FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

Website: http://www.firstpacific.com

(Stock Code: 00142)

2019 Interim Results - Unaudited

FINANCIAL HIGHLIGHTS

- Turnover increased by 6% to US$4,091.2 million (HK$31,911.4 million) from US$3,844.9 million (HK$29,990.2 million).
- Profit contribution from operations decreased by 8% to US$197.0 million (HK$1,536.6 million) from US$213.8 million (HK$1,667.6 million).
- Recurring profit decreased by 12% to US$142.0 million (HK$1,107.6 million) from US$161.0 million (HK$1,255.8 million).
- Non-recurring losses of US$297.6 million (HK$2,321.3 million) compared with US$21.7 million (HK$169.3 million).
- Loss attributable to owners of the parent of US$148.3 million (HK$1,156.7 million) compared with profit attributable to owners of the parent of US$133.8 million (HK$1,043.6 million).
- Basic loss per share of U.S. 3.42 cents (HK26.7 cents) compared with basic earnings per share of U.S. 3.09 cents (HK24.1 cents).
- Recurring basic earnings per share (calculated based on recurring profit) decreased by 12% to U.S. 3.27 cents (HK25.5 cents) from U.S. 3.72 cents (HK29.0 cents).
- An interim distribution of HK6.50 cents (U.S. 0.83 cent) (2018: HK8.00 cents or U.S. 1.03 cents) per ordinary share has been declared, representing a payout ratio of approximately 25.5% (2018: 27.5%) of recurring profit, in line with the Company's dividend policy.
- Equity attributable to owners of the parent decreased by 3% to US$2,993.3 million (HK$23,347.7 million) at 30 June 2019 compared with US$3,083.6 million (HK$24,052.1 million) at 31 December 2018.
- Consolidated gearing ratio decreased to 0.76 times at 30 June 2019 from 0.78 times at 31 December 2018.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT - UNAUDITED

For the six months ended 30 June	Notes	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Turnover	2	**4,091.2**	3,844.9	**31,911.4**	29,990.2
Cost of sales		**(2,861.2)**	(2,725.3)	**(22,317.4)**	(21,257.3)
Gross profit		**1,230.0**	1,119.6	**9,594.0**	8,732.9
Selling and distribution expenses		**(305.2)**	(291.5)	**(2,380.6)**	(2,273.7)
Administrative expenses		**(337.7)**	(288.3)	**(2,634.0)**	(2,248.8)
Other operating expenses, net		**(259.5)**	(16.9)	**(2,024.1)**	(131.8)
Interest income		**39.4**	29.1	**307.3**	227.0
Finance costs		**(236.4)**	(195.4)	**(1,843.9)**	(1,524.1)
Share of profits less losses of associated companies and joint ventures		**166.8**	189.0	**1,301.0**	1,474.2
Profit before taxation	3	**297.4**	545.6	**2,319.7**	4,255.7
Taxation	4	**(167.2)**	(136.7)	**(1,304.1)**	(1,066.3)
Profit for the period		**130.2**	408.9	**1,015.6**	3,189.4
Attributable to:					
Owners of the parent	6	**(148.3)**	133.8	**(1,156.7)**	1,043.6
Non-controlling interests		**278.5**	275.1	**2,172.3**	2,145.8
		130.2	408.9	**1,015.6**	3,189.4
		US¢	US¢	**HK¢***	HK¢*
(Loss)/earnings per share attributable to owners of the parent	7				
Basic		**(3.42)**	3.09	**(26.7)**	24.1
Diluted		**(3.42)**	3.08	**(26.7)**	24.0

Details of the interim distribution declared for the period are disclosed in Note 8.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

For the six months ended 30 June	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Profit for the period	**130.2**	408.9	**1,015.6**	3,189.4
Other comprehensive income/(loss)				
Items that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	**234.2**	(553.5)	**1,826.8**	(4,317.4)
Unrealized gains/(losses) on debt investments at fair value through other comprehensive income	**1.3**	(0.7)	**10.1**	(5.5)
Unrealized gains on cash flow hedges	**31.4**	27.7	**244.9**	216.1
Realized losses on cash flow hedges	**5.4**	0.5	**42.1**	3.9
Income tax related to cash flow hedges	**(6.2)**	(4.6)	**(48.4)**	(35.9)
Share of other comprehensive income of associated companies and joint ventures	**1.6**	7.7	**12.5**	60.1
Items that will not be reclassified to profit or loss:				
Unrealized gains on equity investments at fair value through other comprehensive income	**34.9**	23.3	**272.2**	181.7
Actuarial (losses)/gains on defined benefit pension plans	**(2.4)**	0.8	**(18.7)**	6.3
Share of other comprehensive loss of associated companies and joint ventures	**(4.9)**	(22.3)	**(38.2)**	(173.9)
Other comprehensive income/(loss) for the period, net of tax	**295.3**	(521.1)	**2,303.3**	(4,064.6)
Total comprehensive income/(loss) for the period	**425.5**	(112.2)	**3,318.9**	(875.2)
Attributable to:				
Owners of the parent	**(40.0)**	(82.6)	**(312.0)**	(644.3)
Non-controlling interests	**465.5**	(29.6)	**3,630.9**	(230.9)
	425.5	(112.2)	**3,318.9**	(875.2)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2019 (Unaudited) US$m	At 31 December 2018 (Audited) US$m	At 30 June 2019 (Unaudited) HK$m*	At 31 December 2018 (Audited) HK$m*
Non-current assets					
Property, plant and equipment		**5,394.8**	5,157.4	**42,079.4**	40,227.7
Biological assets		**23.4**	22.7	**182.5**	177.1
Associated companies and joint ventures		**4,496.9**	4,877.3	**35,075.8**	38,042.9
Goodwill		**1,123.0**	1,111.5	**8,759.4**	8,669.7
Other intangible assets		**4,636.7**	4,182.5	**36,166.3**	32,623.5
Investment properties		**12.7**	9.5	**99.1**	74.1
Accounts receivable, other receivables and prepayments		**33.6**	16.2	**262.1**	126.4
Financial assets at fair value through other comprehensive income		**360.0**	319.4	**2,808.0**	2,491.3
Deferred tax assets		**211.8**	195.4	**1,652.0**	1,524.1
Other non-current assets		**765.4**	749.1	**5,970.1**	5,843.0
		17,058.3	16,641.0	**133,054.7**	129,799.8
Current assets					
Cash and cash equivalents and short-term deposits		**1,664.0**	1,630.8	**12,979.2**	12,720.2
Restricted cash		**136.1**	103.2	**1,061.6**	805.0
Financial assets at fair value through other comprehensive income		**193.2**	289.6	**1,507.0**	2,258.9
Accounts receivable, other receivables and prepayments	9	**1,140.0**	1,133.9	**8,892.0**	8,844.4
Inventories		**966.4**	942.0	**7,537.9**	7,347.6
Biological assets		**41.1**	36.1	**320.6**	281.6
		4,140.8	4,135.6	**32,298.3**	32,257.7
Assets classified as held for sale		**383.3**	124.9	**2,989.7**	974.2
		4,524.1	4,260.5	**35,288.0**	33,231.9
Current liabilities					
Accounts payable, other payables and accruals	10	**1,578.1**	1,362.6	**12,309.2**	10,628.3
Short-term borrowings		**1,759.5**	2,281.1	**13,724.1**	17,792.6
Provision for taxation		**92.7**	57.3	**723.1**	446.9
Current portion of deferred liabilities, provisions and payables		**401.2**	419.8	**3,129.3**	3,274.4
		3,831.5	4,120.8	**29,885.7**	32,142.2
Liabilities directly associated with the assets classified as held for sale		**20.0**	19.5	**156.0**	152.1
		3,851.5	4,140.3	**30,041.7**	32,294.3
Net current assets		**672.6**	120.2	**5,246.3**	937.6
Total assets less current liabilities		**17,730.9**	16,761.2	**138,301.0**	130,737.4
Equity					
Issued share capital		**43.4**	43.4	**338.5**	338.5
Shares held for share award scheme		**(1.2)**	(4.9)	**(9.4)**	(38.2)
Retained earnings		**1,466.3**	1,582.1	**11,437.1**	12,340.4
Other components of equity		**1,484.8**	1,463.0	**11,581.5**	11,411.4
Equity attributable to owners of the parent		**2,993.3**	3,083.6	**23,347.7**	24,052.1
Non-controlling interests		**6,007.5**	5,626.8	**46,858.5**	43,889.0
Total equity		**9,000.8**	8,710.4	**70,206.2**	67,941.1
Non-current liabilities					
Long-term borrowings		**6,870.8**	6,236.8	**53,592.3**	48,647.0
Deferred liabilities, provisions and payables		**1,518.9**	1,488.9	**11,847.4**	11,613.5
Deferred tax liabilities		**340.4**	325.1	**2,655.1**	2,535.8
		8,730.1	8,050.8	**68,094.8**	62,796.3
		17,730.9	16,761.2	**138,301.0**	130,737.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

US$ millions	Note	Equity attributable to owners of the parent												
		Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive (loss)/income (Note 11)	Differences arising from changes in equities of subsidiary companies	Reserves for assets classified as held for sale	Capital and other reserves	Contributed surplus	Retained earnings	Total	Non-controlling interests	**Total equity**
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		-	-	-	-	(19.4)	-	-	-	-	8.9	(10.5)	4.9	(5.6)
Impact on initial application of HKFRS 15		-	-	-	-	-	-	-	-	-	13.2	13.2	0.1	13.3
At 1 January 2018 (As adjusted)		43.4	(8.9)	62.0	60.9	(687.8)	456.1	-	12.6	1,840.2	1,451.3	3,229.8	5,520.4	8,750.2
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)/income 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	(904.2)	441.0	-	12.6	1,809.8	1,584.2	3,101.2	5,337.1	8,438.3
At 1 January 2019		43.4	(4.9)	62.0	57.3	(886.9)	452.4	-	12.6	1,765.6	1,582.1	3,083.6	5,626.8	**8,710.4**
Impact on initial application of HKFRS 16	1(B)	-	-	-	-	-	-	-	-	-	(8.2)	(8.2)	(1.6)	**(9.8)**
At 1 January 2019 (As adjusted)		43.4	(4.9)	62.0	57.3	(886.9)	452.4	-	12.6	1,765.6	1,573.9	3,075.4	5,625.2	**8,700.6**
(Loss)/profit for the period		-	-	-	-	-	-	-	-	-	(148.3)	(148.3)	278.5	**130.2**
Other comprehensive income/(loss) for the period		-	-	-	-	113.1	-	(4.8)	-	-	-	108.3	187.0	**295.3**
Total comprehensive income/(loss) for the period		-	-	-	-	113.1	-	(4.8)	-	-	(148.3)	(40.0)	465.5	**425.5**
Issue of shares under share award scheme		-	(1.1)	1.1	-	-	-	-	-	-	-	-	-	**-**
Shares vested under share award scheme		-	4.8	-	(5.2)	-	-	-	-	-	0.4	-	-	**-**
Cancelation of share options		-	-	-	(40.3)	-	-	-	-	-	40.3	-	-	**-**
Employee share-based compensation benefits		-	-	-	(1.3)	-	-	-	-	-	-	(1.3)	(2.2)	**(3.5)**
Reserves for assets classified as held for sale		-	-	-	-	40.4	10.3	(50.7)	-	-	-	-	-	**-**
Acquisition, divestment and dilution of interests in subsidiary companies		-	-	-	-	0.2	(10.4)	-	-	-	-	(10.2)	18.1	**7.9**
2018 final distribution declared		-	-	-	-	-	-	-	-	(30.6)	-	(30.6)	-	**(30.6)**
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	62.4	**62.4**
Dividends paid and declared to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	(161.5)	**(161.5)**
At 30 June 2019		**43.4**	**(1.2)**	**63.1**	**10.5**	**(733.2)**	**452.3**	**(55.5)**	**12.6**	**1,735.0**	**1,466.3**	**2,993.3**	**6,007.5**	**9,000.8**

HK$ millions*	Note	Equity attributable to owners of the parent: Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive (loss)/income (Note 11)	Differences arising from changes in equities of subsidiary companies	Reserves for assets classified as held for sale	Capital and other reserves	Contributed surplus	Retained earnings	Total	Non-controlling interests	**Total equity**
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		-	-	-	-	(151.3)	-	-	-	-	69.4	(81.9)	38.2	(43.7)
Impact on initial application of HKFRS 15		-	-	-	-	-	-	-	-	-	103.0	103.0	0.8	103.8
At 1 January 2018 (As adjusted)		338.5	(69.4)	483.6	475.0	(5,364.8)	3,557.6	-	98.3	14,353.5	11,320.2	25,192.5	43,059.1	68,251.6
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)/income 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	(7,052.7)	3,439.8	-	98.3	14,116.5	12,356.8	24,189.5	41,629.3	65,818.8
At 1 January 2019		338.5	(38.2)	483.6	446.9	(6,917.8)	3,528.7	-	98.3	13,771.7	12,340.4	24,052.1	43,889.0	**67,941.1**
Impact on initial application of HKFRS 16	1(B)	-	-	-	-	-	-	-	-	-	(64.0)	(64.0)	(12.5)	**(76.5)**
At 1 January 2019 (As adjusted)		338.5	(38.2)	483.6	446.9	(6,917.8)	3,528.7	-	98.3	13,771.7	12,276.4	23,988.1	43,876.5	**67,864.6**
(Loss)/profit for the period		-	-	-	-	-	-	-	-	-	(1,156.7)	(1,156.7)	2,172.3	**1,015.6**
Other comprehensive income/(loss) for the period		-	-	-	-	882.1	-	(37.4)	-	-	-	844.7	1,458.6	**2,303.3**
Total comprehensive income/(loss) for the period		-	-	-	-	882.1	-	(37.4)	-	-	(1,156.7)	(312.0)	3,630.9	**3,318.9**
Issue of shares under share award scheme		-	(8.6)	8.6	-	-	-	-	-	-	-	-	-	**-**
Shares vested under share award scheme		-	37.4	-	(40.5)	-	-	-	-	-	3.1	-	-	**-**
Cancelation of share options		-	-	-	(314.3)	-	-	-	-	-	314.3	-	-	**-**
Employee share-based compensation benefits		-	-	-	(10.1)	-	-	-	-	-	-	(10.1)	(17.1)	**(27.2)**
Reserves for assets classified as held for sale		-	-	-	-	315.2	80.3	(395.5)	-	-	-	-	-	**-**
Acquisition, divestment and dilution of interests in subsidiary companies		-	-	-	-	1.5	(81.1)	-	-	-	-	(79.6)	141.2	**61.6**
2018 final distribution declared		-	-	-	-	-	-	-	-	(238.7)	-	(238.7)	-	**(238.7)**
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	486.7	**486.7**
Dividends paid and declared to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	(1,259.7)	**(1,259.7)**
At 30 June 2019		**338.5**	**(9.4)**	**492.2**	**82.0**	**(5,719.0)**	**3,527.9**	**(432.9)**	**98.3**	**13,533.0**	**11,437.1**	**23,347.7**	**46,858.5**	**70,206.2**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

For the six months ended 30 June	Note	**2019 US$m**	2018 US$m	**2019 HK$m***	2018 HK$m*
Profit before taxation		**297.4**	545.6	**2,319.7**	4,255.7
Adjustments for:					
Provision for impairment losses	3	**284.9**	1.7	**2,222.2**	13.3
Finance costs		**236.4**	195.4	**1,843.9**	1,524.1
Depreciation	3	**197.3**	159.7	**1,538.9**	1,245.7
Amortization of other intangible assets	3	**60.5**	49.5	**471.9**	386.1
Employee share-based compensation benefit expenses		**1.4**	2.4	**10.9**	18.7
Loss/(gain) on disposal of property, plant and equipment, net	3	**1.2**	(1.1)	**9.4**	(8.6)
Share of profits less losses of associated companies and joint ventures		**(166.8)**	(189.0)	**(1,301.0)**	(1,474.2)
Interest income		**(39.4)**	(29.1)	**(307.3)**	(227.0)
(Reversal of provision)/provision for onerous contracts, net	3	**(4.7)**	3.7	**(36.7)**	28.9
(Gain)/loss on changes in fair value of biological assets	3	**(2.3)**	0.8	**(17.9)**	6.2
Loss on divestment of an interest in an associated company	3	**-**	0.2	**-**	1.6
Gain on remeasurement of a previously held interest in an associated company	3	**-**	(4.3)	**-**	(33.5)
Others		**5.7**	6.8	**44.5**	53.0
		871.6	742.3	**6,798.5**	5,790.0
Decrease/(increase) in working capital		**29.5**	(69.7)	**230.1**	(543.7)
Net cash generated from operations		**901.1**	672.6	**7,028.6**	5,246.3
Interest received		**41.5**	32.9	**323.7**	256.6
Interest paid		**(219.0)**	(180.6)	**(1,708.2)**	(1,408.7)
Taxes paid		**(142.4)**	(126.4)	**(1,110.7)**	(985.9)
Net cash flows from operating activities		**581.2**	398.5	**4,533.4**	3,108.3
Dividends received from associated companies		**147.7**	120.6	**1,152.0**	940.7
Proceeds from disposal of financial assets at fair value through other comprehensive income		**107.4**	1.5	**837.7**	11.7
Proceeds from an instalment payment for disposal of a subsidiary company		**47.4**	-	**369.7**	-
Dividends received from a joint venture		**12.5**	16.2	**97.5**	126.3
Proceeds from disposal of property, plant and equipment		**4.0**	19.0	**31.2**	148.2
Dividends received from financial assets at fair value through other comprehensive income		**3.9**	3.3	**30.4**	25.7
Investments in other intangible assets		**(415.9)**	(241.1)	**(3,244.0)**	(1,880.6)
Purchase of property, plant and equipment		**(204.9)**	(202.1)	**(1,598.2)**	(1,576.4)
Increased investments in joint ventures		**(60.9)**	(59.0)	**(475.0)**	(460.2)
Instalment payment for acquisition of a subsidiary company		**(47.1)**	(46.9)	**(367.4)**	(365.8)
(Increase)/decrease in restricted cash		**(32.9)**	20.5	**(256.6)**	159.9
Advances to a joint venture		**(6.8)**	(2.3)	**(53.0)**	(17.9)
(Increase)/decrease in short-term deposits and time deposits with original maturity of more than three months		**(6.4)**	149.3	**(49.9)**	1,164.6
Investments in biological assets		**(5.4)**	(0.3)	**(42.1)**	(2.3)
Increased investments in associated companies		**(3.4)**	(8.7)	**(26.5)**	(67.9)
Acquisition of a subsidiary company		**(1.7)**	(16.2)	**(13.3)**	(126.4)
Proceeds from divestment of interests in associated companies		**-**	2.5	**-**	19.5
Investments in associated companies		**-**	(50.9)	**-**	(397.0)
Acquisition of financial assets at fair value through other comprehensive income		**-**	(23.8)	**-**	(185.6)
Investment in a joint venture		**-**	(7.1)	**-**	(55.4)
Net cash flows used in investing activities		**(462.5)**	(325.5)	**(3,607.5)**	(2,538.9)
Proceeds from new bank borrowings and other loans		**2,224.7**	2,060.6	**17,352.7**	16,072.7
Capital contributions from non-controlling shareholders		**62.4**	35.0	**486.7**	273.0
Proceeds from issue of shares under a long-term incentive plan		**1.1**	-	**8.6**	-
Proceeds from shares issue to non-controlling shareholders by subsidiary companies		**0.4**	0.2	**3.1**	1.6
Repayment of bank borrowings and other loans		**(2,250.6)**	(2,042.9)	**(17,554.7)**	(15,934.6)
Dividends paid to non-controlling shareholders by subsidiary companies		**(133.7)**	(108.4)	**(1,042.8)**	(845.6)
Payments for concession fees payable		**(15.1)**	(13.4)	**(117.8)**	(104.6)
Principal portion of lease payments		**(11.5)**	-	**(89.7)**	-
Payments for subscription and purchase of shares under a long-term incentive plan		**(1.1)**	(2.0)	**(8.6)**	(15.6)
Increased investments in subsidiary companies		**(0.6)**	(27.1)	**(4.7)**	(211.4)
Repurchase of shares by a subsidiary company		**(0.1)**	-	**(0.8)**	-
Proceeds from loans from non-controlling shareholders		**-**	9.9	**-**	77.2
Distributions paid to shareholders		**-**	(30.4)	**-**	(237.0)
Repayment of loans from non-controlling shareholders		**-**	(0.1)	**-**	(0.8)
Net cash flows used in financing activities		**(124.1)**	(118.6)	**(968.0)**	(925.1)
Net decrease in cash and cash equivalents		**(5.4)**	(45.6)	**(42.1)**	(355.7)
Cash and cash equivalents at 1 January		**1,613.4**	1,987.3	**12,584.5**	15,501.0
Exchange translation		**32.2**	(105.9)	**251.2**	(826.0)
Cash and cash equivalents at 30 June		**1,640.2**	1,835.8	**12,793.6**	14,319.3
Representing					
Cash and cash equivalents and short-term deposits as stated in the condensed consolidated statement of financial position		**1,664.0**	1,856.4	**12,979.2**	14,479.9
Less short-term deposits and time deposits with original maturity of more than three months		**(23.8)**	(20.6)	**(185.6)**	(160.6)
Cash and cash equivalents at 30 June		**1,640.2**	1,835.8	**12,793.6**	14,319.3

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 2018 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 2019. 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 2019, 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 2019 issued by the HKICPA.

HKAS 19 Amendments	"Plan Amendment, Curtailment or Settlement"
HKAS 28 Amendments	"Long-term Interests in Associates and Joint Ventures"
HKFRS 9 Amendments	"Prepayment Features with Negative Compensation"
HKFRS 16	"Leases"
HK(IFRIC)-Int 23	"Uncertainty over Income Tax Treatments"
Improvements to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

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 16, has had no material effect on both the loss/profit attributable to owners of the parent for the six months ended 30 June 2019 and 2018 and the equity attributable to owners of the parent at 30 June 2019 and 31 December 2018.

The following table summarizes the adjustments recognized for each individual line item affected in the condensed consolidated statement of financial position arising from the adoption of HKFRS 16 at 1 January 2019:

Condensed consolidated statement of financial position (extract)	At 31 December 2018 US$m	Impact of HKFRS 16 US$m	At 1 January 2019 (As adjusted) US$m
Non-current assets			
Property, plant and equipment	5,157.4	140.2	5,297.6
Associated companies and joint ventures	4,877.3	(7.1)	4,870.2
Deferred tax assets	195.4	0.1	195.5
Other non-current assets	749.1	(58.2)	690.9
	10,979.2	75.0	11,054.2
Current assets			
Accounts receivable, other receivables and prepayments	1,133.9	(9.5)	1,124.4
Current liabilities			
Current portion of deferred liabilities, provisions and payables	419.8	19.2	439.0
Equity			
Retained earnings	1,582.1	(8.2)	1,573.9
Non-controlling interests	5,626.8	(1.6)	5,625.2
	7,208.9	(9.8)	7,199.1
Non-current liabilities			
Deferred liabilities, provisions and payables	1,488.9	56.1	1,545.0

Condensed consolidated statement of financial position (extract)	At 31 December 2018 HK$m*	Impact of HKFRS 16 HK$m*	At 1 January 2019 (As adjusted) HK$m*
Non-current assets			
Property, plant and equipment	40,227.7	1,093.6	41,321.3
Associated companies and joint ventures	38,042.9	(55.4)	37,987.5
Deferred tax assets	1,524.1	0.8	1,524.9
Other non-current assets	5,843.0	(454.0)	5,389.0
	85,637.7	585.0	86,222.7
Current assets			
Accounts receivable, other receivables and prepayments	8,844.4	(74.1)	8,770.3
Current liabilities			
Current portion of deferred liabilities, provisions and payables	3,274.4	149.8	3,424.2
Equity			
Retained earnings	12,340.4	(64.0)	12,276.4
Non-controlling interests	43,889.0	(12.5)	43,876.5
	56,229.4	(76.5)	56,152.9
Non-current liabilities			
Deferred liabilities, provisions and payables	11,613.5	437.6	12,051.1

Further information on the changes in accounting policies and the effect of adjustments as well as additional disclosures upon the adoption of HKFRS 16 are set out in the Group's 2019 interim report.

2. Turnover and operating segmental information

For the six months ended 30 June	**2019 US$m**	2018 US$m	**2019 HK$m***	2018 HK$m*
Turnover				
Sale of goods				
- Consumer Food Products	**2,795.0**	2,686.2	**21,801.0**	20,952.4
- Infrastructure	**37.7**	28.4	**294.1**	221.5
Sale of electricity				
- Infrastructure	**610.2**	602.3	**4,759.6**	4,697.9
Rendering of services				
- Consumer Food Products	**73.6**	43.2	**574.1**	337.0
- Infrastructure	**574.7**	484.8	**4,482.6**	3,781.4
Total	**4,091.2**	3,844.9	**31,911.4**	29,990.2

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 that 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/loss 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 total liabilities are measured in a manner consistent with that of the condensed consolidated statement of financial position. 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 2019 and 2018, and total assets and total liabilities at 30 June 2019 and 31 December 2018 regarding the Group's operating segments are as follows:

By principal business activity – 2019

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$m	**2019 Total US$m**	**2019 Total HK$m***
Revenue							
Turnover							
- Point in time	2,795.0	-	37.7	-	-	**2,832.7**	**22,095.1**
- Over time	73.6	-	1,184.9	-	-	**1,258.5**	**9,816.3**
Total	2,868.6	-	1,222.6	-	-	**4,091.2**	**31,911.4**
Results							
Recurring profit/(loss)	77.0	58.3	62.9	(1.2)	(55.0)	**142.0**	**1,107.6**
Assets and liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	103.4	1,160.1	3,015.2	218.2	-	**4,496.9**	**35,075.8**
- Others	4,304.0	-	7,533.6	-	13.5	**11,851.1**	**92,438.6**
	4,407.4	1,160.1	10,548.8	218.2	13.5	**16,348.0**	**127,514.4**
Other assets	2,933.2	-	1,734.5	-	183.4	**4,851.1**	**37,838.6**
Segment assets	7,340.6	1,160.1	12,283.3	218.2	196.9	**21,199.1**	**165,353.0**
Assets classified as held for sale	358.9	-	24.4	-	-	**383.3**	**2,989.7**
Total assets	7,699.5	1,160.1	12,307.7	218.2	196.9	**21,582.4**	**168,342.7**
Borrowings	2,051.7	-	4,924.7	-	1,653.9	**8,630.3**	**67,316.4**
Other liabilities	1,471.4	-	2,293.4	-	166.5	**3,931.3**	**30,664.1**
Segment liabilities	3,523.1	-	7,218.1	-	1,820.4	**12,561.6**	**97,980.5**
Liabilities directly associated with the assets classified as held for sale	20.0	-	-	-	-	**20.0**	**156.0**
Total liabilities	3,543.1	-	7,218.1	-	1,820.4	**12,581.6**	**98,136.5**
Other information							
Depreciation and amortization	(137.7)	-	(118.5)	-	(3.0)	**(259.2)**	**(2,021.7)**
Gain on changes in fair value of biological assets	2.3	-	-	-	-	**2.3**	**17.9**
Impairment losses	(1.0)	-	(3.9)	-	(280.0)	**(284.9)**	**(2,222.2)**
Interest income	13.6	-	22.4	-	3.4	**39.4**	**307.3**
Finance costs	(69.9)	-	(124.7)	-	(41.8)	**(236.4)**	**(1,843.9)**
Share of profits less losses of associated companies and joint ventures	(10.9)	62.6	116.6	(1.5)	-	**166.8**	**1,301.0**
Taxation	(85.0)	-	(75.2)	-	(7.0)	**(167.2)**	**(1,304.1)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	190.6	-	583.9	-	0.1	**774.6**	**6,041.9**

By geographical market – 2019

For the six months ended/at 30 June	Indonesia US$m	The Philippines US$m	Australasia US$m	Singapore US$m	Others US$m	**2019 Total US$m**	**2019 Total HK$m***
Revenue							
Turnover							
- Consumer Food Products	2,485.4	161.6	21.0	18.9	181.7	**2,868.6**	**22,375.1**
- Infrastructure	11.1	847.5	-	364.0	-	**1,222.6**	**9,536.3**
Total	2,496.5	1,009.1	21.0	382.9	181.7	**4,091.2**	**31,911.4**
Assets							
Non-current assets (other than financial instruments and deferred tax assets)	3,835.3	11,334.2	-	1,115.8	62.7	**16,348.0**	**127,514.4**

By principal business activity – 2018

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$m	2018 Total US$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/(loss)	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	631.7	1,136.6	2,896.8	212.2	-	4,877.3	38,042.9
- Others	4,185.2	-	6,947.7	-	0.1	11,133.0	86,837.4
	4,816.9	1,136.6	9,844.5	212.2	0.1	16,010.3	124,880.3
Other assets	2,854.9	-	1,719.6	-	191.8	4,766.3	37,177.2
Segment assets	7,671.8	1,136.6	11,564.1	212.2	191.9	20,776.6	162,057.5
Assets classified as held for sale	101.1	-	23.8	-	-	124.9	974.2
Total assets	7,772.9	1,136.6	11,587.9	212.2	191.9	20,901.5	163,031.7
Borrowings	2,272.6	-	4,605.5	-	1,639.8	8,517.9	66,439.6
Other liabilities	1,259.5	-	2,273.3	-	120.9	3,653.7	28,498.9
Segment liabilities	3,532.1	-	6,878.8	-	1,760.7	12,171.6	94,938.5
Liabilities directly associated with the assets classified as held for sale	19.5	-	-	-	-	19.5	152.1
Total liabilities	3,551.6	-	6,878.8	-	1,760.7	12,191.1	95,090.6
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 30 June/at 31 December	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							
- Consumer Food Products	2,384.3	141.3	15.0	13.6	175.2	2,729.4	21,289.3
- Infrastructure	-	767.7	-	347.8	-	1,115.5	8,700.9
Total	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)	3,703.1	10,613.4	539.8	1,107.2	46.8	16,010.3	124,880.3

3. Profit before taxation

For the six months ended 30 June	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Profit before taxation is stated after (charging)/crediting				
Cost of inventories sold	**(1,461.2)**	(1,396.7)	**(11,397.4)**	(10,894.3)
Cost of services rendered	**(760.8)**	(684.5)	**(5,934.2)**	(5,339.1)
Employees' remuneration	**(460.8)**	(412.9)	**(3,594.2)**	(3,220.6)
Depreciation	**(197.3)**	(159.7)	**(1,538.9)**	(1,245.7)
Amortization of other intangible assets	**(60.5)**	(49.5)	**(471.9)**	(386.1)
Impairment losses				
- A joint venture[(i)]	**(280.0)**	-	**(2,184.0)**	-
- Accounts receivable[(ii)]	**(3.4)**	(1.5)	**(26.5)**	(11.7)
- Inventories[(iii)]	**(1.5)**	(0.2)	**(11.7)**	(1.6)
(Loss)/gain on disposal of property, plant and equipment, net	**(1.2)**	1.1	**(9.4)**	8.6
Foreign exchange and derivative gains/(losses), net	**13.3**	(19.4)	**103.8**	(151.3)
Reversal of provision/(provision) for onerous contracts, net	**4.7**	(3.7)	**36.7**	(28.9)
Dividend income from financial assets at fair value through other comprehensive income ("FVOCI")	**3.9**	3.3	**30.4**	25.7
Gain/(loss) on changes in fair value of biological assets	**2.3**	(0.8)	**17.9**	(6.2)
Loss on divestment of an interest in an associated company	**-**	(0.2)	**-**	(1.6)
Gain on remeasurement of a previously held interest in an associated company	**-**	4.3	**-**	33.5

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

4. Taxation

No Hong Kong profits tax (2018: Nil) has been provided as the Group had no estimated assessable profits (2018: 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	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Subsidiary companies - overseas				
Current taxation	**180.7**	142.5	**1,409.4**	1,111.5
Deferred taxation	**(13.5)**	(5.8)	**(105.3)**	(45.2)
Total	**167.2**	136.7	**1,304.1**	1,066.3

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$59.5 million (HK$464.1 million) (2018: US$58.4 million or HK$455.5 million) which is analyzed as follows:

For the six months ended 30 June	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Associated companies and joint ventures - overseas				
Current taxation	**66.4**	63.7	**517.9**	496.9
Deferred taxation	**(6.9)**	(5.3)	**(53.8)**	(41.4)
Total	**59.5**	58.4	**464.1**	455.5

5. Sale of Goodman Fielder investment

On 11 March 2019, Oceanica Developments Limited ("Oceanica"), the Company's indirect wholly-owned subsidiary company, entered into a Share Purchase Agreement ("SPA") with Wilmar International Limited ("Wilmar"). Pursuant to the SPA, Oceanica has agreed to sell, and Wilmar has agreed to purchase, Oceanica's 50% shareholding in FPW and the benefit of the shareholder's loans made by Oceanica to FPW Australia Pty Ltd. ("FPW Australia") prior to the date of the SPA. FPW is a special purpose entity established as a 50:50 joint venture by the Company and Wilmar for the purpose of holding Goodman Fielder.

The aggregate purchase price payable under the SPA for the 50% shareholding in FPW and the shareholder's loans to FPW Australia is US$300.0 million, including a contingent instalment payment in respect of the shareholder's loans, rising to US$325.0 million if an additional earn-out payment becomes payable. Completion of the sale and purchase is conditional on the fulfilment (or waiver by Wilmar) of the conditions precedent to completion, mainly various regulatory approvals. The transaction is expected to be completed on or before 31 December 2019.

As a result of the signing of the SPA, the Group classified its investment in FPW as an asset held for sale. Accordingly, an impairment loss of US$280.0 million has been recognized in the condensed consolidated income statement for the six months ended 30 June 2019 to write-down the Group's carrying cost in FPW to its fair value less costs to sell.

6. (Loss)/profit attributable to owners of the parent

The (loss)/profit attributable to owners of the parent includes net foreign exchange and derivative gains of US$6.9 million (HK$53.8 million) (2018: losses of US$5.4 million or HK$42.1 million), 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, gain on changes in fair value of biological assets of US$0.4 million (HK$3.1 million) (2018: loss of US$0.1 million or HK$0.8 million) and net non-recurring losses of US$297.6 million (HK$2,321.3 million) (2018: US$21.7 million or HK$169.3 million).

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

For the six months ended 30 June	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Foreign exchange and derivative gains/(losses), net				
- Subsidiary companies	**13.3**	(19.4)	**103.8**	(151.3)
- Associated companies and joint ventures	**(1.2)**	10.5	**(9.4)**	81.9
Subtotal	**12.1**	(8.9)	**94.4**	(69.4)
Attributable to taxation and non-controlling interests	**(5.2)**	3.5	**(40.6)**	27.3
Total	**6.9**	(5.4)	**53.8**	(42.1)

The non-recurring losses represent certain items, through occurrence or size, which are not considered as usual operating items. 1H19's non-recurring losses of US$297.6 million (HK$2,321.3 million) mainly represent the Group's impairment provisions for assets, including the Group's investment in Goodman Fielder (US$280.0 million or HK$2,184.0 million) and Philex's mining assets (US$5.2 million or HK$40.6 million).

7. (Loss)/earnings per share attributable to owners of the parent

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 4,343.3 million (2018: 4,342.0 million) in issue less the weighted average number of ordinary shares held for a share award scheme of 7.0 million (2018: 9.8 million) during the period.

The calculation of the diluted (loss)/earnings per share is based on the (loss)/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 (loss)/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 (loss)/earnings per share are based on:

For the six months ended 30 June	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
(Loss)/earnings				
(Loss)/profit attributable to owners of the parent used in the basic (loss)/earnings per share calculation	**(148.3)**	133.8	**(1,156.7)**	1,043.6
Less: Dilutive impact in respect of the share options and the restricted stock unit plan of a subsidiary company	**(0.1)**	(0.1)	**(0.8)**	(0.8)
(Loss)/profit attributable to owners of the parent used in the diluted (loss)/earnings per share calculation	**(148.4)**	133.7	**(1,157.5)**	1,042.8

For the six months ended 30 June	Number of shares 2019 Millions	2018 Millions
Shares		
Weighted average number of ordinary shares issued during the period	**4,343.3**	4,342.0
Less: Weighted average number of ordinary shares held for a share award scheme	**(7.0)**	(9.8)
Weighted average number of ordinary shares used in the basic (loss)/earnings per share calculation	**4,336.3**	4,332.2
Add: Dilutive impact of awarded shares on the weighted average number of ordinary shares	**-**	6.3
Weighted average number of ordinary shares used in the diluted (loss)/earnings per share calculation	**4,336.3**	4,338.5

8. Ordinary share interim distribution

At a meeting held on 27 August 2019, the Directors declared an interim cash distribution of HK6.50 cents (U.S. 0.83 cent) (2018: HK8.00 cents or U.S. 1.03 cents) per ordinary share, equivalent to a total amount of US$36.2 million (HK$282.4 million) (2018: US$44.2 million or HK$344.8 million).

9. Accounts receivable, other receivables and prepayments

Included in accounts receivable, other receivables and prepayments are accounts receivable of US$813.9 million (HK$6,348.4 million) (31 December 2018: US$705.9 million or HK$5,506.0 million) with an aging profile based on the invoice date as follows:

	At 30 June 2019 US$m	At 31 December 2018 US$m	**At 30 June 2019 HK$m***	At 31 December 2018 HK$m*
0 to 30 days	**700.0**	601.7	**5,460.0**	4,693.3
31 to 60 days	**35.8**	35.8	**279.2**	279.2
61 to 90 days	**17.6**	12.8	**137.3**	99.8
Over 90 days	**60.5**	55.6	**471.9**	433.7
Total	**813.9**	705.9	**6,348.4**	5,506.0

Indofood generally allows customers 30 to 60 days of credit. MPIC generally allows 15 to 30 days of credit for its power generation customers, seven 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 goods or services are delivered or 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.

10. Accounts payable, other payables and accruals

Included in accounts payable, other payables and accruals are accounts payable of US$451.5 million (HK$3,521.7 million) (31 December 2018: US$425.9 million or HK$3,322.0 million) with an aging profile based on the invoice date as follows:

	At 30 June 2019 US$m	At 31 December 2018 US$m	**At 30 June 2019 HK$m***	At 31 December 2018 HK$m*
0 to 30 days	**388.9**	374.1	**3,033.4**	2,918.0
31 to 60 days	**12.4**	13.5	**96.7**	105.3
61 to 90 days	**8.2**	8.0	**64.0**	62.4
Over 90 days	**42.0**	30.3	**327.6**	236.3
Total	**451.5**	425.9	**3,521.7**	3,322.0

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

	Exchange reserve US$m	Fair value reserve of available-for-sale assets/ financial assets at FVOCI US$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 2018	(588.6)	59.9	3.8	(1.3)	(27.3)	(114.9)	(668.4)	(5,213.5)
Impact on initial application of HKFRS 9	-	3.6	-	-	-	(23.0)	(19.4)	(151.3)
At 1 January 2018 (As adjusted)	(588.6)	63.5	3.8	(1.3)	(27.3)	(137.9)	(687.8)	(5,364.8)
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)	74.2	17.6	(3.5)	(27.5)	(149.4)	(904.2)	(7,052.7)
At 1 January 2019	(814.9)	86.4	(19.3)	2.7	(15.1)	(126.7)	**(886.9)**	**(6,917.8)**
Other comprehensive income/(loss) for the period	88.0	15.3	17.6	(2.9)	(0.6)	(4.3)	**113.1**	**882.1**
Reserves for assets classified as held for sale	39.0	-	-	-	-	1.4	**40.4**	**315.2**
Dilution of an interest in a subsidiary company	0.2	-	-	-	-	-	**0.2**	**1.5**
At 30 June 2019	**(687.7)**	**101.7**	**(1.7)**	**(0.2)**	**(15.7)**	**(129.6)**	**(733.2)**	**(5,719.0)**

12. Contingent liabilities

(a) At 30 June 2019, except for guarantees of US$44.5 million (HK$347.1 million) (31 December 2018: US$48.0 million or HK$374.4 million) 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 2018: 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 the Gamboa Case. In categorically rejecting the petitioners' claim, the Court declared and stressed that its Gamboa Case 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. On 5 August 2017, PLDT received a copy of the Entry of Judgment.

13. Employee information

For the six months ended 30 June	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Employee remuneration (including Directors' remuneration)	**460.8**	412.9	**3,594.2**	3,220.6

Number of employees	2019	2018
At 30 June	**110,612**	105,968
Average for the period	**109,884**	104,427

14. Event after the reporting period

From 1 July to 27 August 2019, Indofood purchased in aggregate 79.6 million shares of Indofood Agri Resources Ltd. ("IndoAgri") from the open market for a total consideration of S$25.8 million (US$18.9 million or HK$147.4 million). As a result of these purchases, Indofood's effective interest in IndoAgri increased to 68.5% from 62.8%. The Group will record a net credit amount of approximately US$13.0 million (HK$101.4 million) within the Group's equity as there is no change in control.

15. Comparative amounts

Certain comparative amounts in the condensed interim consolidated financial statements have been adjusted to conform with the presentation adopted in the Company's 2018 annual financial statements.

16. 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 27 August 2019.

* *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.*

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 **2019**	 2018	Contribution to Group profit[(i)] **2019**	 2018
Indofood	**2,716.9**	2,596.8	**80.3**	70.3
PLDT[(ii)]	**-**	-	**58.3**	62.7
MPIC	**858.6**	767.7	**70.0**	69.1
FPW[(iii)]	**-**	-	**0.7**	10.3
Philex[(ii)]	**-**	-	**(1.2)**	4.1
FPM Power	**364.0**	347.8	**(7.1)**	(3.4)
FP Natural Resources	**151.7**	132.6	**(4.0)**	0.7
Contribution from operations[(iv)]	**4,091.2**	3,844.9	**197.0**	213.8
Head Office items:				
– Corporate overhead			**(11.2)**	(12.1)
– Net interest expense			**(40.0)**	(38.0)
– Other expenses			**(3.8)**	(2.7)
Recurring profit[(v)]			**142.0**	161.0
Foreign exchange and derivative gains/(losses), net[(vi)]			**6.9**	(5.4)
Gain/(loss) on changes in fair value of biological assets			**0.4**	(0.1)
Non-recurring items[(vii)]			**(297.6)**	(21.7)
(Loss)/profit attributable to owners of the parent			**(148.3)**	133.8

(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 (loss)/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.
(vi) Foreign exchange and derivative gains/(losses), net represent the net gains/(losses) 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. 1H19's non-recurring losses of US$297.6 million mainly represent the Group's impairment provisions for assets, including the Group's investment in Goodman Fielder (US$280.0 million) and Philex's mining assets (US$5.2 million). 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).

Turnover up 6% to US$4.1 billion from US$3.8 billion

- reflecting higher revenues at Indofood, MPIC, FPM Power and FP Natural Resources
- Indofood's net sales rose 7% to 38.6 trillion rupiah (US$2.7 billion), driven by strong performance of the CBP and Bogasari groups, partly offset by lower sales of the Distribution and Agribusiness groups
- MPIC's revenue rose 11% to 44.6 billion pesos (US$858.6 million) as a result of strong growth at most of its businesses

Recurring profit down 12% to US$142.0 million from US$161.0 million

- reflecting lower profit contributions from FPW and PLDT, losses at Philex and FP Natural Resources instead of profit contributions in the first half of 2018
- higher loss at FPM Power
- higher Head Office net interest expenses and other expenses
- partly offset by higher profit contributions from Indofood and MPIC, and lower Head Office corporate overhead

Non-recurring losses to US$297.6 million from US$21.7 million

- the losses largely reflecting the Group's impairment provision for investment in Goodman Fielder and Philex's Padcal mine assets, of which US$280.0 million was related to Goodman Fielder

Reported loss of US$148.3 million versus reported profit of US$133.8 million

- reflecting higher non-recurring losses

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 2019**	At 31 December 2018	Six months change	At 30 June 2018	One year change
Rupiah	**14,141**	14,481	+2.4%	14,404	+1.9%
Peso	**51.24**	52.58	+2.6%	53.34	+4.1%
A$	**1.424**	1.419	-0.4%	1.350	-5.2%
S$	**1.353**	1.363	+0.7%	1.362	+0.7%

Average exchange rates against U.S. dollar	**Six months ended 30 June 2019**	12 months ended 31 December 2018	Six months change	Six months ended 30 June 2018	One year change
Rupiah	**14,211**	14,290	+0.6%	13,863	-2.4%
Peso	**51.97**	52.69	+1.4%	52.19	+0.4%
A$	**1.413**	1.346	-4.7%	1.305	-7.6%
S$	**1.357**	1.350	-0.5%	1.329	-2.1%

During the period, the Group recorded net foreign exchange and derivative gains of US$6.9 million (1H18: losses of US$5.4 million), which can be further analyzed as follows:

For the six months ended 30 June US$ millions	**2019**	2018
Head Office	**1.8**	(7.4)
Indofood	**4.2**	(2.4)
PLDT	**0.6**	0.6
MPIC	**(1.3)**	4.7
FPW	**0.6**	1.1
Philex	**0.4**	(0.7)
FPM Power	**0.6**	(1.3)
Total	**6.9**	(5.4)

Asset Disposal

On 11 March 2019, First Pacific entered into a SPA with Wilmar to sell First Pacific's 50% shareholding in FPW (including shareholder loans to FPW Australia) to Wilmar, owner of the other half of FPW. FPW owns 100% of Goodman Fielder.

The sale is expected to be completed on or before 31 December 2019 subject to the fulfilment of the conditions precedent, including certain regulatory approvals. Upon completion of the transaction, First Pacific will receive sale proceeds of US$275 million, a contingent receivable of US$25 million payable in 2021 if a 2020 earnings target of Goodman Fielder is met, and an additional US$25 million earn-out payment if a higher 2020 earnings threshold is reached.

Proceeds from the sale of FPW stake will be earmarked for debt reduction, beginning with a US$251.9 million 6.375% bond maturing in September 2020.

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 HK6.5 cents (U.S. 0.83 cent) (1H18: HK8.0 cents (U.S. 1.03 cents)) per share, representing a payout ratio of approximately 25.5% (1H18: 27.5%) of recurring profit, marking the 10th consecutive year that First Pacific has distributed at least 25% of recurring profit to its shareholders. The full-year distribution per share for 2019 is expected to remain at HK13.5 cents (U.S. 1.74 cents).

Debt Profile

At 30 June 2019, Head Office gross debt stood at approximately US$1.65 billion with an average maturity of approximately 3.7 years. Net debt rose to approximately US$1.57 billion mainly reflecting the additional borrowings for debt refinancing. Approximately 53% of the Head Office borrowings were at fixed rates while floating rate bank loans comprised the remainder, and the blended interest rate was approximately 4.5% per annum. Unsecured debts accounted for approximately 85% of Head Office borrowings.

On 28 June 2019, First Pacific redeemed US$214.9 million principal amount of bonds on maturity.

As at 27 August 2019, the principal amounts of the following bonds remain outstanding:

- 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 2019, Head Office recurring operating cash inflow before interest expense and tax was US$59.2 million. Net cash interest expense rose 11% to US$37.5 million period-on-period, reflecting a higher average debt balance arising from debt refinancing. For the 12 months ended 30 June 2019, the cash interest cover was approximately 2.1 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.

Outlook
Progress is expected on one or more fronts in the push to slim First Pacific's investment portfolio. The sale of First Pacific's stake in Goodman Fielder is expected to close before year-end, and there are grounds to expect progress with other non-core holdings, such as PLP or Philex's Silangan Project. In the meantime, the core investments continue to see strong growth: Indofood is expected to continue its recent sales growth, led by its CBP group; PLDT forecasts double-digit growth in its telco core income; and MPIC sees continuing volume growth in its biggest sources of contribution – Meralco, MPTC and Maynilad. At Head Office capital management remains focused on reducing borrowings while planning to incorporate a meaningful share repurchase program as cash flow allows, while the Company delivers its 10th successive year of distributing a minimum of 25% of recurring profit to shareholders.

INDOFOOD

Indofood's contribution to the Group increased 14% to US$80.3 million (1H18: US$70.3 million) principally reflecting higher core profit, partly offset by a 2% depreciation of the average rupiah exchange rate against the U.S. dollar.

Core profit up 22% to 2.4 trillion rupiah (US$170.4 million) from 2.0 trillion rupiah (US$143.3 million)

- reflecting strong performance and higher margins of the Consumer Branded Products ("CBP") and Bogasari groups
- partly offset by weaker performance of the Agribusiness group owing to lower crude palm oil ("CPO") and palm kernel ("PK") prices

Net income up 30% to 2.5 trillion rupiah (US$179.1 million) from 2.0 trillion rupiah (US$141.1 million)

- reflecting higher core profit
- including a foreign exchange gain resulting from a 2% appreciation of the closing rupiah exchange rate against the U.S. dollar in contrast with a foreign exchange loss for the first half of 2018

Consolidated net sales up 7% to 38.6 trillion rupiah (US$2.7 billion) from 36.0 trillion rupiah (US$2.6 billion)

- driven by higher sales of the CBP and Bogasari groups
- partly offset by lower sales of the Distribution and Agribusiness groups

Gross profit margin to 29.4% from 28.2%

- reflecting higher average selling prices at the CBP and Bogasari groups
- partly offset by lower average selling prices of palm products at the Agribusiness group

Consolidated operating expenses up 17% to 6.6 trillion rupiah (US$462.3 million) from 5.6 trillion rupiah (US$406.0 million)

- reflecting lower net other operating income in relation to operating foreign exchange losses versus gain on foreign exchange differences period-on-period
- higher selling and general and administration expenses

EBIT margin to 12.4% from 12.6%

Net gearing at 0.32 times from 0.42 times at the end of 2018

Debt Profile

As at 30 June 2019, Indofood recorded gross debt of 26.0 trillion rupiah (US$1.8 billion), down 13% from 29.7 trillion rupiah (US$2.1 billion) as at 31 December 2018. Of this total, 69% matures within one year and the remainder matures between July 2020 and August 2028, while 80% was denominated in rupiah and the remaining 20% was denominated in foreign currencies.

Additional Investments

In January 2019, PT Salim Ivomas Pratama Tbk ("SIMP") made a capital contribution of 29.3 billion rupiah (US$2.1 million) to PT Indoagri Daitocacao ("Indoagri Daitocacao"). SIMP's shareholding in Indoagri Daitocacao remained at 51% following the contribution.

On 26 March 2019, PT Indofood CBP Sukses Makmur Tbk ("ICBP") acquired an additional 35% interest in PT Indofood Comsa Sukses Makmur ("ICSM") for a total consideration of 8.6 billion rupiah (US$0.6 million). As a result, ICBP's interest in ICSM was increased to 86%.

In April 2019, ICBP made capital contributions of 30 billion rupiah (US$2.1 million) and 15 billion rupiah (US$1.1 million) to PT Indo Oji Sukses Pratama ("IOSP") and PT Oji Indo Makmur Perkasa ("OIMP"), respectively. ICBP's shareholdings in IOSP and OIMP remained at 50% following the contributions.

From 1 July 2019 to 27 August 2019, Indofood acquired a total of 79,630,000 shares of IndoAgri from the open market for a total consideration of S$25.8 million (US$18.9 million), which increased Indofood's effective interest in IndoAgri to 68.5% from 62.8%.

CBP

The CBP group produces and markets a wide range of consumer branded products, offering everyday solutions to consumers of all ages across different market segments. 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 markets around the world.

Indofood's Noodles division is one of the world's largest producers of instant noodles and is the market leader in Indonesia. Its annual production capacity is around 18 billion packs, across a broad range of instant noodle varieties.

The Dairy division has an annual production capacity of more than 650,000 tonnes and is one of the largest dairy manufacturers in Indonesia. It produces and markets UHT milk, sterilized bottled milk, sweetened condensed creamer, pasteurized liquid milk, multi-cereal milk, milk flavored 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 around 60,000 tonnes, producing western and traditional snacks, and a wide range of biscuits.

The Food Seasonings division has an annual production capacity of around 150,000 tonnes, manufacturing a wide range of culinary products, including soy sauces, chili sauces, tomato sauces, and recipe mixes, 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. This division has an annual production capacity of around 25,000 tonnes, producing cereals, noodle soup, biscuits, puddings and rice puffs for infants and toddlers, cereal snacks for children, and cereal powdered drinks for the whole family, as well as milk products for expectant and lactating mothers.

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

In the first half of 2019, sales by the CBP group rose 12% to 21.9 trillion rupiah (US$1.5 billion), with sales growing at business divisions. The EBIT margin improved to 16.8% from 14.7% primarily due to improved gross profit margin.

Alongside a growing economy, demand for fast moving consumer goods is expected to increase. However, the business landscape will remain competitive. CBP is focusing on its strategy of strengthening its market position in most product categories, building up brands that relevant to consumers, and increasing its competitiveness.

Bogasari

Bogasari is the largest integrated flour miller in Indonesia. It operates four flour mills in the country with total combined annual production capacity of approximately 4.0 million tonnes. Bogasari produces a wide range of wheat flour products and pasta for domestic and international markets.

Its sales rose 16% to 11.6 trillion rupiah (US$816.3 million), reflecting higher average selling prices. As a result, the EBIT margin improved to 7.3% from 5.5%.

Continued growth is projected for Indonesia's flour industry, as improved macroeconomic conditions and higher affluence among the country's expanding middle class drive increasing demand for flour-based foods, despite signs of softer growth this year.

Agribusiness

The diversified and vertically integrated Agribusiness group is one of Indonesia's largest producers of palm oil 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, SIMP and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk ("Lonsum") in Indonesia. In Brazil, IndoAgri has equity investments in sugar and ethanol operations in Companhia Mineira de Açúcar e Álcool Participações ("CMAA") and Canápolis Holding S.A. and its subsidiaries ("Canápolis Group"). It has also invested in RHI in the Philippines.

Sales declined 2% to 6.4 trillion rupiah (US$452.0 million), mainly reflecting the negative impact on the plantation division from low CPO and PK products prices despite higher sales volume of CPO and PK products, and higher sales of edible oil products.

Sales volume of CPO rose 10% to 390,000 tonnes, PK products volume increased 14% to 90,000 tonnes, sugar sales volume declined 6% to 19,000 tonnes, rubber sales volume decreased by 16% to 3,600 tonnes and oil palm seeds volume was down 50% to 2.7 million seeds.

The EBIT margin fell to minus 0.6% from 6.6% due to weaker commodity prices.

Plantations

In Indonesia, the total planted area declined slightly to 300,481 hectares from end-2018, of which oil palm accounted for 83% while rubber, sugar cane, timber, cocoa and tea accounted for the remaining 17%. IndoAgri's oil palms have an average age of approximately 16 years, while around 16% of its oil palms are younger than seven years. This division has a total annual processing capacity of 6.8 million tonnes of fresh fruit bunches ("FFB").

In the first half of 2019, FFB nucleus production rose 1% to 1,466,000 tonnes with yields improving to 6.9 tonnes per hectare, reflecting mainly contribution from newly matured areas and improved field operations, partly offset by replanting in Riau. CPO production declined 2% to 376,000 tonnes on lower purchases from external parties with CPO yield flat at 1.5 tonnes per hectare.

In Indonesia, the total planted area of rubber rose slightly to 16,888 hectares from end-2018, while sugar cane declined to 13,287 hectares from end-2018. Sugar production fell 1% to 16,000 tonnes.

In Brazil, the acquisition of Vale do Pontal Açúcar e Álcool Ltda. ("UVP") in July 2018 expanded CMAA's sugar and ethanol portfolio, as the sugar cane planted area increased to 89,734 hectares, and the sugar cane harvest rose 42% to 2.6 million tonnes from the same period of 2018. The combined annual cane crushing capacity of CMAA and the newly acquired Canapolis Group increased from 4.0 million tonnes to 8.3 million tonnes. IndoAgri's share of CMAA and another joint-venture's loss was 38 billion rupiah (US$2.7 million), compared to a share of profit in the first half of 2018, due to falling sugar and ethanol prices and foreign exchange losses arising from weakness in the Brazilian real.

In the first half of 2019, the Plantation division recorded a 10% decline in sales to 3.5 trillion rupiah (US$242.9 million) due to lower prices for CPO and PK products.

EOF

This division manufactures cooking oils, margarines and shortenings. It has an annual CPO refinery capacity of 1.7 million tonnes of CPO. Approximately 70% of this division's input need is sourced from the Plantations division's CPO production, similar to 71% in the first half of 2018.

In the first half of 2019, the EOF division recorded a 2% increase in sales to 5.3 trillion rupiah (US$369.9 million) due to higher volumes despite lower average selling prices arising from lower CPO prices.

With uncertainty in relation to US-China trade tensions and commodity price volatility, the agribusiness is directing capital expenditures in growth areas, continuing its cost management initiatives and raising productivity. The expansion of milling facilities in Kalimantan with a 45 tonnes per hour of FFB new mill is on schedule for completion in the fourth quarter of 2019. Replanting of around 4,000 hectares of older palms in Riau and North Sumatra in 2019 is underway.

IndoAgri continues its competitive pricing strategy for its most popular brand Bimoli and is expanding the Delima brand for the more affordable segment. It also adding a direct distribution network through e-commerce platforms.

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, covering all densely populated areas. It is well connected to both traditional and modern grocery outlets to ensure the ready availability of Indofood products to consumers across the country.

The Distribution group's sales declined 30% to 2.1 trillion rupiah (US$146.3 million) mainly due to the impact of PT Nugraha Indah Citarasa Indonesia being consolidated by ICBP. The EBIT margin rose to 4.9% from 3.5%.

The Distribution group continues to strengthen its network, leveraging on over 600,000 registered retail outlets across Indonesia to further increase Indofood's product penetration and high product availability in retail outlets, especially in rural and newly developed areas.

Outlook

Continuing weakness in soft commodities will hold back earnings growth at the Agribusiness while product portfolio optimization and distribution penetration improvement will drive continuing sales growth at the CBP and Bogasari businesses.

PLDT

PLDT's contribution to the Group declined 7% to US$58.3 million (1H18: US$62.7 million) reflecting lower consolidated core net income.

Consolidated core net income down 6% to 12.3 billion pesos (US$237.1 million) from 13.1 billion pesos (US$251.7 million)	▪ reflecting lower realized gain from sale of shares in Rocket Internet SE ("Rocket Internet") ▪ higher depreciation in connection with PLDT's capital expenditure program ▪ higher financing costs ▪ higher provision for income tax ▪ partly offset by higher service revenues and lower cash operating expenses ▪ with the adoption of Philippine Financial Reporting Standard ("PFRS") 16, decreased rent expense was offset by higher depreciation and financing costs
Telco core net income stable at 13.2 billion pesos (US$254.1 million)	▪ reflecting higher EBITDA ▪ excluding the impact of 0.6 billion pesos (US$11.5 million) equity losses from Voyager and 0.4 billion pesos (US$7.7 million) of accelerated depreciation
Consolidated service revenues up 5% to 80.4 billion pesos (US$1.5 billion) from 76.4 billion pesos (US$1.5 billion)	▪ reflecting growth in the Consumer and Enterprise business segments, partly offset by lower revenues from the International and Carrier businesses ▪ Individual, Enterprise and Home service revenues, with each growing 20%, 6% and 2%, and accounting for 45%, 25% and 24% of consolidated service revenues, respectively ▪ net of interconnection costs, 76.7 billion pesos (US$1.5 billion) - the highest half-year revenue since the second half of 2014 ▪ data and broadband remain growth drivers, with combined revenues up 19% and representing 65% (1H18: 54%) of consolidated service revenues
EBITDA up 20% to 39.7 billion pesos (US$763.2 million) from 33.2 billion pesos (US$636.1 million)	▪ reflecting higher service revenues ▪ lower cash operating expenses ▪ partly offset by higher subsidies and provisions, cost of services and manpower rightsizing program expenses of 0.3 billion pesos (US$5.8 million)
EBITDA margin to 49% from 43%	▪ mainly due to higher EBITDA ▪ wireless and fixed line EBITDA margin at 60% and 38% from both at 41%, respectively

Capital Expenditures

From 2011 up to the end of June 2019, PLDT invested 348 billion pesos (US$6.7 billion) in capital expenditures on PLDT and Smart Communications, Inc.'s ("Smart") networks. These extensive network upgrades have begun to bear fruit as evidenced in independent analyses and comparison of the Philippine market's competing telecommunications service providers. In July 2019, Ookla named PLDT and Smart as the Philippines' fastest fixed and mobile data internet services providers in the first half of the year, while the Open Signal study covering March to May 2019 showed that the PLDT's mobile network bested the competitor in terms of download speeds and latency, while virtually tied in terms of availability.

In the first half of 2019, capital expenditures amounted to 32.7 billion pesos (US$629.2 million) of which 24.9 billion pesos (US$479.1 million) was technology-related, including network capacity expansion and equipment upgrades. At 30 June 2019, total homes passed by PLDT's fixed-line fiberoptic network rose 10% to 6.9 million, port capacity increased 23% to over 3.2 million, and the fiber footprint expanded by 16% to 283,100 cable kilometers. On the wireless network, the number of Smart LTE base stations rose by approximately 3,000 to 19,200 while the number of 3G base stations increased by approximately 900 to 12,400.

The capital expenditures guidance for 2019 remains at 78.4 billion pesos for further expanding LTE/3G coverage and fiber footprint, building a more cost-effective network with enhanced capacity to support continuing dramatic growth in data traffic and new connections. Included in 2019 capital expenditures is a substantial allocation for "Customer Capex" for the purchase of last-mile coverage and customer-premises equipment to provide faster data, lower latency and an overall better experience for customers. In view of a slowdown in home broadband installations, approximately 1.5 to 2.0 billion pesos of Customer capital expenditures may be carried over into 2020.

With the advent of 5G technology, PLDT is making its network 5G ready, even as 5G standards have yet to be finalized ahead of the availability of 5G network equipment and devices.

Debt Profile

As at 30 June 2019, PLDT's consolidated net debt was US$2.8 billion (1H18: US$2.4 billion), and the total gross debt stood at US$3.4 billion (1H18: US$3.5 billion), of which 11% (1H18: 16%) 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. 69% of the total debt is due to mature after 2021. After interest rate swaps, 89% of the total debt is fixed-rate borrowings. The average pre-tax interest cost rose to 4.8% from 4.4% for the first half of 2018.

As at the end of June 2019, PLDT's credit ratings remained at investment grade at the three leading credit rating agencies, Fitch, Moody's and S&P.

Capital Management

Interim Dividend

PLDT's dividend policy is to pay 60% of its telco core net income as regular dividends. On 8 August 2019, the PLDT Board of Directors approved an interim dividend of 36 pesos (US$0.70) per share payable on 10 September 2019 to shareholders on record as of 27 August 2019.

Asset divestment

In the first half of 2019, PLDT Online Investments Pte. Ltd. ("PLDT Online") sold 0.5 million of its shares in Rocket Internet for a total consideration of 681 million pesos (US$13.1 million) and a total gain of 0.1 billion pesos (US$1.9 million). This reduced PLDT Online's equity interest in Rocket Internet to 1.4% from 1.7%.

Service Revenues by Business Segment

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

Individual service revenues accounted for 45% (1H18: 40%) of consolidated service revenues (net of interconnection) and rose 20% to 34.4 billion pesos (US$661.9 million) of which 66% was data revenues. Mobile data traffic volume more than doubled to 670 Petabytes ("PB") from the first half of 2018, mainly driven by the growth in video viewing and online games as more subscribers adopted the data habit, enabled by Smart's high-quality mobile network.

The PLDT group's combined wireless subscriber base reached 67.5 million as at the end of June 2019, up 12% from the end of 2018. About 70% of this segment's subscribers are smartphone owners of which more than half are using LTE phones.

The continuing improvement in customer experience and a steady flow of new and innovative data offerings are expected to drive data consumption to further heights.

Enterprise service revenues rose 6% to 19.4 billion pesos (US$373.3 million), representing 25% (1H18: 25%) of consolidated service revenues (net of interconnection). The increase was fueled by 23% growth in demand for corporate data and data center services, including cloud, cyber security and managed IT services. Data and broadband accounted for 65% of Enterprise service revenues.

The expansion of business solution and managed services offers by the Enterprise group combined with the continuing buildout of PLDT's fiber network will allow the Enterprise segment to continue its growth momentum for the rest of the year.

Home service revenues rose 2% to 18.3 billion pesos (US$352.1 million), reflecting the impact of a major restructuring of systems and processes for service installations and repairs. This segment's service revenues represent 24% (1H18: 25%) of consolidated service revenues (net of interconnection). Data and broadband accounted for 76% of Home service revenues. Total broadband subscribers grew 1% from the end of 2018 to 2.0 million.

During the period, PLDT revamped the Home segment's installation and repair systems. It deployed well-trained technical teams focused on increasing capability to connect more broadband homes. As a result, the number of installations for July 2019 reached an historic high. The anchor offering of the Home segment continues to be fiber broadband, with fixed wireless services deployed to "own-the-home" until fiber is available, and to address a lower market segment.

Outlook

Guidance for telco core income was raised from 26.0 billion to 26.4 billion pesos, 10% higher than last year. The higher profitability is anticipated as a result of several years of consistent and significant investment in the network, which is now clearly ahead of the competition, resulting in unparalleled customer experience in PLDT's three major business segments – Individual, Enterprise and Home. Growth in data consumption will be the key driver for all businesses, more than offsetting the increasingly less relevant declines in SMS and mobile voice revenues, as well as international revenues, as PLDT and Smart build on their data and broadband offerings to win revenue market share.

MPIC

MPIC's infrastructure portfolio as at 27 August 2019 comprises the following assets:

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") which in turn owns:
  - 100.0% of Meralco PowerGen Corporation ("Meralco PowerGen") with investments in:
    - 100.0% of Atimonan One Energy, Inc. ("A1E")
    - 51.0% of San Buenaventura Power Ltd. Co. ("SBPL")
    - 50.0% of St. Raphael Power Generation Corporation ("St. Raphael")
    - 49.0% of Mariveles Power Generation Corporation ("Mariveles Power")
    - 47.0% of Redondo Peninsula Energy, Inc. ("RP Energy")
    - 28.0% of PacificLight Power Pte. Ltd. ("PLP")
    - 14.0% of Global Business Power Corporation ("GBPC")
  - 65.0% of Clark Electric Distribution Corporation ("Clark EDC")
- 62.4% of 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 ("Cebu EDC")
  - 50.0% of Alsons Thermal Energy Corporation ("ATEC")

Toll roads

- 99.9% of Metro Pacific Tollways Corporation ("MPTC") which in turn owns:
  - 100.0% of Cavitex Infrastructure Corporation ("CIC")
  - 100.0% of MPCALA Holdings, Inc. ("MPCALA")
  - 100.0% of Cebu Cordova Link Expressway Corporation ("CCLEC")
  - 75.1% of NLEX Corporation
  - 66.0% of Easytrip Services Corporation ("ESC")
  - 75.9% 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 distribution, production 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")
  - 61.0% of De Los Santos Medical Center, Inc. ("DLSMC")
  - 51.0% of Central Luzon Doctors' Hospital, Inc. ("CLDH")
  - 51.0% of Sacred Heart Hospital of Malolos, Inc. ("SHHM")
  - 50.0% of Metro Sanitas Corporation, the owner of 77.6% of The Megaclinic, Inc. ("Megaclinic"), 80.0% of TopHealth Medical Clinics Inc. ("TopHealth") and 100.0% of Keralty Manila, Inc. ("Keralty")
  - 49.9% of Davao Doctors Hospital, Inc. ("DDH")
  - 33.7% 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 99.1% of MetroPac Movers, Inc. ("MMI"), which in turns owns:
  - 100.0% of PremierLogistics, Inc. ("PLI")

MPIC's contribution to the Group increased 1% to US$70.0 million (1H18: US$69.1 million), reflecting higher contributions from the power, water and toll road businesses, partly offset by higher net interest expense at MPIC head office level.

Consolidated core net income up 1% to 8.7 billion pesos (US$166.8 million) from 8.6 billion pesos (US$164.8 million)	▪ reflecting higher energy sales at the power distribution business, strong volume growth and tariff increases in the water and toll roads businesses in the Philippines, and earnings growth in the hospitals business ▪ partly offset by higher net interest expense at MPIC head office level due to a higher average debt level ▪ power, toll roads, water, and hospitals and others accounted for 54%, 22%, 21% and 3%, respectively, of MPIC's consolidated profit contribution from operations ▪ a 4% increase in contribution from the power business to 6.1 billion pesos (US$116.6 million) resulting from higher energy sales and net interest income at Meralco, partly offset by lower energy sales and higher depreciation and interest costs at GBPC ▪ a 6% rise in contribution from the toll roads business to 2.4 billion pesos (US$46.7million) reflecting strong traffic growth at all toll roads in the Philippines and higher toll rates charged by the North Luzon Expressway ("NLEX") and Subic Clark Tarlac Expressway ("SCTEX") effective from March and June 2019, respectively, partly offset by lower traffic volumes on regional toll roads and higher interest costs in relation to new investments and capital expenditures ▪ a 9% increase in contribution from the water business to 2.3 billion pesos (US$44.3 million) reflecting higher billed volumes and tariff increases in relation to inflation and rate rebasing at Maynilad ▪ an 18% increase in contribution from the hospitals business to 400 million pesos (US$7.7 million) reflecting higher patient revenues across all hospitals, new services offered, and price adjustments in some hospitals ▪ an 18% decline in contribution from the rail business to 169 million pesos (US$3.3 million) reflecting higher repairs and maintenance costs and lower average daily ridership in relation to change in some schools' schedules
Consolidated reported net income down 9% to 8.1 billion pesos (US$156.0 million) from 8.9 billion pesos (US$171.3 million)	▪ reflecting a net foreign exchange loss in the first half of 2019 versus a gain in the first half of 2018
Revenues up 11% to 44.6 billion pesos (US$858.6 million) from 40.1 billion pesos (US$767.7 million)	▪ reflecting revenue growth at the water, toll roads, hospitals, and logistics businesses ▪ partly offset by lower revenue at the power generation business

Debt Profile

As at 30 June 2019, MPIC's consolidated debt rose 5% to 226.8 pesos billion (US$4.4 billion) from 215.1 billion pesos (US$4.1 billion) as at 31 December 2018, of which 93% was denominated in pesos. Fixed-rate borrowings accounted for 95% of the total and the average interest cost was approximately 6.6%.

Capital Management

Interim Dividend

MPIC's Board of Directors declared an interim dividend of 0.0345 peso (U.S. 0.07 cent) per share payable on 30 August 2019 to shareholders on record as at 19 August 2019, unchanged from the interim dividend paid in 2018. This interim dividend payout ratio of 13% of core net income is unchanged from the year-earlier period.

Additional Investments

On 26 February 2019, MPTC acquired a 100% interest in Southbend Express Services Inc. ("SESI") for a consideration of 93 million pesos (US$1.8 million). SESI is engaged in providing manpower services to public and private offices, industrial, commercial and other establishments.

Power

At Meralco, revenues increased 10% to 165.0 billion pesos (US$3.2 billion) reflecting increased pass-through generation charges, and higher energy sales volume due to organic growth and new network connections. Distribution revenues and generation and other pass-through charges rose 6% and 11%, respectively. The number of billed customers rose 4% to over 6.7 million. The volume of electricity sold rose 5% to 22,823 gigawatt hours, driven by an increase of approximately 6% in residential power demand, 5% in commercial, and 4% in industrial power demand. Capital expenditure rose 62% to 10.7 billion pesos (US$206.0 million) primarily for securing system reliability and capacity expansion to accommodate further demand growth and new customer connections.

At GBPC, revenues fell 6% to 12.5 billion pesos (US$240.9 million) reflecting the end of various short-term power supply agreements. Capital expenditure rose 38% to 557 million pesos (US$10.7 million) with PEDC's acquisition of land for the construction of an additional ash pond.

As at 30 June 2019, GBPC and Meralco PowerGen had combined power generating capacity of 1,759 megawatts. Meralco PowerGen and GBPC are currently developing power projects in the Philippines with total planned capacity of approximately 3,693 megawatts through SBPL, A1E, RP Energy, St. Raphael, Mariveles Power, and Phase 2 of ATEC.

SBPL, a new 455-megawatt coal-fired power plant, and Phase 2 of the ATEC expansion project are set to finish construction or come online later this year.

The Quezon City waste to energy project has been granted original proponent status and no comparable proposals were submitted during the Swiss Challenge process. A Notice of Award is expected to be received in the second half of 2019. The project cost for Phase 1 is approximately 15.3 billion pesos (US$298.6 million). This waste treatment facility is expected to generate approximately 36 megawatts (net) of energy from 3,000 metric tons of waste per day.

The construction of the biogas facility for Dole Philippines, Inc. ("DPI") with project cost of approximately 1.0 billion pesos (US$19.5 million) is expected to be completed in the second quarter of 2020 and have a capacity of 5.7 megawatts of clean energy for DPI and reduce carbon dioxide ("CO_2") emissions from the site by 100,000 tonnes per year.

Toll Roads

MPTC operates NLEX, the Manila-Cavitex Toll Expressway ("CAVITEX"), and the 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 2019, revenues rose 21% to 8.9 billion pesos (US$171.7 million), driven by the consolidation of PT Nusantara from July 2018, strong traffic growth on all toll roads in the Philippines, and higher toll rates charged for the NLEX and SCTEX effective from March and June 2019, respectively.

Average daily vehicle entries on MPTC's Philippine toll roads rose 8% to 518,678 while entries declined 8% to 404,891 on the regional toll roads due to construction work.

Capital expenditure increased 256% to 10.9 billion pesos (US$208.9 million) mainly reflecting construction of new roads and expansion of existing roads for NLEX, CAVITEX, NLEX Citi Link, NLEX-SLEX Connector Road, Cebu Cordova Link Expressway, and Cavite-Laguna Expressway during the period. C5 South Link expansion began operations, and NLEX Harbour Link will follow later in 2019.

MPTC plans to spend approximately 108.7 billion pesos (US$2.1 billion) on road projects with expected completion between 2019 and 2024. For the 50.4-kiliometers Cavite-Tagaytay-Batangas Expressway ("CTBEx") project, MPTC expects the result of a Swiss Challenge by the end of 2019 and estimates construction cost at 25.0 billion pesos (US$487.9 million).

During the period, NLEX received Toll Regulatory Board ("TRB") approval for toll rates increase due in 2013 and 2015, and a toll rate adjustment in relation to the newly-operated NLEX Harbor Link Segment 10 with effect from March 2019. SCTEX also received approval for a toll rate adjustment due in 2012 with effect from June 2019. However, tariff adjustments for NLEX due in 2017 and 2019, for SCTEX due in 2013, 2014, 2016 and 2017 and for CAVITEX due in 2012, 2014, 2015 and 2018 are still pending TRB approval.

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 2019, Maynilad's average non-revenue water measured at the District Metered Area improved further to 26.7% from 31.1%. Revenues rose 11% to 12.2 billion pesos (US$234.2 million), reflecting a 3% increase in billed water volumes to 268 million cubic meters, as well as an inflationary tariff increase of 5.7% in January 2019 and a 2.7% rebasing adjustment in October 2018.

Maynilad's capital expenditure declined 14% to 5.4 billion pesos (US$104.0 million) in the period, of which most was used for upgrading and building reservoirs and pumping stations, the laying of primary pipelines, and construction of wastewater treatment facilities to improve public health. Maynilad has laid a total of 7,697 kilometers of pipes, extending its sewerage coverage to reach 20% of the population in its concession area. It is building a total of three new sewage treatment facilities in Valenzuela, Cupang and Tunasan to serve approximately 645,000 customers and upgrading one sewage treatment plant for approximately another 2 million customers.

MPW is MPIC's investment vehicle for expanding water investments outside the Maynilad concession area. MPW has investments in water projects at Iloilo in the Philippines and in Vietnam. Its combined installed capacity reached 555 million liter per day ("MLD") while billed volume is 269 MLD. MPW is expected to begin delivering meaningful profit contribution to MPIC once its water projects in Cebu and Iloilo in the Philippines and in Vietnam are completed.

Following approval by the Metropolitan Waterworks and Sewerage System ("MWSS"), a regulator, of Maynilad's rate rebasing for the period from 2018 to 2022 on a staggered basis, the MWSS also approved a 5.7% inflation-linked rate increase in January 2019. However, a related corporate income tax recovery issue remains pending.

Hospitals
MPIC has the largest network of private hospitals in the Philippines with 3,218 beds as at 30 June 2019. The Hospitals business comprises 14 full-service hospitals across the Philippines, four primary care clinics, and three cancer centers, as well as indirect ownership of two healthcare colleges.

Aggregate revenues rose 14% to 13.8 billion pesos (US$266.3 million) in the first half of 2019, reflecting higher patient revenues across all hospitals, new services and price adjustments in some hospitals. The number of inpatients rose 6% to 96,697 and outpatients rose 10% to 1.8 million.

MPHHI continues programs to enhance and expand healthcare services across all hospitals in its network while improving patient access to quality medical care by establishing new service centers. To fund these long-term revenue growth programs, MPHHI is studying options for raising capital such as a public offering or a private placement of shares. MPIC plans to use resulting proceeds to strengthen its balance sheet and to fund new projects for future growth.

Rail
LRMC's revenues declined 1% to 1.6 billion pesos (US$30.4 million) reflecting slightly lower average daily ridership of 446,571 in relation to schedule changes in some schools. The total number of available light rail vehicles increased to 114 from 112 period-on-period.

The majority of LRMC's 750 million pesos (US$14.4 million) Station Improvement Project for 20 stations is substantially completed with remaining works expected to be finished by mid-2020. LRMC has started expansion work on LRT1's second-busiest station EDSA and construction of the LRT1 Cavite Extension. However, long-overdue tariff increases remain a financial obstacle to development of the LRT1 Cavite Extension.

Logistics
MMI contributed a loss of 196 million pesos (US$3.8 million) due to lower utilization of warehouses and trucks and higher depreciation and financing charges.

It is focusing on improving and expanding its service platform and overall quality in order to catch the growth in the e-commerce industry in the Philippines.

Outlook
MPIC expects to see continuing volume growth in its electricity distribution and generation, toll road and water businesses as well as continuing growth in patient revenues in its Hospitals business in the Philippines. Incremental progress is expected in its various tariff disputes with regulators, while a potential capital raising at its Hospitals investment may release funds for paying down debt and allowing more of the expected revenue growth to flow through to its bottom line as well as finance new projects for continuing earnings growth.

PHILEX

Philex's natural resources portfolio as at 27 August 2019 comprises:

Philex for metal-related assets

- 100.0% in Padcal mine
- 100.0% in Silangan Mindanao Exploration Co., Inc. ("SMECI")
- 100.0% in Silangan Mindanao Mining Co., Inc. ("Silangan Project")
- 100.0% in Philex Gold Philippines, Inc.
- 99.0% in Lascogon Mining Corporation
- 5.0% in 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 2.3% interest in the Galoc oil field (SC 14C-1), all are located in the West Philippine Sea, and a 66.7% interest in SC 40 located in North Cebu Island.
- 53.4% of Pitkin Petroleum Limited ("Pitkin") which owns 25.0% of Peru Block Z-38, an oil and gas exploration asset located in offshore Peru
- 70.0% of SC 74 and 50.0% of SC 75, both located in Northwest Palawan Island

* 30.4% held by Philex, 21.7% held by First Pacific and 6.7% 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 contributed a loss of US$1.2 million to the Group (1H18: a profit contribution of US$4.1 million), reflecting a core loss at Philex due to lower volumes of metal sold resulting from lower production caused by lower tonnage and ore grades, and lower average realized copper prices, partly offset by lower smelting charges.

In the first half of 2019, the average realized price of gold was flat at US$1,316 per ounce while the price of copper declined 12% to US$2.75 per pound.

Total ore milled fell 13% to 3.8 million tonnes. The average gold grade decreased 21% to 0.253 grams per tonne (1H18: 0.321 grams per tonne) and the average copper grade decreased 6% to 0.175% (1H18: 0.186%). As a result, gold production fell 32% to 23,675 ounces and copper production declined 15% to 12.0 million pounds, resulting in lower volumes of metal sold.

Core net loss of 19 million pesos (US$0.4 million) versus core net income of 646 million pesos (US$12.4 million)	▪ reflecting lower revenue due to lower production output and lower ore grades ▪ partly offset by lower smelting charges
Net income down 29% to 391 million pesos (US$7.5 million) from 552 million pesos (US$10.6 million)	▪ reflecting a core net loss instead of core net income period-on-period ▪ a provision for impairment of Padcal mine assets and headcount reduction costs ▪ partly offset by a gain on reversal of receivables from PXP previously written off
Revenue down 28% to 3.4 billion pesos (US$64.7 million) from 4.6 billion pesos (US$89.0 million)	▪ reflecting lower metal output due to lower ore grades and reduction in tonnage caused by maintenance and limited availability of equipment, and forest fire incidents during February and March ▪ lower copper prices ▪ revenues from gold, copper and silver contributed 51%, 48% and 1% of the total, respectively
EBITDA down 62% to 660 million pesos (US$12.7 million) from 1.7 billion pesos (US$33.2 million)	▪ reflecting lower revenue ▪ partly offset by lower smelting charges
Operating cost per tonne of ore milled up 5% to 861 pesos (US$16.6) from 817 pesos (US$15.7)	▪ due to lower tonnage ▪ partly offset by lower total operating costs, particularly costs for power and supplies
Capital expenditure (including exploration costs) up 3% to 923 million pesos (US$17.8 million) from 898 million pesos (US$17.2 million)	▪ reflecting higher capital expenditures for the definitive feasibility study for phase one of the Silangan Project, completed in July 2019, and its predevelopment costs ▪ partly offset by the decline in the Padcal mine operations' sustaining capital expenditures

The mine life of Philex's major operating metal mining asset Padcal mine is expected to end in the second half of 2022.

Debt Profile
As at 30 June 2019, Philex had 10.0 billion pesos (US$195.8 million) of borrowings, comprising bonds and short-term bank loans. Short-term bank debt rose 16% to 2.5 billion pesos (US$49.0 million) from year-end 2018.

Additional Investment in PXP
In 2018, Philex entered into a subscription agreement with upstream oil and gas affiliate PXP, involving the subscription of 260 million new shares of PXP at Pesos 11.85 (US$0.22) per share, for a total consideration of Pesos 3.1 billion (US$58.5 million). The transaction raised Philex's interest in PXP to 30.4% from 19.8%. As at 27 August 2019, Philex has settled 70% of its subscribed portion equivalent to Pesos 2.2 billion (US$42.3 million).

In 2018, PXP entered an agreement with Dennison Holdings Corporation ("Dennison") under which PXP would issue 340 million new PXP shares at 11.85 pesos (US$0.22) per share to Dennison. Dennison was unable to settle the subscription amount by 31 March 2019 and the subscription agreement was canceled by mutual agreement. As a result, the down payment made in January 2019 of 40.3 million pesos (US$0.8 million), or 1% of Dennison's subscription amount, was forfeited in favor of PXP.

Silangan Project
Silangan Project is a gold and copper mining project located in Surigao del Norte, at the north-eastern tip of Mindanao in the Philippines.

The project contains a total of 571 million tonnes of mineral resources comprising the Boyongan, Bayugo-Silangan and Bayugo-Kalayaan ore deposits. The definitive feasibility study for Boyongan, the first phase of the Silangan Project, was completed in July 2019. This phase anticipates mineable reserves of 81 million tonnes with expected high ore grades of 0.63% copper and 1.20 grams of gold per tonne from mineral resources of 279 million tonnes.

Commercial operations from underground sub-level cave mining at Boyongan is expected to begin in the second half of 2022 with an estimated mine life of 22 years and annual average production of 4 million tonnes of ore. The estimated capital expenditure of approximately US$750 million for the development of Boyongan is expected to be funded by project finance and the entry of a strategic partner.

Phase two of the project will comprise the Bayugo-Silangan and Bayugo-Kalayaan deposits, with a preliminary feasibility study expected to be completed by year-end 2019.

The project is fully compliant with all existing regulations and is in the process of completing all requisite permitting documentation. Philex is working closely with regulators for the amendment of existing approved operating permits to cover underground sub-level cave mining for the first phase of the Silangan Project, and remains confident of securing all these necessary permits within the course of this year.

PXP
During the period, petroleum revenue declined 23% to 51 million pesos (US$1.0 million) as a result of lower average crude oil prices and plug and abandonment of the SC 14A Nido and SC 14B Matinloc production wells. Costs and expenses fell 22% to 86 million pesos (US$1.7 million) reflecting lower operational costs following the plug and abandonment of said wells and lower depletion due to an increase in Galoc reserves.

PXP's reported net loss narrowed 45% to 18 million pesos (US$0.3 million) reflecting higher other incomes from the forfeiture of the down payment by Dennison, and lower costs and expenses, partly offset by lower petroleum revenues.

SC 72
SC 72 is located in the Reed Bank (Recto Bank) which lies within the Philippines' Exclusive Economic Zone ("EEZ"). Its second subphase of exploration activities is currently suspended due to a Force Majeure imposed from 15 December 2014.

Upon the lifting of the moratorium by the Philippine government, Forum will have 20 months to drill two wells as part of its work commitment under SC 72.

On 13 February 2018 in Manila, the Philippines and China held a second Bilateral Consultation Meeting on their territorial dispute over the West Philippine Sea. The two countries 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.

On 20 November 2018, the Philippines and China signed a Memorandum of Understanding ("MOU") on Oil & Gas Development for the two governments to create an Intergovernmental Steering Committee. The Committee will endeavor to agree on cooperation agreements within 12 months of the signing of the MOU.

Forum had completed the broadband Pre-Stack Depth Migration reprocessing of 565 square kilometres of Sampaguita 3D seismic data, and the interpretation of the processed data is ongoing.

SC 74
At SC 74 Linapacan Block, the gravity modelling and seismic interpretation of 2D data are underway.

Rock samples collected during fieldwork in the Calamian Islands in June 2018 are undergoing paleodating and total organic content analysis.

A joint Rock Physics and Quantitative Interpretation project with the SC 14C-2 consortium over the Linapacan and West Linapacan areas is ongoing. This study will help in delineating leads in both blocks.

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 subphase 2 of its service contract.

PXP will continue to coordinate with the Philippine Department of Energy on the lifting of the moratorium 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. Processing and interpretation of the gravity data are underway.

In the first half of 2019, SC 14C-1 Galoc Field produced a total of 686,209 barrels of oil. The consortium led by Galoc Production Company plans to install a Condensate Recovery Unit onboard the Rubicon Intrepid Floating Production, Storage and Offloading ("FPSO") vessel for additional liquid production of approximately 250 to 300 barrels per day starting from October 2019.

Peru Block Z-38 is a joint venture project between Pitkin, Karoon Gas Australia Ltd. ("Karoon") and Tullow Oil Plc. (UK) ("Tullow"). The economic interests of Pitkin, Tullow, and Karoon in Marina-1X are 25%, 35% and 40%, respectively. Pitkin is not required to share the costs of Marina-1X and the second well under a separate farm-in agreement signed with Karoon in 2009. A moratorium on the project was lifted on 12 September 2018 by Perupetro S.A., giving Pitkin and Karoon until 1 July 2020 to complete the required work for the third exploration period of this project comprising the drilling of up to two wells. The drilling of Marina-1X is expected in end 2019 or early 2020. The Marina-1X prospect has estimated prospective resources of 256 million barrels of oil.

Outlook

Over the following months, Philex will be focusing efforts on raising equity investment and project financing for the development of the Silangan Project. Philex is optimistic that short-term global mineral sector fundamentals will stay robust. In the long term, demand upside for copper is expected to be driven by advancements in electric vehicle technology and renewable energy. On the domestic front, the Silangan Project is envisioned to be a key economic and social contributor for the development of Mindanao in particular and for the Philippines in general, through substantial tax payments, job creation and an expansive corporate social responsibility agenda. Meanwhile, Philex will continue to optimize the use of the remaining cash generation capabilities of its Padcal mine as it nears the end of mine life.

FPM POWER/PLP

First Pacific holds its interest in PLP through a 60/40-owned entity with Meralco PowerGen, which owns 70% of PLP. 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 in Singapore. 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 widened to US$7.1 million (1H18: US$3.4 million) in the first half of 2019, reflecting a higher core loss at PLP.

In the first half of 2019, the plant's system availability remained high at 95.8% and the heat rate continued to demonstrate that PLP is one of the most efficient plants in Singapore. The plant remains highly reliable: Unit 10 has operated without a single incident of forced outage since May 2016, and Unit 20 since March 2017.

During the period, the volume of electricity sold fell 1% to 2,489 gigawatt hours, of which 93% was for retail, vesting contracts, futures and contracts for difference sales, and the remaining 7% was for pool market sales. PLP's generation market share for the period was approximately 9%.

Core net loss up 67% to S$36.6 million (US$27.0 million) from S$21.9 million (US$16.5 million)	▪ reflecting lower non-fuel margins for vesting, pool and retail market sales ▪ higher marketing and interest expenses ▪ partly offset by a higher reversal of provision for onerous contracts and lower maintenance expenses
Net loss up 14% to S$41.7 million (US$30.7 million) from S$36.7 million (US$27.6 million)	▪ reflecting higher core net loss ▪ partly offset by a foreign exchange gain on US dollar-denominated shareholder loans in contrast with a foreign exchange loss for the first half of 2018, and lower provision for onerous contracts
Revenues up 7% to S$494.1 million (US$364.0 million) from S$462.1 million (US$347.8 million)	▪ reflecting a higher average selling price per unit of electricity sold due to higher fuel costs ▪ partly offset by lower volume of electricity sold
Operating expenses up 11% to S$12.3 million (US9.1 million) from S$11.1 million (US$8.4 million)	▪ reflecting higher marketing expenses
EBITDA down 72% to S$2.9 million (US$2.1 million) from S$10.4 million (US$7.8 million)	▪ reflecting lower non-fuel margins

Debt Profile

As at 30 June 2019, FPM Power's net debt stood at US$459.0 million while gross debt stood at US$497.8 million with 18% maturing within one year, and the remaining borrowings maturing up to 2021. All of the borrowings were floating-rate bank loans, with 52% effectively hedged to fixed-rate borrowings through interest rate swap arrangements.

Outlook

Electricity demand in the first half of 2019 grew by approximately 3%. However, strong competition in electricity generation in Singapore will continue to weigh on profitability across the industry. PLP will defend its market position by maintaining its high plant performance and seeking market segments that offer better margins.

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 interest of 62.9% in RHI.

In the first half of 2019, FP Natural Resources recorded a loss of US$4.0 million (1H18: profit contribution of US$0.7 million), reflecting a core loss at RHI.

Together with its associate Hawaiian-Philippine Company, Inc. ("HPC"), RHI is one of the largest integrated sugar producers in the Philippines, accounting for 17% of the country's 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 approximately 250,000 liters in total.

RHI's sugar business milled 1.5 million tonnes of cane in the first six months of 2019, down 26% from the first half of 2018 due to lower cane supply caused by stiff competition for cane supplies and lower farm productivity. During the period, RHI sold 1.0 million LKg (1H18: 0.9 million LKg) of raw sugar; 0.8 million LKg (1H18: 1.7 million LKg) of refined sugar and 212,000 LKg (1H18: 22,000 LKg) of premium raw sugar. Ethanol sales volume decline slightly to 40.6 million liters (1H18: 41.2 million liters).

Core and reported net loss of 453 million pesos (US$8.7 million) instead of a core and reported net income of 113 million pesos (US$2.2 million)	▪ reflecting higher sugar manufacturing costs owing to lower sugar cane supply and higher incentive to planters due to intense competition for cane ▪ higher alcohol manufacturing costs from higher cost of molasses ▪ lower milling volume of sugar cane due to lower farm productivity ▪ lower refined sugar sales and production volume ▪ higher finance cost
Revenue up 14% to 7.9 billion pesos (US$151.7 million) from 6.9 billion pesos (US$132.6 million)	▪ reflecting higher average selling prices of raw sugar, refined sugar and ethanol ▪ higher sales volumes of raw and premium raw sugar ▪ partly offset by lower sales volumes of refined sugar and ethanol, and lower average selling price of premium raw sugar
Operating expenses up 7% to 487 million pesos (US$9.4 million) from 456 million pesos (US$8.7 million)	▪ reflecting higher staff costs
EBITDA down 79% to 188 million pesos (US$3.6 million) from 877 million pesos (US$16.8 million)	▪ reflecting a decline in gross margins due to higher production and feedstock costs
EBITDA margin to 2.4% from 12.7%	▪ reflecting lower EBITDA

Debt Profile

As at 30 June 2019, total debt of RHI stood at 10.9 billion pesos (US$213.0 million) with maturities up until August 2024 at an annual interest rate of approximately 6.6%. Short-term debt stood at 7.9 billion pesos (US$153.8 million) with an average interest rate of approximately 6.9%.

Outlook

RHI is working to lower production costs by using more cost-efficient and sustainable fuel for its refinery operations to improve production efficiencies and factory reliability, as well as implementing initiatives with planters to address the decline of farm productivity.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

NET DEBT AND GEARING

(A) Head Office net debt

The increase in net debt mainly reflects the additional borrowings for debt refinancing. The Head Office's borrowings at 30 June 2019 comprise bonds of US$782.6 million (with an aggregated face value of US$785.7 million) which are due for redemption between September 2020 and May 2025, and bank loans of US$871.3 million (with a principal amount of US$880.0 million) which are due for repayment between March 2021 and June 2029.

Changes in Head Office net debt

US$ millions	Borrowings	Cash and cash equivalents(i)	Net debt
At 1 January 2019	1,639.8	(89.6)	1,550.2
Movement	14.1	9.1	23.2
At 30 June 2019	**1,653.9**	**(80.5)**	**1,573.4**

(i) Includes restricted cash as at 30 June 2019 of US$0.03 million and 1 January 2019 of US$0.1 million

Head Office free cash flow(ii)

For the six months ended 30 June US$ millions	**2019**	2018
Dividend and fee income(iii)	**118.1**	137.6
Less: Indofood dividend received on 8 July 2019/5 July 2018(iii)	**(49.7)**	(70.1)
Cash dividend and fee income	**68.4**	67.5
Head Office overhead expense	**(9.2)**	(11.7)
Net cash interest expense	**(37.5)**	(33.9)
Tax paid	**(0.3)**	(3.5)
Net cash inflow from operating activities	**21.4**	18.4
Net investments(iv)	**(42.5)**	(20.7)
Financing activities		
- Distributions paid(v)	**-**	(30.4)
- New borrowings, net	**13.5**	8.7
- Others(vi)	**(1.4)**	(2.0)
Net decrease in cash and cash equivalents	**(9.0)**	(26.0)
Cash and cash equivalents at 1 January	**89.5**	90.6
Cash and cash equivalents at 30 June	**80.5**	64.6

(ii) Excludes restricted cash as at 30 June 2019 of US$0.03 million and 1 January 2019, 30 June 2018 and 1 January 2018 of US$0.1 million

(iii) 1H19's dividend and fee income includes Indofood's 2018 final dividend of US$49.7 million which was received on 8 July 2019 (1H18: 2017 final dividend of US$70.1 million received on 5 July 2018).

(iv) Principally represents the investments in PLP and Goodman Fielder

(v) 2018 final distribution of US$30.6 million was paid in July 2019.

(vi) Mainly payments to the trustee for share purchase scheme in 1H18

(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 2019			At 31 December 2018		
US$ millions	**Net debt[(i)]**	**Total equity**	**Gearing[(ii)] (times)**	Net debt[(i)]	Total equity	Gearing[(ii)] (times)
Head Office	**1,573.4**	**1,822.5**	**0.86x**	1,550.2	2,039.7	0.76x
Indofood	**1,164.5**	**3,622.3**	**0.32x**	1,444.7	3,456.1	0.42x
MPIC	**3,432.7**	**4,856.2**	**0.71x**	3,083.9	4,529.9	0.68x
FPM Power	**459.0**	**360.2**	**1.27x**	498.7	321.6	1.55x
FP Natural Resources	**200.6**	**184.0**	**1.09x**	206.4	188.1	1.10x
Group adjustments[(iii)]	**-**	**(1,844.4)**	**-**	-	(1,825.0)	-
Total	**6,830.2**	**9,000.8**	**0.76x**	6,783.9	8,710.4	0.78x
Associated companies and joint venture						
PLDT	**2,746.7**	**2,314.0**	**1.19x**	2,370.1	2,218.8	1.07x
FPW	**321.1**	**1,081.2**	**0.30x**	379.0	1,012.2	0.37x
Philex	**193.8**	**470.2**	**0.41x**	163.9	450.7	0.36x

(i) Includes short-term deposits and restricted cash

(ii) Calculated as net debt divided by total equity

(iii) Group adjustments mainly represents 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 because of an increase in its net debt reflecting additional borrowings for the debt refinancing, coupled with a decrease in its equity reflecting its loss recorded during the period and the Company's 2018 final distribution declared.

Indofood's gearing decreased because of a decrease in its net debt as a result of its operating cash inflow and proceeds from partial disposal of financial assets at FVOCI, partly offset by its payments for capital expenditure and an appreciation of the rupiah against U.S. dollar during the period, coupled with an increase in its equity reflecting its profit recorded and an appreciation of the rupiah against U.S. dollar during the period, partly offset by its 2018 final dividend declared.

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

FPM Power's gearing decreased because of capital injections from shareholders, partly offset by PLP's operating cash outflow.

FP Natural Resources' gearing remained stable because of a decrease in its net debt as a result of RHI's operating cash inflow, partly offset by an appreciation of the peso against U.S. dollar during the period, offset by a decrease in its equity reflecting RHI's loss recorded, despite an appreciation of the peso against U.S. dollar during the period.

The Group's gearing decreased to 0.76 times because of an increase in the Group's equity reflecting the appreciation of the rupiah and the peso against U.S. dollar and the Group's profit recorded during the period.

PLDT's gearing increased because of an increase in its net debt mainly reflecting its payments for capital expenditure. FPW's gearing decreased mainly because of capital injections from shareholders. Philex's gearing increased mainly because of a higher net debt reflecting its operating cash outflow and 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 2019**	At 31 December 2018	**At 30 June 2019**	At 31 December 2018
Within one year	**1,759.5**	2,281.1	**1,762.3**	2,279.2
One to two years	**948.9**	641.0	**948.1**	638.4
Two to five years	**2,832.3**	2,694.5	**2,851.3**	2,696.6
Over five years	**3,089.6**	2,901.3	**3,105.5**	2,913.3
Total	**8,630.3**	8,517.9	**8,667.2**	8,527.5

The change in the Group's debt maturity profile from 31 December 2018 to 30 June 2019 mainly reflects a shift in long-term borrowings among the different maturity periods for Head Office, Indofood and MPIC, Indofood's and Head Office's redemption of bonds and the Group's net new borrowings.

Associated companies and joint venture

US$ millions	PLDT				FPW				Philex			
	Carrying amounts		Nominal values		Carrying amounts		Nominal values		Carrying amounts		Nominal values	
	At 30 June 2019	At 31 December 2018	**At 30 June 2019**	At 31 December 2018	**At 30 June 2019**	At 31 December 2018	**At 30 June 2019**	At 31 December 2018	**At 30 June 2019**	At 31 December 2018	**At 30 June 2019**	At 31 December 2018
Within one year	**296.5**	388.8	**298.5**	390.9	**17.3**	42.4	**17.3**	42.4	**49.0**	41.0	**49.0**	41.0
One to two years	**694.5**	378.7	**696.0**	380.4	**0.7**	142.8	**0.7**	143.0	**-**	-	**-**	-
Two to five years	**1,051.9**	1,212.2	**1,054.6**	1,215.0	**464.9**	385.6	**467.4**	388.5	**146.8**	139.5	**160.7**	154.2
Over five years	**1,330.3**	1,372.8	**1,331.6**	1,374.2	**4.2**	1.7	**4.2**	1.7	**-**	-	**-**	-
Total	**3,373.2**	3,352.5	**3,380.7**	3,360.5	**487.1**	572.5	**489.6**	575.6	**195.8**	180.5	**209.7**	195.2

The change in PLDT's debt maturity profile from 31 December 2018 to 30 June 2019 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 change in FPW's debt maturity profit from 31 December 2018 to 30 June 2019 mainly reflects its new borrowings to refinance its loan obligations and loan repayments. The increase in Philex's debt mainly reflects new borrowings to finance expenditures for Silangan Project.

CHARGES ON GROUP ASSETS

At 30 June 2019, 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$2,060.7 million (31 December 2018: US$2,081.3 million) and the interests of the Group's 12% (31 December 2018: 12%) in PLDT, 56% (31 December 2018: 56%) in GBPC, 5% (31 December 2018: 5%) in Meralco, 100% (31 December 2018: 100%) in AIF Toll Road Holdings (Thailand) Limited, 29.5% (31 December 2018: 29.5%) in DMT, 70% (31 December 2018: 70%) in PLP and 45.1% (31 December 2018: 45.1%) in HPC.

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 net asset value ("NAV") mainly relate to investments denominated in the rupiah and the peso. Accordingly, any change in these currencies, against their respective 30 June 2019 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)	21.8	3.92
PLDT	(i)	13.9	2.50
MPIC	(i)	12.4	2.22
Philex	(i)	1.6	0.29
PXP	(i)	0.8	0.15
FP Natural Resources	(ii)	0.3	0.05
Head Office - Other assets	(iii)	1.0	0.18
Total		**51.8**	**9.31**

(i) Based on quoted share prices at 30 June 2019 applied to the Group's economic interests

(ii) Based on quoted share price of RHI at 30 June 2019 applied to the Group's effective economic interest

(iii) Represents the carrying amount of SMECI's convertible notes ("SMECI's 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	2,135.5	1,531.2	4,327.3	497.9	138.4	**8,630.3**
Cash and cash equivalents(i)	(330.8)	(473.7)	(926.0)	(41.1)	(28.5)	**(1,800.1)**
Net debt	1,804.7	1,057.5	3,401.3	456.8	109.9	**6,830.2**
Representing:						
Head Office	1,585.2	-	(10.2)	-	(1.6)	**1,573.4**
Indofood	118.2	1,032.4	-	(5.1)	19.0	**1,164.5**
MPIC	105.2	25.1	3,209.9	-	92.5	**3,432.7**
FPM Power	(2.9)	-	-	461.9	-	**459.0**
FP Natural Resources	(1.0)	-	201.6	-	-	**200.6**
Net debt	1,804.7	1,057.5	3,401.3	456.8	109.9	**6,830.2**

Associated companies and joint venture

US$ millions	US$	Peso	A$	NZ$	Others	**Total**
Net debt						
PLDT	(6.5)	2,759.6	-	-	(6.4)	**2,746.7**
FPW	(4.6)	(1.1)	203.1	154.4	(30.7)	**321.1**
Philex	48.7	145.1	-	-	-	**193.8**

(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)	1,585.2	-	1,585.2	-	**-**
Indofood	118.2	-	118.2	1.2	**0.4**
MPIC	105.2	-	105.2	1.1	**0.3**
FPM Power	(2.9)	-	(2.9)	-	**-**
FP Natural Resources	(1.0)	-	(1.0)	-	**-**
PLDT	(6.5)	(52.4)	(58.9)	(0.6)	**(0.1)**
FPW	(4.6)	-	(4.6)	-	**-**
Philex	48.7	-	48.7	0.5	**0.2**
Total	**1,842.3**	**(52.4)**	**1,789.9**	**2.2**	**0.8**

(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	881.5	772.4	(80.5)	**1,573.4**
Indofood	141.0	1,697.7	(674.2)	**1,164.5**
MPIC	4,197.4	229.5	(994.2)	**3,432.7**
FPM Power	257.1	240.7	(38.8)	**459.0**
FP Natural Resources	35.8	177.2	(12.4)	**200.6**
Total	5,512.8	3,117.5	(1,800.1)	**6,830.2**
Associated companies and joint venture				
PLDT	3,002.6	370.6	(626.5)	**2,746.7**
FPW	163.2	323.9	(166.0)	**321.1**
Philex	146.8	49.0	(2.0)	**193.8**

(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	772.4	7.7	**7.7**
Indofood	1,697.7	17.0	**6.4**
MPIC	229.5	2.3	**0.7**
FPM Power	240.7	2.4	**0.8**
FP Natural Resources	177.2	1.8	**0.5**
PLDT	370.6	3.7	**0.7**
FPW	323.9	3.2	**1.1**
Philex	49.0	0.5	**0.2**
Total	**3,861.0**	**38.6**	**18.1**

ADJUSTED NAV PER SHARE

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

US$ millions	Basis	**At 30 June 2019**	At 31 December 2018
Indofood	(i)	**2,183.9**	2,261.7
PLDT	(i)	**1,390.8**	1,182.0
MPIC	(i)	**1,238.7**	1,166.9
Philex	(i)	**160.3**	134.1
PXP	(i)	**83.1**	160.6
FPW	(ii)	**325.0**	325.0
FPM Power	(iii)	**230.0**	230.0
FP Natural Resources	(iv)	**28.1**	36.5
Head Office – Other assets	(v)	**98.4**	95.9
– Net debt		**(1,573.4)**	(1,550.2)
Total valuation		**4,164.9**	4,042.5
Number of ordinary shares in issue (millions)		**4,344.9**	4,342.0
Value per share – U.S. dollars		**0.96**	0.93
– HK dollars		**7.48**	7.26
Company's closing share price (HK$)		**3.17**	3.02
Share price discount to HK$ value per share (%)		**57.6**	58.4

(i) Based on quoted share prices applied to the Group's economic interests

(ii) Based on the total consideration (including US$25 million contingent instalment payment and another US$25 million earn-out payment) as per the SPA dated 11 March 2019

(iii) Represents carrying amounts

(iv) Based on quoted share price of RHI applied to the Group's effective economic interest

(v) Represents the carrying amount of SMECI's notes

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES
During the six months ended 30 June 2019, the Company has not repurchased any of its ordinary shares (2018: Nil) on The Stock Exchange of Hong Kong Limited (SEHK).

On 28 June 2019, being the maturity date of the US$400,000,000 6.0% guaranteed bonds issued by FPC Finance Limited and guaranteed by the Company (Bonds), the issuer redeemed the outstanding US$214.9 million in aggregate principal amount of the Bonds, which bonds were subsequently cancelled and delisted from the Singapore Exchange Securities Trading Limited.

During the six months ended 30 June 2019, the independent trustee managing the Company's share award scheme subscribed 2,944,076 new shares (2018: Nil) issued by the Company at an aggregate consideration of HK$8.4 million (US$1.1 million) (2018: 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 all Independent Non-executive Directors (INEDs), was delegated with the responsibility for supervision of the Company's corporate governance functions.

On 21 June 2019, the Company announced changes to the composition of its two Board committees. Ms. Madeleine Lee Suh Shin, an INED, was appointed as a member of the Corporate Governance Committee replacing Mr. Christopher H. Young, an Executive Director and Chief Financial Officer of the Company. Mr. Anthoni Salim, the Company's Non-executive Chairman, was appointed as a member of the Remuneration Committee replacing Mr. Manuel V. Pangilinan, Managing Director and Chief Executive Officer of the Company. In addition, the Company formed a new Finance Committee comprising of all INEDs and Mr. Pangilinan, to review the implementation of the Company's investment strategies and investment performance as well as capital allocation. The Company also formed an ad hoc Selection Committee comprising of all INEDs and Mr. Salim, to identify candidates for the appointment as additional INEDs of the Company, through a formal process to be conducted in conjunction with an international talent search firm.

On 1 July 2019, Ambassador Albert F. del Rosario resigned as a Non-executive Director of the Company due to poor health as he approaches the age of 80 years and other constraints, such as his increased involvement in a number of personal advocacies which makes it difficult for him to continue to serve as a Director of the Company.

The Corporate Governance Committee carried out a review of the Company's corporate governance practices in respect of the six months period ended 30 June 2019 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. As recommended by Corporate Governance Committee, the Board approved the Company's 2018 ESG report for publication on the websites of the SEHK and the Company on 12 July 2019.

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 has been updated and approved on 26 March 2019 following recent amendments to the Listing Rules to strengthen the transparency and accountability of the Board and the respective Board committees to ensure that the Company is in line with international and local corporate governance best practices.

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.

As an investment holding and management company, 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 their internal control system for operational and financial, compliance and risk management. Accordingly, the Company relies on group resources to carry out the 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 a 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 2019.

Continuing Connected Transactions
During the six months ended 30 June 2019, there was no continuing connected transaction disclosed in the form of published announcement.

Risk Management and Internal Control
As an investment holding and management company, 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 and monitoring 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.

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;
- participating in the approval of 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, currently comprising of one Executive Director and senior executives, oversees head office's risk management function, in relation to its role as an investment holding and management company. This Committee reports to the Audit and Risk Management Committee twice each year.

In respect of the six months ended 30 June 2019, 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 2019, the Audit and Risk Management Committee reviewed and advised that:

- The risk management and internal control 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 AND EXTERNAL AUDITOR
The Audit and Risk Management Committee and external auditor have reviewed the 2019 interim results, including the accounting policies and practices adopted by the Group. The Audit and Risk Management Committee has also 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 HK6.5 cents (US0.83 cent) 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 the People's Republic of China; 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 Tuesday, 24 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 11 September 2019 to Friday, 13 September 2019, both days inclusive, during which period no transfer of shares will be registered. The ex-entitlement date will be Monday, 9 September 2019. 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 Tuesday, 10 September 2019. The interim distribution will be paid to shareholders whose names appear on the Register of Members on Friday, 13 September 2019 and the payment date will be on or about Tuesday, 24 September 2019.

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 2019 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 2019.

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

Hong Kong, 27 August 2019

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

Executive Directors:
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*
Christopher H. Young, *Chief Financial Officer*

Non-executive Directors:
Anthoni Salim, *Chairman*
Benny S. Santoso
Tedy Djuhar

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