representing 54% of consolidated service revenues (1H17: 46%)
- by business unit (on pro-forma basis using IAS 18), Home, Enterprise and Individual service revenues (net of interconnection costs) rose 14%, 9% and 2% respectively; while International and Carrier services revenues were down 15%
- data and broadband remained the growth drivers, accounting for 71% of fixed line service revenues and 37% of wireless services revenues. Revenues from mobile internet, fixed line home broadband, and corporate data and data center rose 29%, 58% and 13%, respectively
- partly offset by lower revenues from cellular SMS and international and domestic voice services

EBITDA up 4% to 33.2 billion pesos (US$636.1 million) from 32.0 billion pesos (US$639.4 million)

- reflecting higher service revenues and lower subsidies and provisions
- partly offset by higher cash operating expenses, and higher cost of services

EBITDA margin to 43% from 42%

- mainly due to higher EBITDA
- both wireless and fixed line EBITDA margin improved to 41% from 38%

Capital Expenditures

PLDT plans to invest approximately 260 billion pesos (US$5 billion) in capital expenditures from 2016 to 2020 to improve the quality, capability, capacity and coverage of its mobile and fixed line networks. Goals include: building infrastructure to support growing demand for data services, meeting unserved broadband demand, further improving the overall customer experience and making PLDT's networks 5G-ready. During the period, PLDT signed multi-year agreements with Huawei and Amdocs to upgrade both network- and customer-facing platforms and operating systems as part of PLDT's digital transformation.

In the first half of 2018, capital expenditures amounted to 21.8 billion pesos (US$417.7 million) of which 61% was deployed for the wireless business and the remainder for fixed line networks. The accelerated rollout aims to enable quality services for surging growth in data usage fed in part by a 75% increase in the number of LTE devices on the PLDT Group network and a 27% rise in the number of mobile internet and broadband users. The full-year capital expenditure budget is 58 billion pesos.

Smart offers the fastest LTE speeds in the Philippines, with its industry-leading network quality recognized in independent surveys conducted by Open Signal and Ookla.

PLDT reached over 5 million homes passed by its fiber network as at 30 June 2018, with its port capacity expanded to 1.9 million. The number of LTE base stations rose 45% to over 12,600 from the end of 2017, with an end-year target of 17,700 LTE base stations. Base station numbers for 3G rose 6% to 10,400 in the same period, towards a goal of 12,500 3G base stations by year-end. PLDT group's fiber footprint expanded to about 204,000 kilometers during the period.

Debt Profile

As at 30 June 2018, PLDT's consolidated net debt was US$2.4 billion (1H17: US$2.8 billion), while total gross debt stood at US$3.5 billion (1H17: US$3.5 billion), of which 16% (1H17: 23%) was denominated in U.S. dollars. Only 7% of the total debt was unhedged after taking into account the available U.S. dollar cash on hand and currency hedges allocated for debt. 96% of the total debts are due to mature after 2018. Post interest rate swaps, 89% of the total debt are fixed-rate borrowings. The average pre-tax interest cost rose to 4.4% for the first half of 2018 from 4.2% for the full year of 2017.

As at the end of June 2018, PLDT's credit ratings remained at investment grade at the three leading credit rating agencies, Fitch, Moody's and S&P.

Capital Management

Interim Dividends

PLDT's dividend policy is to pay 60% of core net income as regular dividends. On 9 August 2018, the PLDT Board of Directors approved an interim dividend of 36 pesos (US$0.67) per share payable on 11 September 2018 to shareholders on record as of 28 August 2018.

Asset divestment

On 9 May 2018, PLDT Online Investments Pte. Ltd. ("PLDT Online") sold 6.8 million of its shares of Rocket Internet for a total consideration of €163.2 million (US$192.7 million) through Rocket Internet's public share purchase offer for up to 15.5 million shares at €24 (US$28.1) per share. The transaction reduced PLDT Online's equity interest in Rocket Internet to 2.1% from 6.1%.

On 9 August 2018, PLDT announced that it had signed a non-binding term sheet with a group of foreign investors for their potential acquisition of a majority equity interest in Voyager, currently wholly owned by PLDT. It is anticipated that the potential strategic partners would have significant Board and management participation at Voyager. The transaction is subject to the completion of due diligence and execution of definitive transaction documents.

Service Revenues by Business Unit

Data and broadband services continued to drive revenue growth in the period.

Enterprise service revenues rose 6% to 18.2 billion pesos (US$348.7 million), representing 25% of consolidated service revenues (net of interconnection) (1H17: 24%). Growth was driven by a 14% revenue increase in mobile data and a 12% rise in corporate data and data center revenues. Data and broadband accounted for 64% of Enterprise service revenues.

PLDT Enterprise continued to fortify its market leadership. Of total corporate data industry revenue growth in the first half of 2018, PLDT accounted for 68%, up from 67% in the first half of 2017.

Home service revenues rose 14% to 18.0 billion pesos (US$344.9 million), representing 25% of consolidated service revenues (net of interconnection) (1H17: 22%). Data revenues increased 21% to 13.5 billion pesos (US$258.7 million) while voice revenues fell 4% to 4.5 billion pesos (US$86.2 million). ARPU reached a new high of 1,389 pesos (US$26.6) driven by subscribers buying higher value plans resulting from upselling efforts.

Growth in data and broadband revenues was boosted by the accelerated rollout of fiber to over 5 million homes passed and with port capacity expanded to a further 1.9 million homes. The number of homes served rose 9% to an all-time-high of 2.2 million.

During the period, Ookla recognized PLDT's fixed line internet speed as the fastest in the Philippines.

Individual service revenues, accounting for 40% of consolidated service revenues, fell 2% to 28.6 billion pesos (US$548.0 million) reflecting a continuing shift from traditional SMS and voice services to data services during the period. The decrease in revenues slowed during the period mainly due to declines in voice and SMS revenues, offset by higher mobile data revenues. Approximately 60% of PLDT's mobile subscribers own smartphones and close to 60% of these use paid data services. Mobile data traffic volume increased 78% compared with the first half of 2017.

The PLDT group's combined wireless individual subscriber base stood at 58.5 million as at the end of June 2018, up by nearly 217,000 from the end of 2017.

Service revenues from digital platforms including Voyager declined by 10% to 573 million pesos (US$11.0 million). Voyager is a market pioneer in technology innovation, offering efficient and easily adopted digital and cashless business solutions, especially for the unbanked and uncarded population of the Philippines.

2018 Outlook

Recurring core income excluding the Voyager business is expected to rise by 1-2 billion pesos in 2018 to 23-24 billion pesos as a result of higher consolidated service revenues feeding into higher EBITDA. The main driver of higher revenues will continue to be surging demand for data/broadband services leading to sustained double-digit growth in Home and Enterprise, and the continued recovery of Individual revenues. Capital expenditures budgeted at 58 billion pesos for the full year will result in higher depreciation and financing costs while building a foundation for further growth in data/broadband service revenues. The dividend payout is expected to remain at 60% of core income, considering PLDT's expected capital expenditure requirements and cash and gearing levels.

MPIC

MPIC's infrastructure portfolio as at 29 August 2018 comprises the following assets offering a wide range of services:

Power distribution and generation

- 45.5% of Manila Electric Company ("Meralco") through direct interest and its wholly-owned subsidiary Beacon Electric Asset Holdings Inc. ("Beacon Electric")
- 62.4% of Global Business Power Corporation ("GBPC") through Beacon Electric and Meralco which in turn owns:
  - 100.0% of Toledo Power Company ("TPC")
  - 100.0% of GBH Power Resource, Inc. ("GPRI")
  - 100.0% of Global Energy Supply Corporation ("GESC")
  - 89.3% of Panay Power Corporation ("PPC")
  - 89.3% of Panay Energy Development Corporation ("PEDC")
  - 52.2% of Cebu Energy Development Corporation ("CEDC")
  - 50.0% of Alsons Thermal Energy Corporation ("ATEC")

Toll roads

- 99.9% of MPTC which in turn owns:
  - 75.3% of NLEX Corporation (formerly Manila North Tollways Corporation)
  - 72.6% of Tollways Management Corporation ("TMC")
  - 66.0% of Easytrip Services Corporation ("ESC")
  - 100.0% of Cavitex Infrastructure Corporation ("CIC")
  - 100.0% of MPCALA Holdings, Inc. ("MPCALA")
  - 100.0% of Cebu Cordova Link Expressway Corporation ("CCLEC")
  - 53.3% of PT Nusantara Infrastructure Tbk ("PT Nusantara") in Indonesia
  - 44.9% of CII Bridges and Roads Investment Joint Stock Company ("CII B&R") in Vietnam
  - 29.5% of Don Muang Tollway Public Company Limited ("DMT") in Thailand

Water production, distribution and sewage management

- 52.8% of Maynilad Water Services, Inc. ("Maynilad")
- 100.0% of MetroPac Water Investments Corporation ("MPW") which in turn owns:
  - 95.0% of Cagayan de Oro Bulk Water Inc. ("COBWI")
  - 80.0% of Metro Iloilo Bulk Water Supply Corporation ("MIBWSC")
  - 65.0% of Eco-System Technologies International, Inc. ("ESTII")
  - 49.0% of Watergy Business Solutions, Inc. ("WBSI")
  - 27.0% of Laguna Water District Aquatech Resources Corporation ("LARC")
  - 19.9% of Cebu Manila Water Development, Inc. ("CMWD")
  - 49.0% of Tuan Loc Water Resources Investment Joint Stock Company ("TLW") in Vietnam
  - 45.0% of BOO Phu Ninh Water Treatment Plant Joint Stock Company ("PNW") in Vietnam

Hospitals

- 60.1% interest in Metro Pacific Hospital Holdings, Inc. ("MPHHI") which in turn owns:
  - 100.0% of Colinas Verdes Hospital Managers Corporation, the operator of Cardinal Santos Medical Center ("CSMC")
  - 100.0% of East Manila Hospital Managers Corporation, the operator of Our Lady of Lourdes Hospital ("OLLH")
  - 100.0% of Metro Pacific Zamboanga Hospital Corporation, the operator of West Metro Medical Center ("WMMC")
  - 93.1% of Marikina Valley Medical Center Inc. ("MVMC")
  - 85.6% of Asian Hospital, Inc. ("AHI"), the operator of Asian Hospital and Medical Center ("AHMC")
  - 80.0% of St. Elizabeth Hospital, Inc. ("SEHI")
  - 78.0% of Riverside Medical Center, Inc. ("RMCI")
  - 65.0% of Delgado Clinic Inc. ("DCI"), the owner and operator of the Dr. Jesus C. Delgado Memorial Hospital ("JDMH")
  - 51.0% of Central Luzon Doctors' Hospital Inc. ("CLDH")
  - 51.0% of De Los Santos Medical Center Inc. ("DLSMC")
  - 51.0% of Sacred Heart Hospital of Malolos Inc. ("SHHM")
  - 50.0% of Metro Sanitas Corporation, the owner of 51.0% of The Megaclinic, Inc. ("Megaclinic"), 80.0% of TopHealth Medical Clinics ("TopHealth") and 100.0% of Keralty Manila, Inc. ("Keralty")
  - 35.2% of Davao Doctors Hospital, Inc. ("DDH")
  - 32.8% of Medical Doctors, Inc. ("MDI"), the owner and operator of Makati Medical Center ("MMC")
  - 20.0% of Manila Medical Services Inc. ("MMSI"), the owner and operator of Manila Doctors Hospital ("MDH")

Rail

- 100.0% of Metro Pacific Light Rail Corporation which in turn owns 55.0% of Light Rail Manila Corporation ("LRMC"), the operator of Light Rail Transit 1 ("LRT1")

Logistics

- 100.0% of MetroPac Logistics Company, Inc. ("MLCI") which owns 100.0% of MetroPac Movers, Inc. ("MMI") which in turns owns 90.0% of PremierLogistics, Inc. ("PLI")

MPIC's contribution to the Group increased 3% to US$69.1 million (1H17: US$66.9 million), reflecting a higher contribution from the power, water and toll road businesses, partly offset by a higher net interest expenses at MPIC head office level and a 4.1% depreciation of the average peso exchange rate against the U.S. dollar.

Consolidated core net income up 10% to 8.6 billion pesos (US$164.8 million) from 7.8 billion pesos (US$155.8 million)

- reflecting higher average ownership of and higher energy sales at the power businesses, strong volume growth at all toll roads in the Philippines, and steady volume growth and inflationary tariff increases in the water business as well as earnings growth in the hospitals group
- partly offset by a higher net interest expense at MPIC head office level due to a higher average debt level and higher interest costs in relation to the acquisition of a 25% interest in Beacon Electric in June 2017
- power, toll roads, water, and hospitals and others accounted for 55%, 21%, 20% and 4%, respectively, of MPIC's consolidated profit contribution from operations
- a 10% increase in contribution from the power business to 5.8 billion pesos (US$111.6 million) resulting from higher average shareholdings in and higher energy sales at Meralco and GBPC
- a 12% rise in contribution from the toll roads business to 2.3 billion pesos (US$43.7 million) reflecting strong traffic growth at all toll roads in the Philippines and a higher toll rate charged by the North Luzon Expressway ("NLEX") effective from November 2017
- a 15% increase in contribution from the water businesses to 2.1 billion pesos (US$40.5 million) reflecting an increase in billed volumes and inflationary tariff increases effective from April 2017 and January 2018
- a 10% increase in contribution from the hospitals business to 338 million pesos (US$6.5 million) reflecting organic growth of patient revenues and contribution from the newly acquired SEHI, partly offset by higher cost of supplies and start-up costs for new service centers
- a 67% rise in contribution from the rail business to 205 million pesos (US$3.9 million) reflecting higher average daily ridership and advertising income, lower repairs and maintenance expenses, and lower provision for income tax associated with an income tax holiday
- lower MPIC head office expenses in relation to lower taxes on long-term employee benefits plans
- partly offset by a start-up loss at the logistics business and a higher MPIC head office interest expense

Consolidated reported net income up 14% to 8.9 billion pesos (US$171.3 million) from 7.8 billion pesos (US$156.3 million)

- reflecting higher core net income and non-core income
- non-core income in the first half of 2018 mainly related to foreign exchange gains at the Meralco level, partly offset by higher project costs at the MPIC level

Revenues up 66% to 40.1 billion pesos (US$767.7 million) from 24.1 billion pesos (US$481.4 million)

- reflecting consolidation of GBPC and revenue growth at all operating companies

Debt Profile

As at 30 June 2018, MPIC reported consolidated debt of 192.1 billion pesos (US$3.6 billion), up 2% from 189.1 billion pesos (US$3.8 billion) as at 31 December 2017, reflecting financing for various projects. Of the total, 96% was denominated in pesos. Fixed-rate loans accounted for 96% of the total and the average interest cost was approximately 6.1%.

Interim Dividend

MPIC's Board of Directors declared an interim dividend of 0.0345 Peso (U.S. 0.06 cent) per share payable on 25 September 2018 to shareholders on record as at 31 August 2018, unchanged from the interim dividend paid in 2017. This interim dividend represents a payout ratio of 13% of core net income, while it was 14% for the same period in 2017.

Additional Investments

On 28 February 2018, MPIC's wholly-owned subsidiary MLCI completed the acquisition of a 24% interest in MMI from Yellowbear Holdings, Inc. for a consideration of 739 million pesos (US$14.2 million).

On 14 May 2018, MPW completed the acquisition of a 45% interest in PNW for a consideration of 272.4 billion Vietnamese dong (US$11.9 million). PNW has a license to supply water in the Chu Lai Open Economic Zone and adjacent areas in Quang Nam province in Vietnam.

On 16 May 2018, MPW officially received from Dumaguete City Water District a Notice of Award for the rehabilitation, operation, maintenance, and expansion of its existing water distribution system and development of wastewater treatment facilities. The estimated project cost for the duration of the 25-year concession is 1.6 billion pesos (US$30.0 million) with an initial equity investment of 700 million pesos (US$13.1 million) in 2018.

On 11 June 2018, MPW completed the acquisition of a 49% interest in TLW for a consideration of 865.6 billion Vietnamese dong (US$38.3 million). TLW is one of the largest water companies in Vietnam, with 310 million liters per day ("MLD") of installed capacity and a billed volume of approximately 103 MLD for the six-month period ended 30 June 2018. TLW has two 50-year build-own-operate concessions (2015-2064 and 2017-2066) for water treatment plants and one 50-year build-own-operate concession (2017-2066) for a sewage treatment plant in Vietnam.

On 14 June 2018, MMI agreed to buy land with an aggregate area of approximately 20 hectares from The Property Company of Friends, Inc., located in Lancaster Estate, Cavite for development into a distribution facility to support the growth of MMI's logistics business.

On 2 July 2018, MPTC acquired an additional 4.99% interest in PT Nusantara for a consideration of 597 million pesos (US$11.2 million). This transaction increased MPTC's aggregate interest in PT Nusantara to approximately 53.3%. As a result, MPTC is required to conduct a mandatory tender offer in favor of the minority shareholders of PT Nusantara who collectively hold approximately 44.2% of PT Nusantara with the remaining approximately 2.5% held as treasury stock by PT Nusantara. The tender offer price of 211 rupiah per share was approved by the Indonesian Financial Services Authority. The offer period is from 1 August 2018 to 30 August 2018.

Power

Revenues at Meralco increased 7% to 150.5 billion pesos (US$2.9 billion), reflecting 7% growth of both volume of energy sold and pass-through generation charges, and a 5% increase in the number of customers. The volume of electricity sold rose to 21,665 gigawatt hours, led by an increase of approximately 8% in industrial power demand, and 6% growth in each of residential and commercial demand.

Capital expenditure rose 25% to 6.6 billion pesos (US$126.5 million) for capacity expansion and upgrading critical loading of existing facilities. This resulted in improved system reliability, service and infrastructure resilience measurements to levels well above statutory and regulatory benchmarks.

As at 30 June 2018, GBPC and Meralco PowerGen Corporation ("Meralco PowerGen") had a combined power generating capacity of 1,759 megawatts. Meralco PowerGen and GBPC are currently developing several power projects in the Philippines with a total planned capacity of approximately 3,693 megawatts through San Buenaventura Power, Atimonan One Energy, Redondo Peninsula Energy, St. Raphael Power, Mariveles Power Generation Corporation, and Alsons Thermal Energy with the first projects coming online in 2019.

Toll Roads

MPTC operates NLEX, the Manila-Cavitex Toll Expressway ("CAVITEX") and the Subic Clark Tarlac Expressway ("SCTEX") in the Philippines, and is a shareholder in PT Nusantara in Indonesia, CII B&R in Vietnam and DMT in Thailand.

In the first half of 2018, revenues rose 14% to 7.4 billion pesos (US$141.6 million) driven by strong traffic growth on all toll roads in the Philippines. Growth in NLEX and SCTEX volumes reflected the integration of these two roads and the opening of additional lanes, while the higher traffic volume at CAVITEX was driven by organic growth and tourism in Batangas. Core net income rose 12% to 2.3 billion pesos (US$44.0 million) as a result of this performance.

Capital expenditure amounted to 3.0 billion pesos (US$58.4 million) mainly reflecting construction of new road projects and expansion of existing roads for NLEX, CAVITEX, NLEX Citi Link, the Cavite-Laguna Expressway and the Cebu Cordova Link Expressway during the period. MPTC plans to spend 122.7 billion pesos (US$2.3 billion) in the Philippines over the next five years to expand existing roads and build new roads in the Philippines, with expected completion between 2019 and 2021.

Tariff adjustments for NLEX, CAVITEX and SCTEX ranging from 20% to 48% under the terms of these road concessions have been delayed since 2012 even as talks continue with the Philippine government's Toll Regulatory Board to resolve these enduring tariff issues. The delay is threatening planned long-term capital expenditure.

Water

Maynilad is the biggest water utility in the Philippines. It operates a concession that runs until 2037 for water distribution and sewerage services for the West Zone of Metro Manila.

In the first half of 2018, Maynilad's average non-revenue water measured at the District Metered Area declined to 31.1% from 32.2% due to continuous leak repairs. Revenues rose 7% to 11.0 billion pesos (US$210.0 million), reflecting a 3% increase in billed water volumes to 261 million cubic meters, and inflationary tariff increases of 1.9% in April 2017 and 2.8% in January 2018.

MPW provides bulk water supplies to water districts in Cebu and Iloilo, and delivers treated water to customers in Laguna. The combined installed capacity reached 179 million liters of water per day while the billed volume is 143 million liters of water per day.

Maynilad's Tariffs Arbitration

Maynilad is currently in discussions with its regulator, the Metropolitan Waterworks and Sewerage System ("MWSS"), for agreement on Maynilad's business plan for the five-year period of 2018-2022 even as talks with MWSS continue on resolution of a dispute over tariffs for the 2013-2017 period. Maynilad won arbitration of this dispute on 29 December 2014 in Singapore. Next, on 24 July 2017, a three-person Arbitral Tribunal unanimously upheld Maynilad's victory and ordered the Philippine government to pay reimbursement for losses incurred by Maynilad. The Philippine government subsequently applied to the High Court of Singapore to set aside the Arbitration Tribunal's ruling and the court's decision on this matter is expected before the end of 2018.

Despite the delay in the tariff increase it is entitled to, Maynilad remains committed to improving its services to customers. Capital expenditure rose 28% in the first half of 2018 to 6.3 billion pesos (US$120.7 million) to finance building and upgrading reservoirs and pumping stations, pipe laying, and construction of wastewater treatment facilities. Maynilad is building six such sewage treatment facilities for its approximately 1.4 million customers.

Hospitals

MPIC has the largest network of private hospitals in the Philippines with 3,197 beds and 8,243 accredited doctors as at 30 June 2018. The Hospital business comprises 14 full-service hospitals across the Philippines, three primary care clinics, and one cancer center, as well as indirect ownership of two healthcare colleges.

Revenues rose 15% to 12.2 billion pesos (US$233.5 million) in the first half of 2018, reflecting organic growth across all hospitals and contribution from the newly acquired SEHI. The number of inpatients rose 15% to 91,295 and outpatient numbers rose 12% to 1.6 million.

MPHHI is concentrating its growth initiatives on improving and expanding healthcare services and expanding across the Philippines. The initial rollout costs of related programs will lead to higher revenues over the long term and improved cost efficiencies stemming from the resulting synergies created across the hospital network.

Rail

LRMC operates LRT1 in a concession which runs until 2047. In the first half of 2018, revenues rose 4% to 1.6 billion pesos (US$30.5 million) reflecting growth of 4% in average daily ridership to 447,432 and an 8% increase in LRVs to 112 period-on-period.

LRMC has budgeted capital expenditure of 750 million pesos (US$14.4 million) for rail replacement, lining and leveling in a 21-station program expected to be completed by mid-2019. Major improvements have already been seen in passenger safety and LRT1's operational efficiency, resulting in quicker, safer and more comfortable journeys. LRMC is continuing preparations for the LRT1 Cavite Extension, although the schedule for on-site construction will depend on progress in resolving long-overdue tariff increases.

Logistics

This business contributed a loss of 148 million pesos (US$2.8 million) due to higher financing charges, build-up of its head office and support services, and higher depreciation charges relating to increase of its truck fleet. MMI is focusing on expanding its logistics business by increasing its transportation, warehousing and order fulfillment capacity for fast-moving consumer goods clients across the Philippines.

2018 Outlook

Continuing strong economic growth in the Philippines will underpin steady volume growth in water and electricity consumption, rail ridership, toll road traffic and demand in the hospitals and logistics businesses. Progress is hoped for in the various discussions with regulators regarding tariffs and tolls.

FPW/GOODMAN FIELDER

FPW's contribution to the Group increased 56% to US$10.3 million (1H17: US$6.6 million) driven by higher core net income at Goodman Fielder of A$27.8 million (1H17: A$17.8 million), reflecting gains on property sales and higher contributions from the Fiji and Papua New Guinea divisions, partly offset by weaker performances of the Australian and New Zealand divisions.

Sales increased 1% to A$1.0 billion (US$792.3 million) and normalized EBIT was up 31% to A$56.5 million (US$43.3 million). Capital expenditure was down 23% to A$47.7 million (US$36.6 million).

International Business

Goodman Fielder offers a wide range of leading branded consumer food products to consumers in China, Fiji, Indonesia, New Caledonia, Papua New Guinea, the Philippines, Vietnam and other emerging markets in Asia-Pacific under popular brands including Praise, Olive Grove, Meadow Fresh, Meadow Lea, Flame, Tuckers, Crest, White Wings and Pilot.

Sales from the International division rose 11% on healthy growth in most markets, partly offset by a weaker performance in China. Papua New Guinea operations showed significant top-line growth during the period with a 28% increase in sales, followed by sales growth of 15% in Asian emerging markets, 10% in Fiji and 2% in New Caledonia.

In Papua New Guinea, Goodman Fielder improved the flour volumes from last year. The Papua New Guinea business has added a rice category with a new rice processing plant now fully operational in Lae. The business is focusing on cost reduction and efficiency improvements to drive margin growth.

Sales growth of UHT milk and whipping cream to the food service and retail markets across Southeast Asia and Pacific Islands remained strong, particularly in Vietnam.

In Fiji, efficiency gains, higher sales of poultry products and higher operating capacity drove this market's stronger performance.

New Zealand Business

Goodman Fielder has 11 manufacturing facilities in New Zealand producing a broad range of high-quality dairy, baking and grocery products. It also exports Meadow Fresh UHT milk and other dairy products to its International markets.

In the first half of 2018, New Zealand's sales declined 2% mainly reflecting lower sales of baking loaf and in-store bakery and private label dairy products, partly offset by higher sales of oils and dressings. Branded fresh milk market share continues to perform strongly.

New products launched in the first half of 2018 included Yoghurt Pouches, Specialty Cheese overseas range, Edmonds Donut Bites and Puhoi Authentic Greek Yoghurt.

During the period, Goodman Fielder spent approximately A$12 million (US$9.2 million) on production consolidation and expansion, and efficiency improvements at its Quality Bakers Auckland and Meadow Fresh Christchurch sites under a wider optimization strategy for its manufacturing network. The project involved the relocation of pie production from the Irvines facility at Wiri to the Palmerston North facility, and the transfer of production of garlic bread and other baked goods from the Hot Plate bakery at East Tamaki to Quality Bakers in Auckland. This project was completed in July 2018.

Australia Business

In Australia, Goodman Fielder's branded products under Meadow Lea, Praise, White Wings, Pampas, Helga's and Wonder White labels remained popular with strong market shares.

However, sales in both the baking and grocery businesses weakened slightly as a result of increased competition in branded products in addition to a reduction in private label loaf sales. Goodman Fielder is continuing to focus on network optimization to increase efficiencies in its daily fresh and grocery products businesses. It also launched a diverse range of new products in the first half of 2018 including a new range of gluten-free loaf and rolls products, and new products in the dressings and mayonnaise range. Goodman Fielder also expanded its product portfolio in the Mexican category and in ingredients.

Goodman Fielder's bread manufacturing optimization program in Southeast Queensland and Western Australia has been completed, reducing its number of bakeries in Australia to nine from 14 in 2017.

Debt Profile

As at 30 June 2018, Goodman Fielder's net debt stood at A$585.3 million (US$433.6 million) with maturities ranging from September 2018 to December 2022. 54% of borrowings are fixed as at 30 June 2018. A U.S. dollar-denominated loan of US$143.0 million was hedged to A$167.9 million and an Australian dollar-denominated loan of A$50.0 million was hedged to NZ$54.4 million. Borrowings are funded by a range of domestic and international banks and debt investors. Interest expense in the first half of 2018 rose 17% to A$19.0 million (US$14.6 million).

2018 Outlook

In the International business, strong sales growth is expected to continue in most markets, led by Fiji and Papua New Guinea. In New Zealand, sales are expected to improve in the second half of 2018 owing to favorable seasonal impacts (Christmas phasing), although margins in the Baking and Dairy operations will be impacted by higher wheat and milk costs. In Australia, efficiency projects, enhanced production capabilities and grocery product launches are expected to improve operating margins and competitiveness.

Increases in the cost of wheat, energy and farm gate milk have had a material impact on 2018 earnings in all markets compared to the previous year.

PHILEX

Philex's natural resources portfolio as at 29 August 2018 comprises:

Philex for metal-related assets

- 100% of Padcal mine
- 100% of Silangan Mindanao Exploration Co., Inc. ("SMECI")
- 100% of Silangan Mindanao Mining Co., Inc. ("Silangan project")
- 100% of Philex Gold Philippines, Inc.
- 99.0% of Lascogon Mining Corporation
- 5% of Kalayaan Copper Gold Resources, Inc.

PXP Energy Corporation ("PXP")* for energy- and hydrocarbon-related assets

- 75.9%[†] of Forum Energy Limited ("Forum") which owns 70.0% of Service Contract ("SC") 72 and a 2.3% interest in the Galoc oil field (SC 14C-1), both assets are located in the West Philippine Sea, and a 66.7% interest in SC 40 is located in North Cebu Island
- 53.4% of Pitkin Petroleum Limited which owns 25% of Peru Block Z-38, an oil and gas exploration asset located in offshore Peru
- 50.0% of SC 75 and 70.0% of SC 74, both located in Northwest Palawan Island

* 19.8% held by Philex, 25.0% held by First Pacific and 7.7% held by Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific.
† 72.2% held directly by PXP and 6.8% held by PXP's 55.0%-owned subsidiary FEC Resources, Inc., for a total effective interest of 75.9% held by PXP.

Philex's contribution to the Group declined 33% to US$4.1 million (1H17: US$6.1 million), reflecting lower metal production partly offset by higher realized metal prices. The average realized price of copper rose 17% to US$3.11 per pound and of gold 4% to US$1,314 per ounce.

Total ore milled increased 6% to 4.4 million tonnes, reflecting the recovery from production difficulties associated with premature wear and tear on equipment last year. During the period under review, the gold grade at Padcal averaged 0.321 grams per tonne (1H17: 0.399 grams per tonne), while the average copper grade was 0.186% (1H17: 0.199%). Metal volume resulting from higher tonnage milled fell from a year earlier owing to lower grades as well as lower metal recoveries. Accordingly, gold production fell 20% to 34,583 ounces and copper production declined 6% to 14.1 million pounds.

Core net income down 14% to 646 million pesos (US$12.4 million) from 748 million pesos (US$14.9 million)

- reflecting lower metal production, higher depreciation and amortization and increased excise tax rate to 4% from 2% of net revenues
- partly offset by higher tonnage and metal prices, and lower cash production cost

Net income down 23% to 552 million pesos (US$10.6 million) from 719 million pesos (US$14.4 million)

- reflecting lower core net income
- higher foreign exchange losses

Revenue down 2% to 4.6 billion pesos (US$89.0 million) from 4.8 billion pesos (US$95.1 million)

- reflecting lower metal output due to lower ore grades and recoveries
- partly offset by higher tonnage, higher realized metal prices and strengthening of the U.S. dollar versus the Philippine peso
- revenues from gold, copper and silver contributed 51%, 48% and 1% of the total, respectively

EBITDA down 5% to 1.7 billion pesos (US$33.2 million) from 1.8 billion pesos (US$36.0 million)

- reflecting lower revenue and higher excise tax rate
- partly offset by lower cash production cost resulting from renegotiated power rates

Operating cost per tonne of ore milled down 4% to 817 pesos (US$15.7) from 851 pesos (US$17.0)

- due to lower cash production cost
- partly offset by higher depreciation and amortization arising from the 6% increase in tonnage

Capital expenditure (including exploration costs) down 20% to 898 million pesos (US$17.2 million) from 1.1 billion pesos (US$22.0 million)

- reflecting lower capital expenditures for the Silangan project
- partly offset by the increase in mineral exploration costs within the vicinity of Padcal mine

The mine life of Philex's major operating metal asset Padcal mine was extended to 2022 in October 2015 with the declaration of additional reserves.

Debt Profile
During the period, Philex repaid US$10 million of outstanding short-term bank debts. As at 30 June 2018, it had 843 million pesos (US$15.8 million) of cash and cash equivalents, and 9.2 billion pesos (US$172.5 million) of borrowings, comprising bonds and short-term bank loans. Short-term bank debt declined 15% from year-end 2017 to 2.1 billion pesos (US$39.0 million).

Interim Dividend
Philex's Board of Directors declared on 25 July 2018 an Interim cash dividend of 0.035 peso (U.S. 0.066 cent) per share payable on 24 August 2018 to shareholders on record as at 8 August 2018.

Silangan Project
The gold and copper project is located in Surigao del Norte, Northeastern Mindanao in the Philippines. The project has secured and currently maintains all major permits from the Department of Environment and Natural Resources ("DENR") including environmental compliance certificate, a tree-cutting permit and approved Declaration of Mining Project Feasibility.

The DENR Administrative Order ("DAO") 2017-10 banning the use of open-cast mining in the Philippines remains in effect. Under the Philippine Mining Act of 1995, surface mining such as open-cast mining is allowed in the Philippines.

Philex is studying new options for developing this project including underground mining, and is expected to complete a prefeasibility study by the last quarter of 2018.

PXP
During the period, petroleum revenues rose 27% to 67 million pesos (US$1.3 million) as a result of higher crude oil prices. Costs and expenses increased 42% to 110 million pesos (US$2.1 million) reflecting higher depletion charges in SC 14C-1 Galoc and plugging and decommissioning of old SC 14 production wells was partly offset by lower overhead from cost control initiatives. Reported net loss rose 91% to 33 million Pesos (US$0.6 million), reflecting decommissioning costs and higher depletion of SC 14C-1, partly offset by higher petroleum revenues.

SC 72
The property covered by SC 72 is located in the Reed Bank (Recto Bank) which lies within the Philippines' Exclusive Economic Zone ("EEZ"). Its second sub-phase of exploration activities is currently suspended due to a force majeure imposed since 15 December 2014.

On 12 July 2016, the Permanent Court of Arbitration made a favorable decision confirming that PXP's service contracts, particularly SC 72, are within the Philippine's EEZ. PXP, through Forum, will take guidance from the Philippine Government in respect of any future activity in SC 72 and other areas covered by the court's decision. Upon the lifting of the force majeure, Forum will have 20 months to drill two wells as required by its license for SC 72.

In Manila on 13 February 2018, the Philippines and China held their second Bilateral Consultation Meeting on their territorial dispute over the West Philippine Sea. The two countries have agreed to set up a special panel to discuss joint exploration for oil and gas in the disputed waters while sidestepping the question of sovereignty. In addition, they reaffirmed the importance of maintaining and promoting peace and stability, freedom of navigation in and over the territory, freedom of international commerce, and other peaceful uses of the sea. Finally, the two countries agreed to address territorial and jurisdictional disputes via peaceful means, without resorting to the threat or use of force, through friendly consultations and negotiations by the sovereign states directly concerned, in accordance with universally recognized principles of international law, including the Charter of the United Nations and the 1982 UN Convention on the Law of the Seas.

The third Bilateral Consultation Meeting is planned for the second half of 2018 in China.

SC 75
The property covered by SC 75 is located in Northwest Palawan. It has been under force majeure since 27 December 2015. Upon the lifting of the force majeure, PXP will have 18 months to obtain 1,000 square kilometers of 3D seismic data for sub-phase 2 of its service contract.

PXP will continue to coordinate with the Philippine Department of Energy on the lifting of force majeure for both SC 72 and SC 75.

Others
In April 2018, SC 40 North Cebu completed a detailed land gravity survey in the towns of Medellin and Daanbantayan in northern Cebu with a total of 94 stations acquired. The survey was composed of two parts: (1) an east-west traverse across Cebu Island aimed at acquiring more information on the structural geology of northern Cebu; and (2) a gridded survey in the Dalingding area to further delineate a gravity high identified in previous gravity surveys. Processing and interpretation of the gravity data are underway and will be completed by the end of 2018.

In 2018, SC 14C-1 Galoc Field plans to produce approximately 1.3 million barrels of oil through four liftings. A total of 1,066,075 barrels have been lifted as of August 2018 following completion of three liftings in January, May and August 2018.

Philodrill Corporation, the SC 14C-2 West Linapacan operator, continues to analyze 3D seismic data that were reprocessed in 2014. A drilling engineer was recently contracted to study the viability of re-opening the old West Linapacan wells to gather reservoir data and to perform extended well tests. These wells were closed in 1996.

Peru Block Z-38 has been under force majeure since 1 September 2013. Upon the lifting of the force majeure, the joint venture composed of Pitkin and Karoon Gas Australia Ltd. ("Karoon") will have 22 months to complete the required work for the third exploration period of this project. In January 2018, Karoon agreed on the financial participation of Tullow Oil Plc. (UK) ("Tullow") for drilling the Marina-1 well while Karoon remains the project's operator. Upon Peruvian government approval of this arrangement, the economic interests of Pitkin, Tullow and Karoon in Marina-1 will be 25%, 35% and 40%, respectively. The drilling of Marina-1 is expected in 2019. Pitkin is no longer required to share the costs of Marina-1 and the second well under a separate farm-in agreement signed with the Karoon in 2009.

At SC 74 Linapacan Block, the gravity model was completed and will be reviewed by the technical contractor. Fieldwork in the Calamian Islands was conducted in June 2018, while engineering and economic studies of the Linapacan A and B Fields continue. The reprocessing of selected 2D seismic lines is being considered for the third quarter of 2018.

2018 Outlook

Engineers at the Padcal mine are working to improve recoveries of gold and copper in the milling process while inside the mine work continues to improve grades of mined ore. Exploration in the environs of Padcal continue with drilling activity to the north, south and northwest of the current mine while preparations continue for mining ore at new mine level 634 ML going forward. Outside the mine, engineers are examining expansion of two tailings storage facilities to extend Padcal's mine life beyond its currently scheduled expiration of 2022. In Mindanao at the Silangan Project, studies are underway to explore the feasibility of developing the project as an underground mine using a different method compared to what was conceptualized at the start.

FPM POWER/PLP

First Pacific holds a 70% interest in PLP through a 60/40-owned entity with Meralco PowerGen. PLP is the first power plant in Singapore fueled solely by liquefied natural gas and is equipped with some of the most modern and efficient facilities for power generation. The plant's fuel is provided by Shell Gas under a long-term agreement through the SLNG Terminal developed by the Singaporean Government.

First Pacific's share of FPM Power's loss narrowed 13% to US$3.4 million in the first half of 2018, reflecting a lower core loss at PLP, partly offset by a 5% appreciation of the average Singapore dollar exchange rate against the U.S. dollar.

In the first half of 2018, the plant's system availability remained high at 91.9% and the heat rate exceeded its target level by 0.4%. Unit 10 has operated without a single incident of forced outage for 24 months and Unit 20, 16 months.

During the period, the volume of electricity sold increased 4% to 2,504 gigawatt hours, of which 90% was for retail, vesting contracts, futures and contracts for difference sales, and the remaining 10% was for pool market sales. PLP's generation market share for the period was approximately 9.6%.

Core net loss down 38% to S$21.9 million (US$16.5 million) from S$35.6 million (US$25.5 million)	▪ reflecting higher contribution from an improved non-fuel margin for pool market sales following an increase in pool prices ▪ lower interest expense on shareholder loans ▪ partly offset by higher maintainance expenses related to a major overhaul of Unit 20 in March and April 2018
Net loss up 27% to S$36.7 million (US$27.6 million) from S$28.9 million (US$20.7 million)	▪ reflecting foreign exchange losses on US dollar-denominated shareholder loans versus gains in 2017 ▪ higher provision for onerous contracts ▪ partly offset by a lower core net loss
Revenues up 19% to S$462.1 million (US$347.7 million) from S$386.9 million (US$277.5 million)	▪ reflecting a higher average selling price per unit of electricity sold due to higher fuel costs ▪ higher sales volume in the retail market
Operating expenses up 3% to S$11.1 million (US8.4 million) from S$10.8 million (US$7.7 million)	▪ reflecting higher marketing and distribution expenses ▪ partly offset by lower staff costs
EBITDA down 26% to S$10.4 million (US$7.8 million) from S$14.0 million (US$10.0 million)	▪ reflecting higher maintainance expenses related to the major overhaul of Unit 20 in March and April 2018 ▪ partly offset by a higher average selling price per unit of electricity sold due to higher fuel costs and higher sales volume in the retail market ▪ higher provision for onerous contracts

Debt Profile

As at 30 June 2018, FPM Power's net debt stood at US491.0 million while gross debt stood at US$553.4 million with 20% maturing within one year and the remaining borrowings maturing up to 2021. All of the borrowings were floating-rate bank loans, with 46% effectively changed to fixed-rate borrowings through interest rate swap arrangements.

2018 Outlook

Though the first half witnessed demand growth of 2.8% from the same period of last year, there remains meaningful oversupply in the electricity market and competition will continue to be robust. PLP will leverage its efficiency advantage, high reliability and operational flexibility to defend its market position while it seeks to keep costs down.

FP NATURAL RESOURCES/RHI

First Pacific and its indirect agribusiness subsidiary IndoAgri, through a 70/30-owned entity FP Natural Resources and a Philippine affiliate, have an aggregate 62.9% interest in RHI.

In the first half of 2018, First Pacific's share of FP Natural Resources' contribution to the Group decreased 42% to US$0.7 million (1H17: US$1.2 million). RHI recorded a profit contribution of US$0.7 million (1H17: US$2.2 million), reflecting lower core net income arising from higher fuel costs and lower sales volumes of premium raw sugar and raw sugar, partly offset by higher sales volumes of refined sugar and ethanol.

Together with its associate Hawaiian-Philippine Company, Inc., RHI is one of the largest integrated sugar producers in the Philippines, accounting for 17% of domestic sugar production. Its three sugar mills in Batangas and Negros Occidental have combined milling capacity of 36,000 tonnes of sugar cane per day, and the refinery facility in Batangas has capacity of 18,000 LKg per day (one LKg is equal to one 50-kilogram bag of sugar). RHI also has two ethanol plants in Negros Occidental with daily production capacity of 285,000 liters.

RHI's sugar business milled 2.1 million tonnes of cane in the first six months of 2018, down 22% from a year earlier. During the period, RHI sold from inventory and current production: 1.7 million LKg (1H17: 1.3 million LKg) of refined sugar; 0.9 million LKg (1H17: 1.2 million LKg) of raw sugar; and 22,000 LKg (1H17: 111,757 LKg) of premium raw sugar. Ethanol sales rose 19% to 41.2 million liters (1H17: 34.7 million liters) owing to improved production efficiency.

Core net income down 61% to 113 million pesos (US$2.2 million) from 287 million pesos (US$5.7 million)

- reflecting higher fuel costs
- lower sales volumes of premium raw sugar and raw sugar
- partly offset by higher sales volumes of refined sugar and ethanol, and higher average selling prices of sugar products

Reported net income down 61% to 113 million pesos (US$2.2 million) from 287 million pesos (US$5.7 million)

- reflecting lower core net income

Revenue up 7% to 6.9 billion pesos (US$132.6 million) from 6.5 billion pesos (US$129.4 million)

- driven by higher sales volumes of refined sugar and ethanol
- higher average selling prices of sugar products
- partly offset by lower sales volumes of raw sugar and premium raw sugar

Operating expenses up 3% to 456 million pesos (US$8.7 million) from 444 million pesos (US$8.9 million)

- reflecting higher staff costs

EBITDA down 15% to 877 million pesos (US$16.8 million) from 1.0 billion pesos (US$20.0 million)

- reflecting decline in gross margins due to higher fuel costs
- partly offset by higher revenue

EBITDA margin to 12.7% from 15.9%

- reflecting lower EBITDA

Debt Profile

As at 30 June 2018, long-term debt of RHI stood at 5.1 billion pesos (US$96.1 million) with maturities ranging from February 2019 to August 2024 at an annual interest rate of approximately 4.5%. Short-term debt stood at 5.7 billion pesos (US$106.2 million) with an average interest rate of approximately 4.0%.

2018 Outlook

RHI expects stronger results in its ethanol business owing to improved production efficiencies.

FINANCIAL REVIEW
LIQUIDITY AND FINANCIAL RESOURCES
NET DEBT AND GEARING

(A) Head Office net debt

The increase in net debt mainly reflects the payments for additional investments in Goodman Fielder and PLP as well as additional borrowings to finance the premium and cost for bond tender and debt refinancing. The Head Office's borrowings at 30 June 2018 comprise bonds of US$996.0 million (with an aggregated face value of US$1,000.7 million) which are due for redemption between June 2019 and May 2025 and bank loans of US$642.2 million (with a principal amount of US$650.0 million) which are due for repayment between March 2021 and June 2024.

Changes in Head Office net debt

US$ millions	Borrowings	Cash and cash equivalents[(i)]	Net debt
At 1 January 2018	1,612.5	(90.7)	1,521.8
Movement	25.7	26.0	51.7
At 30 June 2018	**1,638.2**	**(64.7)**	**1,573.5**

(i) Includes restricted cash as at 30 June 2018 of US$0.1 million (31 December 2017: US$0.1 million)

Head Office free cash flow[(ii)]

For the six months ended 30 June US$ millions	**2018**	2017
Dividend and fee income[(iii)]	**137.6**	123.6
Less: Indofood dividend received on 5 July 2018/6 July 2017[(iii)]	**(70.1)**	(68.6)
Cash dividend and fee income	**67.5**	55.0
Head Office overhead expense	**(11.7)**	(12.6)
Net cash interest expense	**(33.9)**	(40.7)
Tax paid	**(3.5)**	-
Net cash inflow from operating activities	**18.4**	1.7
Net investments[(iv)]	**(20.7)**	(10.1)
Financing activities		
- Distributions paid	**(30.4)**	(30.5)
- New borrowings/(repayments of loans), net	**8.7**	(173.7)
- Others[(v)]	**(2.0)**	34.5
Decrease in cash and cash equivalents	**(26.0)**	(178.1)
Cash and cash equivalents at 1 January	**90.6**	236.5
Cash and cash equivalents at 30 June	**64.6**	58.4

(ii) Excludes restricted cash and pledged deposits as at 30 June 2018 and 1 January 2018 of US$0.1 million (30 June 2017: US$9.1 million and 1 January 2017: US$11.7 million)

(iii) 1H18's dividend and fee income includes Indofood's 2017 final dividend of US$70.1 million which was received on 5 July 2018 (1H17: 2016 final dividend of US$68.6 million received on 6 July 2017).

(iv) 1H18's net investments principally represents the additional investments in Goodman Fielder and PLP.

(v) Mainly payments to the trustee for share purchase scheme in 1H18 (1H17: mainly proceeds from issuance of shares upon the exercise of share options)

(B) Group net debt and gearing

An analysis of net debt and gearing for principal consolidated and associated companies and joint venture follows.

Consolidated

	At 30 June 2018			At 31 December 2017		
US$ millions	**Net debt[(i)]**	**Total equity**	**Gearing[(ii)] (times)**	Net debt[(i)]	Total equity	Gearing[(ii)] (times)
Head Office	**1,573.5**	**1,800.6**	**0.87x**	1,521.8	1,837.7	0.83x
Indofood	**809.5**	**3,289.4**	**0.25x**	784.6	3,485.2	0.23x
MPIC	**2,803.6**	**4,220.4**	**0.66x**	2,717.4	4,302.5	0.63x
FPM Power	**491.0**	**403.1**	**1.22x**	509.1	398.1	1.28x
FP Natural Resources	**193.4**	**185.7**	**1.04x**	198.5	197.2	1.01x
Group adjustments[(iii)]	**-**	**(1,456.3)**	**-**	-	(1,478.2)	-
Total	**5,871.0**	**8,442.9**	**0.70x**	5,731.4	8,742.5	0.66x
Associated companies and joint venture						
PLDT	**2,464.3**	**2,203.9**	**1.12x**	2,798.0	2,223.1	1.26x
FPW	**433.2**	**994.0**	**0.44x**	457.9	1,005.0	0.46x
Philex	**156.8**	**471.0**	**0.33x**	176.5	495.3	0.36x

(i) Includes short-term deposits and restricted cash

(ii) Calculated as net debt divided by total equity

(iii) Group adjustments mainly represent elimination of goodwill arising from acquisitions prior to 1 January 2001 against the Group's retained earnings and other standard consolidation adjustments to present the Group as a single economic entity.

Head Office's gearing increased mainly because of an increase in its net debt reflecting the payments for additional investments in Goodman Fielder and PLP as well as additional borrowings to finance the premium and cost for bond tender and debt refinancing, coupled with a decrease in its equity reflecting its payment for the Company's distributions.

Indofood's gearing increased because of a decrease in its equity reflecting its dividend declared and a depreciation of the Rupiah against U.S. dollar, partly offset by its profit recorded during the period, coupled with an increase in its net debt as a result of its consolidation of AIBM and payments for capital expenditure, partly offset by its operating cash inflow and a depreciation of the Rupiah against U.S. dollar during the period.

MPIC's gearing increased mainly reflecting an increase in its net debt as a result of payments for capital expenditure by Maynilad and MPTC and instalment payments for its acquisition of 50% interest in Beacon Electric from PLDT Communications and Energy Ventures, Inc. ("PCEV"), partly offset by operating cash inflow and a deprecation of the Peso against U.S. dollar during the period, coupled with a decrease in its equity as a result of a deprecation of the Peso against U.S. dollar, partly offset by its profit recorded during the period.

FPM Power's gearing decreased mainly because of a decrease in its net debt as a result of the depreciation of the S$ against the U.S. dollar during the period, coupled with an increase in PLP's equity reflecting the capital injections from shareholders.

FP Natural Resources' gearing increased because of a decrease in its equity as a result of the depreciation of the Peso against U.S. dollar during the period, partly offset by a decrease in its net debt as a result of the depreciation of the Peso against U.S. dollar during the period, despite of RHI's operating cash outflow and payments for capital expenditure.

The Group's gearing increased to 0.70 times which reflects a decrease in the Group's equity as a result of the depreciation of the Rupiah and Peso against U.S. dollar during the period, despite of the Group's profit recorded during the period, coupled with a higher net debt level mainly as a result of Indofood's consolidation of AIBM and MPIC's and Indofood's payments for capital expenditure.

PLDT's gearing decreased because of a decrease in its net debt mainly reflecting the proceeds from sale of Rocket Internet shares and discounted receivables from MPIC for its disposal of 50% interest in Beacon Electric, partly offset by a decrease in equity as a result of dividends paid and a deprecation of the Peso against U.S. dollar, despite of its profit recorded during the period. FPW's gearing decreased mainly because of a decrease in its net debt reflecting its operating cash inflow and capital injections from shareholders, partly offset by its payments for capital expenditure. Philex gearing decreased mainly because of a decrease in its net debt reflecting its operating cash inflow, partly offset by its payments for capital expenditure.

MATURITY PROFILE

The maturity profile of debt of consolidated and associated companies and joint venture follows.

Consolidated

	Carrying amounts		**Nominal values**	
US$ millions	**At 30 June 2018**	At 31 December 2017	**At 30 June 2018**	At 31 December 2017
Within one year	**1,832.2**	1,460.4	**1,830.0**	1,448.2
One to two years	**432.7**	1,086.5	**430.8**	1,076.9
Two to five years	**2,961.1**	2,845.2	**2,975.5**	2,849.5
Over five years	**2,562.0**	2,577.6	**2,569.2**	2,586.2
Total	**7,788.0**	7,969.7	**7,805.5**	7,960.8

The change in the Group's debt maturity profile from 31 December 2017 to 30 June 2018 mainly reflects a shift in long-term borrowings among the different maturity periods for Head Office, Indofood and MPIC, Head Office's repurchase of bonds and net new bank borrowings, Indofood's consolidation of AIBM and MPIC's new long-term borrowings and repayments of short-term borrowings.

Associated companies and joint venture

	PLDT				**FPW**				**Philex**			
	Carrying amounts		**Nominal values**		**Carrying amounts**		**Nominal values**		**Carrying amounts**		**Nominal values**	
US$ millions	**At 30 June 2018**	At 31 December 2017	**At 30 June 2018**	At 31 December 2017	**At 30 June 2018**	At 31 December 2017	**At 30 June 2018**	At 31 December 2017	**At 30 June 2018**	At 31 December 2017	**At 30 June 2018**	At 31 December 2017
Within one year	**205.3**	299.5	**207.8**	302.5	**183.0**	345.2	**183.0**	345.5	**39.0**	49.0	**39.0**	49.0
One to two years	**384.6**	400.7	**386.4**	402.7	**-**	0.3	**-**	0.3	**-**	-	**-**	-
Two to five years	**1,058.8**	1,142.2	**1,061.9**	1,146.0	**406.4**	222.6	**408.2**	224.5	**133.6**	139.2	**135.0**	144.2
Over five years	**1,797.3**	1,614.6	**1,799.1**	1,616.4	**-**	-	**-**	-	**-**	-	**-**	-
Total	**3,446.0**	3,457.0	**3,455.2**	3,467.6	**589.4**	568.1	**591.2**	570.3	**172.6**	188.2	**174.0**	193.2

The change in PLDT's debt maturity profile from 31 December 2017 to 30 June 2018 mainly reflects new borrowings arranged to finance capital expenditure and/or refinance its loan obligations which were utilized for service improvements and expansion programs and loan repayments. The increase in FPW's debt mainly reflects its new long-term borrowings to finance its capital expenditure and refinance its short-term borrowings. The decrease in Philex's debt mainly reflects loan repayments.

CHARGES ON GROUP ASSETS
At 30 June 2018, certain bank and other borrowings were secured by the Group's property, plant and equipment, accounts receivable, cash and cash equivalents and inventories amounting to a net book value of US$2,163.0 million (31 December 2017: US$2,172.9 million), receipts from future toll collections and funds in the related accounts of CIC and the interests of the Group's 12% (31 December 2017: 12%) in PLDT, 56% (31 December 2017: 56%) in GBPC, 5% (31 December 2017: 13.1%) in Meralco, 100% (31 December 2017: 100%) in CIC, 100% (31 December 2017: 100%) in AIF Toll Road Holdings (Thailand) Limited, 29.5% (31 December 2017: 29.5%) in DMT, 70% (31 December 2017: 70%) in PLP, 93.7% (31 December 2017: 93.7%) in San Carlos Bioenergy, Inc. and 45.1% (31 December 2017: 45.1%) in Hawaiian-Philippine Company, Inc.

FINANCIAL RISK MANAGEMENT

FOREIGN CURRENCY RISK

(A) Company risk

As the Head Office debts are currently denominated in U.S. dollars, foreign currency risk relates mainly to the receipt of cash dividends and to the translation of non-U.S. dollar denominated investments in subsidiary and associated companies and joint ventures.

The Company actively reviews the potential benefits of hedging based on forecast dividend flows and enters into hedging arrangements (including the use of forward exchange contracts) for managing its foreign currency exposure in respect of dividend income and payments in foreign currency on a transactional basis. However, the Company does not actively seek to hedge risks arising on the translation of foreign currency denominated investments due to (i) the non-cash nature of such exposure until the values of the investments are realized and (ii) the high costs associated with such hedging. Accordingly, the Company is exposed to the impact of foreign currency fluctuations on the translated U.S. dollar value of its foreign currency denominated investments.

With the exception of the Head Office, the principal components of the Group's NAV mainly relate to investments denominated in the rupiah and the peso. Accordingly, any change in these currencies, against their respective 30 June 2018 exchange rates, would have an effect on the Group's NAV in U.S. dollar terms.

The following table illustrates the estimated effect on the Group's adjusted NAV for a one per cent change of the rupiah and peso exchange rates against the U.S. dollar.

Company	Basis	**Effect on adjusted NAV**[i] US$ millions	**Effect on adjusted NAV per share** HK cents
Indofood	(i)	20.3	3.65
PLDT	(i)	13.4	2.40
MPIC	(i)	11.4	2.05
Philex	(i)	1.9	0.35
PXP	(i)	1.1	0.21
FP Natural Resources	(ii)	0.4	0.08
Head Office - Other assets	(iii)	0.9	0.17
Total		**49.4**	**8.91**

(i) Based on quoted share prices at 30 June 2018 applied to the Group's economic interests
(ii) Based on quoted share price of RHI at 30 June 2018 applied to the Group's economic interest
(iii) Represents the carrying amount of SMECI's convertible notes

(B) Group risk

The results of the Group's operating entities are denominated in local currencies, principally the rupiah, the peso, A$ and S$, which are translated and consolidated to give the Group's results in U.S. dollars.

NET DEBT BY CURRENCY

It is often necessary for operating entities to borrow in U.S. dollars, which results in the risk of a translation impact on local currency results. A summary of consolidated and associated companies' and joint venture's net debt by currency follows.

Consolidated

US$ millions	US$	Rupiah	Peso	S$	Others	Total
Total borrowings	2,259.8	1,254.4	3,659.6	553.4	60.8	**7,788.0**
Cash and cash equivalents[(i)]	(362.7)	(729.1)	(738.5)	(71.2)	(15.5)	**(1,917.0)**
Net debt	1,897.1	525.3	2,921.1	482.2	45.3	**5,871.0**
Representing:						
Head Office	1,587.8	-	(11.9)	-	(2.4)	**1,573.5**
Indofood	242.9	561.1	-	(10.0)	15.5	**809.5**
MPIC	70.7	(35.8)	2,736.5	-	32.2	**2,803.6**
FPM Power	(1.2)	-	-	492.2	-	**491.0**
FP Natural Resources	(3.1)	-	196.5	-	-	**193.4**
Net debt	1,897.1	525.3	2,921.1	482.2	45.3	**5,871.0**

Associated companies and joint venture

US$ millions	US$	Peso	A$	NZ$	Others	Total
Net debt						
PLDT	(77.8)	2,594.5	-	-	(52.4)	**2,464.3**
FPW	140.9	(0.6)	235.1	115.6	(57.8)	**433.2**
Philex	28.5	128.3	-	-	-	**156.8**

(i) Includes short-term deposits and restricted cash

As a result of unhedged U.S. dollar net debt, the Group's results are sensitive to fluctuations in U.S. dollar exchange rates. The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in the principal operating currencies of subsidiary and associated companies and joint venture. This does not reflect the indirect effect of fluctuating exchange rates on revenues and input costs at the operating company level.

US$ millions	Total US$ exposure	Hedged amount	Unhedged amount	Profit effect of 1% change in currency	**Group net profit effect**
Head Office[(i)]	1,587.8	-	1,587.8	-	**-**
Indofood	242.9	-	242.9	2.4	**0.9**
MPIC	70.7	-	70.7	0.7	**0.2**
FPM Power	(1.2)	-	(1.2)	-	**-**
FP Natural Resources	(3.1)	-	(3.1)	-	**-**
PLDT	(77.8)	(48.0)	(125.8)	(1.3)	**(0.2)**
FPW	140.9	(143.0)	(2.1)	-	**-**
Philex	28.5	-	28.5	0.3	**0.1**
Total	**1,988.7**	**(191.0)**	**1,797.7**	**2.1**	**1.0**

(i) As the Group reports its results in U.S. dollars, unhedged U.S. dollar net debt at Head Office does not give rise to any significant exchange exposure.

EQUITY MARKET RISK

As the majority of the Company's investments are listed, the Company is exposed to fluctuations in the equity market values of such investments. In addition, the value of the Company's investments may be impacted by sentiment towards specific countries.

INTEREST RATE RISK

The Company and its operating entities are exposed to changes in interest rates to the extent that they impact the cost of variable interest rate borrowings. An analysis of this for consolidated and associated companies and joint venture follows.

Consolidated

US$ millions	Fixed interest rate borrowings[(i)]	Variable interest rate borrowings[(i)]	Cash and cash equivalents[(ii)]	**Net debt**
Head Office	996.0	642.2	(64.7)	**1,573.5**
Indofood	277.0	1,515.4	(982.9)	**809.5**
MPIC	3,457.4	144.4	(798.2)	**2,803.6**
FPM Power	254.9	298.5	(62.4)	**491.0**
FP Natural Resources	147.7	54.5	(8.8)	**193.4**
Total	5,133.0	2,655.0	(1,917.0)	**5,871.0**
Associated companies and joint venture				
PLDT	3,072.5	373.5	(981.7)	**2,464.3**
FPW	317.2	272.2	(156.2)	**433.2**
Philex	133.6	39.0	(15.8)	**156.8**

(i) Reflects certain interest rate swap agreements which effectively changed variable interest rate borrowings to fixed interest rate borrowings at FPM Power, PLDT and FPW
(ii) Includes short-term deposits and restricted cash

The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in average annual interest rates in respect of the variable interest rate borrowings.

US$ millions	Variable interest rate borrowings	Profit effect of 1% change in interest rates	**Group net profit effect**
Head Office	642.2	6.4	**6.4**
Indofood	1,515.4	15.2	**5.7**
MPIC	144.4	1.4	**0.4**
FPM Power	298.5	3.0	**1.0**
FP Natural Resources	54.5	0.5	**0.2**
PLDT	373.5	3.7	**0.7**
FPW	272.2	2.7	**1.0**
Philex	39.0	0.4	**0.1**
Total	**3,339.7**	**33.3**	**15.5**

ADJUSTED NAV PER SHARE

There follows a calculation of the Group's underlying worth.

US$ millions	Basis	**At 30 June 2018**	At 31 December 2017
Indofood	(i)	**2,029.6**	2,474.2
PLDT	(i)	**1,336.1**	1,637.5
MPIC	(i)	**1,140.3**	1,814.1
Philex	(i)	**192.5**	276.9
PXP	(i)	**114.2**	88.6
FPW	(ii)	**574.1**	554.0
FPM Power	(iii)	**230.0**	230.0
FP Natural Resources	(iv)	**44.8**	58.5
Head Office – Other assets	(v)	**94.5**	100.9
– Net debt		**(1,573.5)**	(1,521.8)
Total valuation		**4,182.6**	5,712.9
Number of ordinary shares in issue (millions)		**4,342.0**	4,342.0
Value per share – U.S. dollars		**0.96**	1.32
– HK dollars		**7.51**	10.26
Company's closing share price (HK$)		**3.79**	5.30
Share price discount to HK$ value per share (%)		**49.5**	48.3

(i) Based on quoted share prices applied to the Group's economic interests
(ii) Represents investment costs
(iii) Represents carrying amounts
(iv) Mainly represents RHI (based on quoted share price applied to the Group's economic interest)
(v) Represents the carrying amount of SMECI's convertible notes

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2018, the Company made tender offers inviting holders of the US$400 million 6.0% Guaranteed Bonds due June 2019 issued by FPC Finance Limited (2019 Bonds), the US$400 million 6.375% Guaranteed Secured Bonds due September 2020 issued by FPT Finance Limited (2020 Bonds) and US$400 million 4.5% Guaranteed Bonds due April 2023 issued by FPC Treasury Limited (2023 Bonds) to tender their Bonds for purchase by the Company for cash (Tender Offers). The purchase price for the three Bonds under the Tender Offer was 103.5% of the principal amount of the 2019 Bonds, 106.5% of the principal amount of the 2020 Bonds and 100.0% of the principal amount of the 2023 Bonds respectively. On expiration deadline of the Tender Offers, the Company received valid tenders for an aggregate principal amount of US$159.5 million in respect of the 2019 Bonds, US$60.3 million in respect of the 2020 Bonds and US$120.1 million in respect of the 2023 Bonds. The Company has decided to accept the 2019 Bonds and 2020 Bonds for purchase, with settlement completed on 31 May 2018 and the purchased Bonds were subsequently cancelled. The Company did not accept for purchase any of the 2023 Bonds.

The Company has not repurchased any of the US$400 million 4.5% Guaranteed Bonds due April 2023 issued by FPC Treasury Limited (Six months ended 30 June 2017: US$8.1 million at an aggregate consideration of US$8.4 million).

On 30 May 2018, FPC Capital Limited, a wholly–owned subsidiary of the Company, issued Bonds in an aggregate principal amount of US$175.0 million at an issue price of 100.0%. The Bonds were unconditionally and irrevocably guaranteed by the Company. The Bonds were subsequently listed on the SEHK on 31 May 2018.

During the six months ended 30 June 2018, the independent trustee managing the Company's share award scheme purchased 3,876,000 shares of the Company (Six months ended 30 June 2017: Nil) at an aggregate consideration of approximately US$2.0 million (Six months ended 30 June 2017: Nil) at the cost of the Company.

Except as disclosed above, neither the Company, nor any of its subsidiary companies, has made any purchase, sale or redemption of any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

Corporate Governance Practices

First Pacific is committed to building and maintaining high standards of corporate governance. The Company's Corporate Governance Committee, comprised of a majority of Independent Non-executive Directors (INEDs) and chaired by an INED, was delegated with the responsibility for supervision of the Company's corporate governance functions. The Committee carried out a review of its corporate governance practices in respect of the six months period ended 30 June 2018 to ensure its compliance with the Listing Rule requirements. This Committee is also tasked with the responsibility to oversee the process of Environmental, Social and Governance (ESG) reporting, in compliance with the Listing Rule requirements. With the approval of the Corporate Governance Committee, the Company's ESG report 2017 was published on the websites of the SEHK and the Company on 10 July 2018.

The Company has adopted its own Corporate Governance Code (the First Pacific Code), which incorporates the principles and requirements set out in the Corporate Governance Code contained in Appendix 14 of the Main Board Listing Rules (the CG Code). The First Pacific Code will be updated regularly following relevant amendments to the Listing Rules.

Throughout the six months period, First Pacific has applied the principles and complied with most of the Code Provisions and, where appropriate, adopted the Recommended Best Practices contained in the CG Code with the following exceptions:-

Code Provision B.1.5: Issuers should disclose details of any remuneration payable to members of senior management by band in their annual reports. Recommended Best Practice B.1.8: Issuers should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in their annual reports.

The Company does not disclose details of any remuneration payable to members of senior management, either by band or on an individual and named basis as a large number of the senior executives employed by the Group are employed in jurisdictions that do not require disclosure of such information. It will create inequality across the Group if only the remuneration of the senior executives at the head office is disclosed.

Recommended Best Practices C.1.6 and C.1.7: An issuer should announce and publish quarterly financial results within 45 days after the end of the relevant quarter.

The Company does not issue quarterly financial results as most of our major operating units based in the Philippines, Indonesia and Singapore already issue quarterly reports. As such, we believe that the relevant information is already available in the public domain.

Code Provision C.2.5: The Issuer should have an internal audit function. Issuers without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report.

The Company does not have an internal audit department. However, the Group has multiple listed companies in the Philippines, Indonesia and Singapore, as well as a joint venture company in Australia, each of which has its own internal audit and/or risk management functions to monitor the internal control system for operational, financial and compliance and risk management functions. Accordingly, the Company can rely on group resources to carry out internal audit/risk management functions for members of the Group. Taking this into account, the Company does not consider it necessary to have a separate internal audit function. The Company will review the need for such function on an annual basis.

Compliance of the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted its own Model Code for Securities Transactions by Directors (the Model Code) on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 of the Listing Rules. All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2018.

Continuing Connected Transactions

During the six months ended 30 June 2018, the INEDs agreed with the Directors in relation to the following continuing connected transactions and approved the disclosure of those transactions in the form of published announcements:

- 12 March 2018 announcement: following the Company's previous announcement made on 16 January 2015 in relation to, among other things, the execution of the framework agreement between D.M. Consunji, Inc. (DMCI) and Maynilad Water Services, Inc. (Maynilad) dated 13 January 2015, the Company announced that the framework agreement expired in accordance with its terms on 31 December 2017. In order to continue performance of the services under the framework agreement and allow DMCI to continue to submit proposals for business put out to competitive tender by Maynilad, DMCI and Maynilad have entered into a renewal agreement, pursuant to which DMCI and Maynilad have agreed to renew the framework agreement for a period of three years. Save for the new annual caps set for the years ending 31 December 2018, 2019 and 2020, all other terms and conditions of the framework agreement will remain in full force and effect.

- 6 June 2018 announcement: following the Company's previous announcements made on 6 September 2017 and 10 November 2016 and the Company's circular dated 30 December 2016 in relation to certain CCTs relating to the Indofood Group, due to expansion of businesses, the Company has undertaken a review in respect of Indofood's Flour Business Transactions, Packaging Business Transactions and Noodles Business Transactions. As a result of that review, the Company has revised the Annual Caps for each of those business categories for 2018 and 2019 in order to more closely reflect the projected transaction amounts.

  In addition, due to the addition of new CCTs, the 2018 and 2019 aggregated Annual Caps in respect of Indofood's Flour Business Transactions, Distribution Business Transactions, Snack Foods Business Transactions, Property Business Transactions and Beverages Business – Salim Transactions, have been revised and are subject to the reporting and announcement requirements, but not the Independent Shareholders' approval requirements, under Chapter 14A of the Listing Rules.

Risk Management and Internal Control

As a decentralized organization in which local management have substantial autonomy to run and develop their respective company business, the Group views well developed reporting systems and internal controls as essential. The Board plays a key role in the implementation and monitoring of internal controls. Their responsibilities include: -

- conducting regular board meetings to focus on business strategy, operational issues and financial performance;
- active participation on the boards of subsidiaries, associated companies and joint venture companies;
- approving annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;
- monitoring the compliance with applicable laws and regulations, and also with the First Pacific Code;
- monitoring the quality, timeliness, and content of internal and external reporting; and
- monitoring risks and the effectiveness of internal controls.

The Board is responsible for maintaining an adequate system of risk management and internal controls in the Group and reviewing their effectiveness through the Audit and Risk Management Committee. The Company's Risk Assessment Committee, comprising of two Executive Directors and senior executives, oversees head office's risk management function, in relation to its role as an investment holding and management company. This Committee will report to the Audit and Risk Management Committee twice each year.

The Company does not have an internal audit department, each of the Group's operating companies has its own internal audit and/or risk management functions responsible for the implementation of an effective internal control system. Their effectiveness is continuously being evaluated and enhanced by the respective operating companies' audit committees/risk committees, which are reviewed by the Company's Audit and Risk Management Committee on a semi-annual basis.

In respect of the six months ended 30 June 2018, the Board confirmed that it has received confirmations from the operating companies' audit committees, risk committees and/or internal auditor/chief risk officer on the effectiveness of the Group's risk management and internal control systems and that there is no significant area of concern to be disclosed.

During the six months ended 30 June 2018, the Audit and Risk Management Committee reviewed and advised that:

- The risk management and internal controls systems of the Group function are effective and are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management's authorization and the financial statements are reliable for publication and compliant with all relevant laws and regulations.

- There are processes in place for identifying, evaluating and managing the material business risks faced by the Group. Such processes are incorporated in all the Group's businesses.

- There are adequate resources, qualified and experienced staff, training programs and budget for the Group's accounting and financial reporting function.

REVIEW STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee has reviewed the 2018 interim results, including the accounting policies and practices adopted by the Group. The Audit and Risk Management Committee also has discussed financial reporting, auditing, risk management and internal control matters with the Company's management and its external auditor.

INTERIM DISTRIBUTION

The Board has declared an interim distribution of HK8.00 cents (US 1.03 cents) per ordinary share. It is expected that the interim distribution will be paid in cash in a currency to be determined based on the registered address of each shareholder on the Company's Register of Members as follows: Hong Kong dollars for shareholders with registered addresses in Hong Kong, Macau and PRC; Sterling pounds for shareholders with registered addresses in the United Kingdom and U.S. dollars for shareholders with registered addresses in all other countries. It is expected that the warrants will be dispatched to shareholders on or about Thursday, 27 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 13 September 2018 to Monday, 17 September 2018, both days inclusive, during which period no transfer of shares will be registered. The ex-entitlement date will be Tuesday, 11 September 2018. In order to qualify for the interim distribution, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 12 September 2018. The interim distribution will be paid to shareholders whose names appear on the Register of Members on Monday, 17 September 2018 and the payment date will be on or about Thursday, 27 September 2018.

INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Company (www.firstpacific.com) and the website of SEHK (www.hkexnews.hk). The 2018 interim report containing all the information required by the Listing Rules will be uploaded to the above websites and be despatched to those shareholders requiring printed copies by the end of September 2018.

On behalf of the Board of Directors
First Pacific Company Limited
Manuel V. Pangilinan
Managing Director and Chief Executive Officer

Hong Kong, 29 August 2018

As at the date of this announcement, the Board of the Company 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