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FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

Website: www.firstpacific.com

(Stock Code: 00142)

2022 Interim Results - Unaudited

FINANCIAL HIGHLIGHTS

- Turnover increased by 20.0% to US\$5,071.9 million (HK\$39,560.8 million) from US\$4,226.0 million (HK\$32,962.8 million).
- Profit contribution from operations increased by 21.4% to US\$302.5 million (HK\$2,359.5 million) from US\$249.2 million (HK\$1,943.8 million).
- Recurring profit increased by 25.7% to US\$263.3 million (HK\$2,053.7 million) from US\$209.5 million (HK\$1,634.1 million).
- Non-recurring gains of US\$28.1 million (HK\$219.2 million) as compared to non-recurring losses of US\$6.0 million (HK\$46.8 million).
- Profit attributable to owners of the parent increased by 33.5% to US\$241.7 million (HK\$1,885.3 million) from US\$181.0 million (HK\$1,411.8 million).
- Recurring basic earnings per share (calculated based on recurring profit) increased by 27.5% to U.S. 6.17 cents (HK48.1 cents) from U.S. 4.84 cents (HK37.8 cents).
- Basic earnings per share increased by 35.6% to U.S. 5.67 cents (HK44.2 cents) from U.S. 4.18 cents (HK32.6 cents).
- An interim distribution of HK10.50 cents (U.S. 1.35 cents) (2021: HK9.00 cents or U.S. 1.15 cents) per ordinary share has been declared, representing a 16.7% increase from 2021 and a payout ratio of approximately 22% (2021: 24%) of recurring profit.
- Equity attributable to owners of the parent decreased by 0.7% to US\$3,275.9 million (HK\$25,552.0 million) at 30 June 2022 compared with US\$3,298.6 million (HK\$25,729.1 million) at 31 December 2021.
- Consolidated net debt increased by 5.1% to US\$8,264.5 million (HK\$64,463.1 million) at 30 June 2022 from US\$7,865.5 million (HK\$61,350.9 million) at 31 December 2021.
- Consolidated gearing ratio increased to 0.79 times at 30 June 2022 from 0.74 times at 31 December 2021.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT - UNAUDITED

For the six months ended 30 June

	Notes	2022 US\$m	2021 US\$m	2022 HK\$m*	2021 HK\$m*
Turnover	2	5,071.9	4,226.0	39,560.8	32,962.8
Cost of sales		(3,564.4)	(2,855.7)	(27,802.3)	(22,274.5)
Gross profit		1,507.5	1,370.3	11,758.5	10,688.3
Selling and distribution expenses		(383.8)	(354.9)	(2,993.6)	(2,768.2)
Administrative expenses		(293.6)	(354.8)	(2,290.0)	(2,767.4)
Other operating expenses, net	3(A)	(29.3)	(66.2)	(228.6)	(516.3)
Interest income		25.1	19.8	195.8	154.4
Finance costs	3(B)	(229.2)	(233.9)	(1,787.8)	(1,824.4)
Share of profits less losses of associated companies and joint ventures		164.9	167.3	1,286.2	1,304.9
Profit before taxation from continuing operations	3	761.6	547.6	5,940.5	4,271.3
Taxation	4	(172.1)	(140.7)	(1,342.4)	(1,097.5)
Profit for the period from continuing operations		589.5	406.9	4,598.1	3,173.8
Profit for the period from a discontinued operation		-	90.7	-	707.5
Profit for the period		589.5	497.6	4,598.1	3,881.3
Profit attributable to:					
Owners of the parent	5	241.7	181.0	1,885.3	1,411.8
Non-controlling interests		347.8	316.6	2,712.8	2,469.5
		589.5	497.6	4,598.1	3,881.3
Profit attributable to owners of the parent arising from:					
Continuing operations		241.7	147.7	1,885.3	1,152.1
A discontinued operation		-	33.3	-	259.7
		241.7	181.0	1,885.3	1,411.8
		US¢	US¢	HK¢*	HK¢*
Earnings per share attributable to owners of the parent	6				
Basic					
Continuing operations		5.67	3.41	44.2	26.6
A discontinued operation		-	0.77	-	6.0
		5.67	4.18	44.2	32.6
Diluted					
Continuing operations		5.66	3.40	44.1	26.5
A discontinued operation		-	0.77	-	6.0
		5.66	4.17	44.1	32.5

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

For the six months ended 30 June	2022	2021	2022	2021
	US\$m	US\$m	HK\$m*	HK\$m*
Profit for the period	589.5	497.6	4,598.1	3,881.3
Other comprehensive (loss)/income				
Items that are or may be reclassified to profit or loss:				
Exchange differences on translating foreign operations	(621.3)	(249.0)	(4,846.1)	(1,942.1)
Unrealized gains on cash flow hedges	68.3	58.1	532.7	453.2
Realized gains on cash flow hedges	(80.1)	(14.6)	(624.8)	(113.9)
Income tax related to cash flow hedges	3.0	(4.0)	23.4	(31.2)
Share of other comprehensive income/(loss) of associated companies and joint ventures	41.3	(11.1)	322.2	(86.6)
Reclassification adjustment for foreign operations disposed of during the period	-	(22.2)	-	(173.2)
Items that will not be reclassified to profit or loss:				
Changes in fair value of equity investments at fair value through other comprehensive income	10.4	35.3	81.1	275.3
Actuarial gains/(losses) on defined benefit pension plans	2.6	(0.1)	20.3	(0.8)
Share of other comprehensive loss of associated companies and joint ventures	(0.1)	(14.6)	(0.8)	(113.9)
Other comprehensive loss for the period, net of tax	(575.9)	(222.2)	(4,492.0)	(1,733.2)
Total comprehensive income for the period	13.6	275.4	106.1	2,148.1
Total comprehensive income/(loss) attributable to:				
Owners of the parent	18.4	112.4	143.5	876.7
Non-controlling interests	(4.8)	163.0	(37.4)	1,271.4
	13.6	275.4	106.1	2,148.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 June 2022 (Unaudited) US\$m	At 31 December 2021 (Audited) US\$m	At 30 June 2022 (Unaudited) HK\$m*	At 31 December 2021 (Audited) HK\$m*
Notes				
Non-current assets				
Property, plant and equipment	3,745.4	3,953.0	29,214.1	30,833.4
Biological assets	22.4	23.0	174.7	179.4
Associated companies and joint ventures	5,000.3	5,266.2	39,002.3	41,076.3
Goodwill	4,121.2	4,299.0	32,145.4	33,532.2
Other intangible assets	5,921.6	6,040.6	46,188.5	47,116.7
Investment properties	15.2	11.1	118.6	86.6
Accounts receivable, other receivables and prepayments	57.8	55.5	450.8	432.9
Financial assets at fair value through other comprehensive income	356.4	361.1	2,779.9	2,816.6
Deferred tax assets	83.3	87.0	649.7	678.6
Other non-current assets	739.6	663.0	5,769.0	5,171.4
	20,063.2	20,759.5	156,493.0	161,924.1
Current assets				
Cash and cash equivalents and short-term deposits	2,641.6	3,209.3	20,604.5	25,032.5
Restricted cash	104.7	53.6	816.7	418.1
Financial assets at fair value through other comprehensive income	165.3	205.0	1,289.3	1,599.0
Accounts receivable, other receivables and prepayments	1,364.6	1,327.8	10,643.9	10,356.9
Inventories	1,257.4	950.1	9,807.7	7,410.8
Biological assets	53.6	61.4	418.1	478.9
	5,587.2	5,807.2	43,580.2	45,296.2
Current liabilities				
Accounts payable, other payables and accruals	1,873.1	1,660.9	14,610.2	12,955.0
Short-term borrowings	1,747.2	1,645.7	13,628.2	12,836.5
Provision for taxation	102.2	147.9	797.2	1,153.6
Current portion of deferred liabilities, provisions and payables	487.9	1,170.3	3,805.6	9,128.4
	4,210.4	4,624.8	32,841.2	36,073.5
Net current assets	1,376.8	1,182.4	10,739.0	9,222.7
Total assets less current liabilities	21,440.0	21,941.9	167,232.0	171,146.8
Equity				
Issued share capital	42.7	42.8	333.1	333.8
Shares held for share award scheme	(2.2)	(2.0)	(17.2)	(15.6)
Retained earnings	2,178.4	1,936.4	16,991.5	15,103.9
Other components of equity	1,057.0	1,321.4	8,244.6	10,307.0
Equity attributable to owners of the parent	3,275.9	3,298.6	25,552.0	25,729.1
Non-controlling interests	7,159.7	7,314.5	55,845.7	57,053.1
Total equity	10,435.6	10,613.1	81,397.7	82,782.2
Non-current liabilities				
Long-term borrowings	9,263.6	9,482.7	72,256.1	73,965.0
Deferred liabilities, provisions and payables	1,366.7	1,469.3	10,660.3	11,460.6
Deferred tax liabilities	374.1	376.8	2,917.9	2,939.0
	11,004.4	11,328.8	85,834.3	88,364.6
	21,440.0	21,941.9	167,232.0	171,146.8

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

US\$ millions	Equity attributable to owners of the parent													Total equity					
	Shares held for issued share capital		Shares held for award scheme premium		Employee share-based compensation reserve		Other comprehensive loss (Note 10) companies		Differences arising from changes in equities of subsidiary companies		Reserves for assets classified as held and other reserves		Capital contributed surplus earnings		Retained earnings Total		Non-controlling interests		
	capital	scheme	premium	reserve	(Note 10)	companies	for sale	reserves	surplus	earnings	Total	interests	equity						
At 1 January 2021	43.4	(2.4)	63.1	9.3	(651.8)	439.7	1.1	12.6	1,620.6	1,604.4	3,140.0	7,488.5	10,628.5						
Profit for the period	-	-	-	-	-	-	-	-	-	181.0	181.0	316.6	497.6						
Other comprehensive loss for the period	-	-	-	-	(66.2)	-	(2.4)	-	-	-	(68.6)	(153.6)	(222.2)						
Total comprehensive (loss)/income for the period	-	-	-	-	(66.2)	-	(2.4)	-	-	181.0	112.4	163.0	275.4						
Repurchase of shares	(0.2)	-	(7.3)	-	-	-	-	-	-	-	(7.5)	-	(7.5)						
Purchase of shares under share award scheme	-	(1.3)	-	-	-	-	-	-	-	-	(1.3)	-	(1.3)						
Shares vested under share award scheme	-	1.7	-	(1.7)	-	-	-	-	-	-	-	-	-						
Employee share-based compensation benefits	-	-	-	0.8	-	-	-	-	-	-	0.8	0.2	1.0						
Acquisition of interests in subsidiary companies	-	-	-	-	-	(15.0)	-	-	-	-	(15.0)	(19.7)	(34.7)						
Deconsolidation of a discontinued operation	-	-	-	-	-	-	1.3	-	-	(1.3)	-	(356.2)	(356.2)						
Recognition of a financial liability on non-controlling interests' put option	-	-	-	-	-	(4.0)	-	-	-	-	(4.0)	(3.6)	(7.6)						
2020 final distribution declared	-	-	-	-	-	-	-	-	(41.8)	-	(41.8)	-	(41.8)						
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	70.0	70.0						
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(88.9)	(88.9)						
At 30 June 2021	43.2	(2.0)	55.8	8.4	(718.0)	420.7	-	12.6	1,578.8	1,784.1	3,183.6	7,253.3	10,436.9						
At 1 January 2022	42.8	(2.0)	39.9	8.8	(712.3)	443.5	-	12.6	1,528.9	1,936.4	3,298.6	7,314.5	10,613.1						
Profit for the period	-	-	-	-	-	-	-	-	-	241.7	241.7	347.8	589.5						
Other comprehensive loss for the period	-	-	-	-	(223.3)	-	-	-	-	-	(223.3)	(352.6)	(575.9)						
Total comprehensive (loss)/income for the period	-	-	-	-	(223.3)	-	-	-	-	241.7	18.4	(4.8)	13.6						
Repurchase of shares	(0.1)	-	(5.6)	-	-	-	-	-	-	-	(5.7)	-	(5.7)						
Purchase of shares under share award scheme	-	(1.0)	-	-	-	-	-	-	-	-	(1.0)	-	(1.0)						
Issue of shares under share award scheme	-	(1.0)	1.0	-	-	-	-	-	-	-	-	-	-						
Shares vested under share award scheme	-	1.8	-	(1.7)	-	-	-	-	-	(0.1)	-	-	-						
Lapse of share options	-	-	-	(0.4)	-	-	-	-	-	0.4	-	-	-						
Employee share-based compensation benefits	-	-	-	0.8	-	-	-	-	-	-	0.8	0.1	0.9						
Acquisition of interests in subsidiary companies	-	-	-	-	(4.1)	22.4	-	-	-	-	18.3	(70.4)	(52.1)						
Step acquisition of a joint venture	-	-	-	-	-	-	-	-	-	-	-	0.7	0.7						
Recognition of a financial liability on non-controlling interests' put option	-	-	-	-	-	0.8	-	-	-	-	0.8	(12.8)	(12.0)						
2021 final distribution declared	-	-	-	-	-	-	-	-	(54.3)	-	(54.3)	-	(54.3)						
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	10.1	10.1						
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(77.7)	(77.7)						
At 30 June 2022	42.7	(2.2)	35.3	7.5	(939.7)	466.7	-	12.6	1,474.6	2,178.4	3,275.9	7,159.7	10,435.6						

HK\$ millions*	Equity attributable to owners of the parent													Total equity
	Shares held for		Employee share-based compensation reserve	Other comprehensive loss (Note 10)	Differences arising from changes in equities of subsidiary companies	Reserves for classified assets as held for sale	Capital and other reserves	Contributed surplus	Retained earnings	Total	Non-controlling interests			
	Issued share capital	share award scheme												
	338.5	(18.7)	492.2	72.5	(5,084.0)	3,429.7	8.6	98.3	12,640.6	12,514.3	24,492.0	58,410.3	82,902.3	
At 1 January 2021	338.5	(18.7)	492.2	72.5	(5,084.0)	3,429.7	8.6	98.3	12,640.6	12,514.3	24,492.0	58,410.3	82,902.3	
Profit for the period	-	-	-	-	-	-	-	-	-	1,411.8	1,411.8	2,469.5	3,881.3	
Other comprehensive loss for the period	-	-	-	-	(516.4)	-	(18.7)	-	-	-	(535.1)	(1,198.1)	(1,733.2)	
Total comprehensive (loss)/income for the period	-	-	-	-	(516.4)	-	(18.7)	-	-	1,411.8	876.7	1,271.4	2,148.1	
Repurchase of shares	(1.5)	-	(57.0)	-	-	-	-	-	-	-	(58.5)	-	(58.5)	
Purchase of shares under share award scheme	-	(10.1)	-	-	-	-	-	-	-	-	(10.1)	-	(10.1)	
Shares vested under share award scheme	-	13.2	-	(13.2)	-	-	-	-	-	-	-	-	-	
Employee share-based compensation benefits	-	-	-	6.2	-	-	-	-	-	-	6.2	1.6	7.8	
Acquisition of interests in subsidiary companies	-	-	-	-	-	(117.0)	-	-	-	-	(117.0)	(153.7)	(270.7)	
Deconsolidation of a discontinued operation	-	-	-	-	-	-	10.1	-	-	(10.1)	-	(2,778.4)	(2,778.4)	
Recognition of a financial liability on non-controlling interests' put option	-	-	-	-	-	(31.2)	-	-	-	-	(31.2)	(28.1)	(59.3)	
2020 final distribution declared	-	-	-	-	-	-	-	-	(326.0)	-	(326.0)	-	(326.0)	
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	546.0	546.0	
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(693.4)	(693.4)	
At 30 June 2021	337.0	(15.6)	435.2	65.5	(5,600.4)	3,281.5	-	98.3	12,314.6	13,916.0	24,832.1	56,575.7	81,407.8	
At 1 January 2022	333.8	(15.6)	311.2	68.6	(5,555.9)	3,459.4	-	98.3	11,925.4	15,103.9	25,729.1	57,053.1	82,782.2	
Profit for the period	-	-	-	-	-	-	-	-	-	1,885.3	1,885.3	2,712.8	4,598.1	
Other comprehensive loss for the period	-	-	-	-	(1,741.8)	-	-	-	-	-	(1,741.8)	(2,750.2)	(4,492.0)	
Total comprehensive (loss)/income for the period	-	-	-	-	(1,741.8)	-	-	-	-	1,885.3	143.5	(37.4)	106.1	
Repurchase of shares	(0.7)	-	(43.7)	-	-	-	-	-	-	-	(44.4)	-	(44.4)	
Purchase of shares under share award scheme	-	(7.8)	-	-	-	-	-	-	-	-	(7.8)	-	(7.8)	
Issue of shares under share award scheme	-	(7.8)	7.8	-	-	-	-	-	-	-	-	-	-	
Shares vested under share award scheme	-	14.0	-	(13.2)	-	-	-	-	-	(0.8)	-	-	-	
Lapse of share options	-	-	-	(3.1)	-	-	-	-	-	3.1	-	-	-	
Employee share-based compensation benefits	-	-	-	6.2	-	-	-	-	-	-	6.2	0.8	7.0	
Acquisition of interests in subsidiary companies	-	-	-	-	(32.0)	174.7	-	-	-	-	142.7	(549.1)	(406.4)	
Step acquisition of a joint venture	-	-	-	-	-	-	-	-	-	-	-	5.4	5.4	
Recognition of a financial liability on non-controlling interests' put option	-	-	-	-	-	6.2	-	-	-	-	6.2	(99.8)	(93.6)	
2021 final distribution declared	-	-	-	-	-	-	-	-	(423.5)	-	(423.5)	-	(423.5)	
Capital contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	78.8	78.8	
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(606.1)	(606.1)	
At 30 June 2022	333.1	(17.2)	275.3	58.5	(7,329.7)	3,640.3	-	98.3	11,501.9	16,991.5	25,552.0	55,845.7	81,397.7	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

For the six months ended 30 June		2022	2021	2022	2021
	Notes	US\$m	US\$m	HK\$m*	HK\$m*
Profit before taxation					
From continuing operations		761.6	547.6	5,940.5	4,271.3
From a discontinued operation		-	86.4	-	673.9
Adjustments for:					
Finance costs		229.2	243.3	1,787.8	1,897.7
Depreciation	3(C)	164.5	175.1	1,283.1	1,365.8
Amortization of other intangible assets	3(C)	71.2	71.2	555.4	555.4
Write-down of inventories to net realizable value	3(C)	28.4	7.3	221.5	56.9
Provision for impairment losses		16.1	39.9	125.6	311.3
Loss on changes in fair value of biological assets	3(A)	7.4	2.4	57.7	18.7
Employee share-based compensation benefit expenses		0.9	1.0	7.0	7.8
Share of profits less losses of associated companies and joint ventures		(164.9)	(170.4)	(1,286.2)	(1,329.1)
Gains on step acquisition of a joint venture	3(A)	(65.7)	-	(512.5)	-
Interest income		(25.1)	(19.9)	(195.8)	(155.2)
Gain on disposal of an associated company	3(A)	(2.5)	(22.2)	(19.5)	(173.2)
Gain on deconsolidation of a discontinued operation		-	(66.6)	-	(519.5)
Reversal of provision for onerous contracts, net	3(C)	-	(4.4)	-	(34.3)
Gain on disposal of property, plant and equipment, net	3(A)	-	(0.6)	-	(4.7)
Others		(2.3)	(1.1)	(17.9)	(8.6)
		1,018.8	889.0	7,946.7	6,934.2
(Increase)/decrease in working capital		(154.7)	77.0	(1,206.7)	600.6
Net cash generated from operations		864.1	966.0	6,740.0	7,534.8
Interest received		22.2	18.9	173.2	147.4
Interest paid		(213.4)	(223.0)	(1,664.5)	(1,739.4)
Taxes paid		(230.6)	(213.1)	(1,798.7)	(1,662.2)
Net cash flows from operating activities		442.3	548.8	3,450.0	4,280.6
Dividends received from associated companies		149.3	131.8	1,164.5	1,028.0
Disposal of financial assets at fair value through other comprehensive income		30.1	-	234.8	-
Decrease in short-term deposits with original maturity of more than three months		19.1	2.0	149.0	15.6
Dividends received from financial assets at fair value through other comprehensive income		14.1	10.7	110.0	83.5
Cash acquired from step acquisition of a joint venture		9.0	-	70.2	-
Dividend received from a joint venture		8.8	-	68.6	-
Disposal of an associated company		2.5	148.4	19.5	1,157.5
Disposal of property, plant and equipment		2.1	1.1	16.4	8.6
Payment for retention amount payable		(650.0)	-	(5,070.0)	-
Investments in other intangible assets		(380.9)	(355.0)	(2,971.0)	(2,769.0)
Payments for purchase of property, plant and equipment		(88.1)	(212.8)	(687.2)	(1,659.8)
(Increase)/decrease in restricted cash		(50.8)	24.0	(396.2)	187.2
Investment in financial assets at fair value through profit or loss		(20.0)	-	(156.0)	-
Investments in biological assets		(8.6)	(5.1)	(67.1)	(39.8)
Increased investments in joint ventures		(6.6)	(0.4)	(51.5)	(3.1)
Advances to joint ventures		(5.2)	(15.4)	(40.6)	(120.1)
Increased investments in associated companies		(4.0)	(2.0)	(31.2)	(15.6)
Purchases of investment properties		(1.0)	-	(7.8)	-
Investment in an associated company		(1.0)	-	(7.8)	-
Advance to an associated company		(0.6)	-	(4.7)	-
Investment in a joint venture		-	(147.5)	-	(1,150.5)
Acquisition of financial assets at fair value through other comprehensive income		-	(105.1)	-	(819.8)
Instalment payment for acquisition of a subsidiary company		-	(50.7)	-	(395.5)
Deconsolidation of a discontinued operation		-	126.9	-	989.8
Net cash flows used in investing activities		(981.8)	(449.1)	(7,658.1)	(3,503.0)
Proceeds from new bank borrowings and other loans		2,325.8	3,175.9	18,141.2	24,772.0
Capital contributions from non-controlling shareholders		10.1	19.9	78.8	155.2
Repayment of bank borrowings and other loans		(2,026.8)	(2,989.2)	(15,809.0)	(23,315.7)
Dividends paid to non-controlling shareholders by subsidiary companies		(93.9)	(69.6)	(732.4)	(542.9)
Repurchase of a subsidiary company's shares		(51.8)	-	(404.0)	-
Principal portion of lease payments		(14.9)	(14.4)	(116.3)	(112.3)
Payments for concession fees payable		(11.8)	(11.9)	(92.0)	(92.8)
Repurchase of shares		(5.6)	(7.5)	(43.6)	(58.5)
Payments for purchase of shares under a long-term incentive plan		(1.0)	(1.6)	(7.8)	(12.5)
Increased investments in subsidiary companies		(0.3)	(34.8)	(2.4)	(271.4)
Net cash flows from financing activities		129.8	66.8	1,012.5	521.1
Net (decrease)/increase in cash and cash equivalents		(409.7)	166.5	(3,195.6)	1,298.7
Cash and cash equivalents at 1 January		3,116.9	2,363.2	24,311.8	18,433.0
Exchange translation		(133.2)	(51.0)	(1,039.0)	(397.8)
Cash and cash equivalents at 30 June		2,574.0	2,478.7	20,077.2	19,333.9
Representing					
Cash and cash equivalents and short-term deposits as stated in the condensed consolidated statement of financial position		2,641.6	2,638.0	20,604.5	20,576.4
Less: short-term deposits with original maturity of more than three months		(67.6)	(159.3)	(527.3)	(1,242.5)
Cash and cash equivalents at 30 June		2,574.0	2,478.7	20,077.2	19,333.9

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 2021 annual consolidated financial statements of First Pacific Company Limited ("First Pacific" or the "Company") and its subsidiary companies (the "Group"), except for the adoption of revised standards for the first time for the current period's financial information. Details of any changes in accounting policies are set out in Note 1(B).

(B) Amendments adopted by the Group

During 2022, the Group has initially adopted the following revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, HKASs and Hong Kong (International Financial Reporting Interpretations Committee) – Interpretations) effective for annual periods commencing on or after 1 January 2022 issued by the HKICPA.

HKAS 16 Amendments	"Property, Plant and Equipment: Proceeds before Intended Use"
HKAS 37 Amendments	"Onerous Contracts – Cost of Fulfilling a Contract"
HKFRS 3 Amendments	"Reference to the Conceptual Framework"
Improvements to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 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 has had no material effect on both the profit attributable to owners of the parent for the six months ended 30 June 2022 and 2021 and the equity attributable to owners of the parent at 30 June 2022 and 31 December 2021.

2. Turnover and operating segmental information

For the six months ended 30 June	2022	2021	2022	2021
	US\$m	US\$m	HK\$m*	HK\$m*
Turnover				
Sale of goods				
- Consumer Food Products	3,680.2	3,295.9	28,705.5	25,708.0
Sale of electricity				
- Infrastructure	867.2	418.2	6,764.1	3,262.0
Sale of real estate				
- Infrastructure	7.1	-	55.4	-
Rendering of services				
- Consumer Food Products	63.2	68.7	493.0	535.9
- Infrastructure	454.2	443.2	3,542.8	3,456.9
Total	5,071.9	4,226.0	39,560.8	32,962.8

Segmental Information

A business 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 results are regularly reviewed by the Group's most senior executive management 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 them.

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 segments, which are consumer food products, telecommunications, infrastructure and natural resources. Geographically, the Board of Directors considers that the businesses of the Group are mainly located in Indonesia, the Philippines, Singapore, the Middle East, Africa and others, and the turnover information is based on the locations of the customers.

The Board of Directors assesses the performance of the business segments based on a measure of recurring profit. This basis measures the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains/losses 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 interim consolidated financial statements. These assets and liabilities are allocated based on the business segment and the physical location of the assets

The revenue, results and other information for the six months ended 30 June 2022 and 2021, and assets and liabilities at 30 June 2022 and 31 December 2021 on segmental basis are as follows:

By principal business activity – 2022

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	2022 Total US\$m	2022 Total HK\$m*
Revenue							
Turnover							
- Point in time	3,680.2	-	4.6	-	-	3,684.8	28,741.4
- Over time	63.2	-	1,323.9	-	-	1,387.1	10,819.4
Total	3,743.4	-	1,328.5	-	-	5,071.9	39,560.8
Results							
Recurring profit	121.0	73.0	98.7	9.8	(39.2)	263.3	2,053.7
Assets and liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	556.6	1,186.8	3,084.2	172.7	-	5,000.3	39,002.3
- Others	7,584.7	-	6,878.8	-	4.8	14,468.3	112,852.8
	8,141.3	1,186.8	9,963.0	172.7	4.8	19,468.6	151,855.1
Other assets	4,191.8	-	1,704.5	-	285.5	6,181.8	48,218.1
Total assets	12,333.1	1,186.8	11,667.5	172.7	290.3	25,650.4	200,073.2
Borrowings	4,492.2	-	5,061.2	-	1,457.4	11,010.8	85,884.3
Other liabilities	1,695.0	-	2,286.4	-	222.6	4,204.0	32,791.2
Total liabilities	6,187.2	-	7,347.6	-	1,680.0	15,214.8	118,675.5
Other information							
Depreciation and amortization	(144.7)	-	(89.8)	-	(2.1)	(236.6)	(1,845.5)
Impairment losses	(43.2)	-	(1.3)	-	-	(44.5)	(347.1)
Interest income	14.8	-	7.3	-	3.0	25.1	195.8
Finance costs	(102.6)	-	(100.6)	-	(26.0)	(229.2)	(1,787.8)
Share of profits less losses of associated companies and joint ventures	(1.7)	86.1	71.3	9.2	-	164.9	1,286.2
Taxation	(118.9)	-	(43.1)	-	(10.1)	(172.1)	(1,342.4)
Additions to non-current assets (other than financial instruments and deferred tax assets)	102.3	-	513.1	-	-	615.4	4,800.1

By geographical market – 2022

For the six months ended/at 30 June	Indonesia US\$m	The Philippines US\$m	Singapore US\$m	The Middle East, Africa & Others US\$m	2022 Total US\$m	2022 Total HK\$m*
Revenue						
Turnover						
- Consumer Food Products	2,871.5	113.7	47.5	710.7	3,743.4	29,198.5
- Infrastructure	24.6	439.8	863.7	0.4	1,328.5	10,362.3
Total	2,896.1	553.5	911.2	711.1	5,071.9	39,560.8
Assets						
Non-current assets (other than financial instruments and deferred tax assets)	3,162.1	11,162.9	588.8	4,554.8	19,468.6	151,855.1

By principal business activity – 2021

For the six months ended 30 June/at 31 December	Consumer					2021 Total US\$m	2021 Total HK\$m*
	Food Products US\$m	Telecom- munications US\$m	Infrastructure US\$m	Natural Resources US\$m	Head Office US\$m		
Revenue							
Turnover							
- Point in time	3,295.9	-	-	-	-	3,295.9	25,708.0
- Over time	68.7	-	861.4	-	-	930.1	7,254.8
Total	3,364.6	-	861.4	-	-	4,226.0	32,962.8
Results							
Recurring profit	118.4	71.2	52.7	6.9	(39.7)	209.5	1,634.1
Assets and liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	564.8	1,202.5	3,320.9	178.0	-	5,266.2	41,076.3
- Others	7,933.4	-	6,959.5	-	6.2	14,899.1	116,213.0
	8,498.2	1,202.5	10,280.4	178.0	6.2	20,165.3	157,289.3
Other assets	4,337.5	-	1,822.3	-	241.6	6,401.4	49,931.0
Total assets	12,835.7	1,202.5	12,102.7	178.0	247.8	26,566.7	207,220.3
Borrowings	4,425.6	-	5,267.6	-	1,435.2	11,128.4	86,801.5
Other liabilities	2,296.6	-	2,368.1	-	160.5	4,825.2	37,636.6
Total liabilities	6,722.2	-	7,635.7	-	1,595.7	15,953.6	124,438.1
Other information							
Depreciation and amortization	(154.0)	-	(91.2)	-	(2.1)	(247.3)	(1,929.0)
Impairment losses	(25.3)	-	(21.9)	-	-	(47.2)	(368.2)
Interest income	11.3	-	5.5	-	3.0	19.8	154.4
Finance costs	(96.1)	-	(110.9)	-	(26.9)	(233.9)	(1,824.4)
Share of profits less losses of associated companies and joint ventures	4.4	71.9	89.5	1.5	-	167.3	1,304.9
Taxation	(114.2)	-	(23.7)	-	(2.8)	(140.7)	(1,097.5)
Additions to non-current assets (other than financial instruments and deferred tax assets)	192.8	-	534.1	-	0.1	727.0	5,670.6

By geographical market – 2021

For the six months ended 30 June/at 31 December					2021 Total US\$m	2021 Total HK\$m*
	Indonesia US\$m	The Philippines US\$m	Singapore US\$m	The Middle East, Africa & Others US\$m		
Revenue						
Turnover						
- Consumer Food Products	2,587.3	82.2	106.8	588.3	3,364.6	26,243.9
- Infrastructure	21.4	426.9	412.9	0.2	861.4	6,718.9
Total	2,608.7	509.1	519.7	588.5	4,226.0	32,962.8
Assets						
Non-current assets (other than financial instruments and deferred tax assets)	3,594.2	11,502.0	612.8	4,456.3	20,165.3	157,289.3

3. Profit before taxation from continuing operations

Profit before taxation from continuing operations is arrived at after charging/(crediting):

(A) Other operating expenses, net

For the six months ended 30 June	2022	2021	2022	2021
	US\$m	US\$m	HK\$m*	HK\$m*
Foreign exchange and derivative losses, net (Note 5(A))	115.9	51.0	904.0	397.8
Impairment losses				
- Other receivables	13.2	7.3	103.0	57.0
- Property, plant and equipment	2.8	15.4	21.8	120.1
- An associated company and a joint venture	1.0	15.7	7.8	122.5
Loss on changes in fair value of biological assets	7.4	2.4	57.7	18.7
Gains on step acquisition of a joint venture ⁽ⁱ⁾	(65.7)	-	(512.5)	-
Dividend income from financial assets at fair value through other comprehensive income ("FVOCI")	(14.1)	(10.7)	(110.0)	(83.5)
Gain on disposal of an associated company	(2.5)	(22.2)	(19.5)	(173.2)
Gain on disposal of property, plant and equipment, net	-	(0.6)	-	(4.7)
Other (income)/expenses	(28.7)	7.9	(223.7)	61.6
Total	29.3	66.2	228.6	516.3

(i) On 31 March 2021, MPIC acquired the remaining 61.9% interest in Landco Pacific Corporation ("Landco") and recognized a total gain of US\$65.7 million (HK\$512.5 million), which comprised of (a) reversal of previously impaired advances and receivables totaling US\$58.5 million (HK\$456.3 million), (b) gain on remeasurement on previously held 38.1% interests in Landco of US\$5.9 million (HK\$46.0 million), and (c) gain on bargain purchase of 61.9% interest in Landco of US\$1.3 million (HK\$10.2 million).

(B) Finance costs

For the six months ended 30 June	2022	2021	2022	2021
	US\$m	US\$m	HK\$m*	HK\$m*
Finance costs on				
- Bank borrowings and other loans	294.0	308.1	2,293.2	2,403.2
- Lease liabilities	1.5	2.1	11.7	16.4
Less: Finance costs capitalized in				
- Other intangible assets	(63.3)	(71.8)	(493.7)	(560.1)
- Property, plant and equipment	(3.0)	(4.5)	(23.4)	(35.1)
Total	229.2	233.9	1,787.8	1,824.4

(C) Other items

For the six months ended 30 June	2022	2021	2022	2021
	US\$m	US\$m	HK\$m*	HK\$m*
Cost of inventories sold	1,970.8	1,640.7	15,372.2	12,797.5
Cost of services rendered	964.6	616.4	7,523.9	4,807.9
Employees' remuneration	441.1	434.5	3,440.6	3,389.1
Depreciation	164.5	175.1	1,283.1	1,365.8
Amortization of other intangible assets	71.2	71.2	555.4	555.4
Write-down of inventories to net realizable value ⁽ⁱⁱ⁾	28.4	7.3	221.5	56.9
(Reversal of impairment)/impairment losses on accounts receivable ⁽ⁱⁱⁱ⁾	(0.9)	1.5	(7.0)	11.7
Reversal of provision for onerous contracts	-	(4.4)	-	(34.3)

(i) Included in cost of sales

(ii) Included in selling and distribution expenses

4. Taxation

No Hong Kong profits tax (2021: Nil) has been provided as the Group had no estimated assessable profits (2021: 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	2022	2021	2022	2021
	US\$m	US\$m	HK\$m*	HK\$m*
Subsidiary companies - overseas				
Current taxation	149.9	139.1	1,169.2	1,085.0
Deferred taxation	22.2	1.6	173.2	12.5
Total tax charge	172.1	140.7	1,342.4	1,097.5

Included within the share of profits less losses of associated companies and joint ventures is taxation of US\$49.8 million or HK\$388.4 million) (2021: US\$86.4 million or HK\$673.9 million) which is analyzed as follows:

For the six months ended 30 June	2022	2021	2022	2021
	US\$m	US\$m	HK\$m*	HK\$m*
Associated companies and joint ventures - overseas				
Current taxation	66.0	50.8	514.8	396.2
Deferred taxation	(16.2)	35.6	(126.4)	277.7
Total tax charge	49.8	86.4	388.4	673.9

5. Profit attributable to owners of the parent

The profit attributable to owners of the parent includes (A) net foreign exchange and derivative losses, and (B) non-recurring items with details as follows:

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

Net foreign exchange and derivative losses of US\$49.7 million (HK\$387.6 million) (2021: US\$22.5 million or HK\$175.5 million), which represent the foreign exchange translation differences on the Group's unhedged foreign currency denominated net liabilities and the changes in the fair value of derivatives, are analyzed as follows:

For the six months ended 30 June	2022	2021	2022	2021
	US\$m	US\$m	HK\$m*	HK\$m*
Subsidiary companies				
- Continuing operations (Note 3(A))	(115.9)	(51.0)	(904.0)	(397.8)
- A discontinued operation	-	0.1	-	0.8
	(115.9)	(50.9)	(904.0)	(397.0)
Associated companies and joint ventures	(4.6)	(7.6)	(35.9)	(59.3)
Subtotal	(120.5)	(58.5)	(939.9)	(456.3)
Attributable to taxation and non-controlling interests	70.8	36.0	552.3	280.8
Total	(49.7)	(22.5)	(387.6)	(175.5)

(B) Analysis of non-recurring items

The non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 1H22's non-recurring gains of US\$28.1 million (HK\$219.2 million) mainly represent PLDT's gains on towers sale (US\$61.9 million or HK\$482.8 million) and prescription of redemption liability on preferred shares (US\$28.8 million or HK\$224.6 million), and MPIC's gain on consolidation of Landco (US\$29.2 million or HK\$227.8 million), partly offset by PLDT's accelerated depreciation for network assets (US\$60.5 million or HK\$471.9 million) and manpower reduction costs (US\$17.7 million or HK\$138.1 million), and Indofood's loss on changes in fair value of biological assets (US\$1.7 million or HK\$13.3 million). 1H21's non-recurring losses of US\$6.0 million (HK\$46.8 million) mainly represent the Group's provisions for impairments of investments and network assets, and claims (US\$40.2 million or HK\$313.6 million), partly offset by MPIC's gains on deconsolidation of Global Business Power Corporation ("GBPC") (US\$28.7 million or HK\$223.9 million) and disposal of Don Muang Tollway Public Company Limited ("DMT") (US\$9.6 million or HK\$74.9 million).

6. Earnings per share attributable to owners of the parent

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 4,270.6 million (2021: 4,340.4 million) in issue less the weighted average number of ordinary shares held for a share award scheme of 5.7 million (2021: 8.3 million) during the period.

The calculation of the diluted earnings per share is based on the profit for the period attributable to owners of the parent, adjusted to reflect the dilutive impact of awarded shares of the Group's subsidiary companies, where applicable. The weighted average number of ordinary shares used in the calculation is based on the number of ordinary shares used in the basic earnings per share calculation adjusted for the dilutive effect of share options and awarded shares of the Company, where applicable.

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

For the six months ended 30 June	2022	2021	2022	2021
	US\$m	US\$m	HK\$m*	HK\$m*
Earnings				
Profit attributable to owners of the parent used in the basic and diluted earnings per share calculation				
- Continuing operations	241.7	147.7	1,885.3	1,152.1
- A discontinued operation	-	33.3	-	259.7
	241.7	181.0	1,885.3	1,411.8

For the six months ended 30 June	Number of shares	
	2022	2021
	Millions	Millions
Shares		
Weighted average number of ordinary shares issued during the period	4,270.6	4,340.4
Less: Weighted average number of ordinary shares held for a share award scheme	(5.7)	(8.3)
Weighted average number of ordinary shares used in the basic earnings per share calculation	4,264.9	4,332.1
Add: Dilutive impact of awarded shares on the weighted average number of ordinary shares	2.4	4.2
Add: Dilutive impact of share options on the weighted average number of ordinary shares	1.2	_(i)
Weighted average number of ordinary shares used in the diluted earnings per share calculation	4,268.5	4,336.3

(i) For the six months ended 30 June 2021, the effect of share options of the Company on the weighted average number of ordinary shares was anti-dilutive and therefore not included in the above calculation of diluted earnings per share.

7. Ordinary share interim distribution

At a meeting held on 31 August 2022, the Directors declared an interim cash distribution of HK10.50 cents (U.S. 1.35 cents) (2021: HK9.00 cents (U.S. 1.15 cents) per ordinary share, equivalent to a total amount of US\$57.4 million (HK\$447.4million) (2021: US\$49.9 million (HK\$389.2 million).

8. Accounts receivable, other receivables and prepayments

Included in accounts receivable, other receivables and prepayments are accounts receivable of US\$781.8 million (HK\$6,098.0 million) (31 December 2021: US\$732.6 million or HK\$5,714.3 million) with an aging profile based on the invoice date, net of loss allowance, as follows:

	At 30 June 2022 US\$m	At 31 December 2021 US\$m	At 30 June 2022 HK\$m*	At 31 December 2021 HK\$m*
0 to 30 days	602.3	550.8	4,697.8	4,296.2
31 to 60 days	89.2	96.9	695.8	755.8
61 to 90 days	36.7	32.3	286.3	251.9
Over 90 days	53.6	52.6	418.1	410.4
Total	781.8	732.6	6,098.0	5,714.3

Indofood generally allows customers 30 to 60 days of credit. MPIC generally allows 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 an instalment period of one to three years for its real estate customers. PLP generally allows customers 30 days of credit.

9. Accounts payable, other payables and accruals

Included in accounts payable, other payables and accruals are accounts payable of US\$638.2 million (HK\$4,978.0 million) (31 December 2021: US\$563.7 million or HK\$4,396.9 million) with an aging profile based on the invoice date as follows:

	At 30 June 2022 US\$m	At 31 December 2021 US\$m	At 30 June 2022 HK\$m*	At 31 December 2021 HK\$m*
0 to 30 days	510.5	466.8	3,981.9	3,641.0
31 to 60 days	36.9	18.9	287.8	147.4
61 to 90 days	40.1	20.9	312.8	163.0
Over 90 days	50.7	57.1	395.5	445.5
Total	638.2	563.7	4,978.0	4,396.9

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

	Exchange reserve US\$m	Fair value reserve of financial assets at FVOCI US\$m	Unrealized (losses)/ gains on cash flow hedges US\$m	Income tax related to cash flow hedges US\$m	Actuarial (losses)/ gains 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 2021	(537.6)	124.0	(8.6)	-	(9.4)	(220.2)	(651.8)	(5,084.0)
Other comprehensive (loss)/income for the period	(75.4)	16.2	19.2	(1.9)	2.3	(26.6)	(66.2)	(516.4)
At 30 June 2021	(613.0)	140.2	10.6	(1.9)	(7.1)	(246.8)	(718.0)	(5,600.4)
At 1 January 2022	(690.0)	148.8	29.5	(4.9)	14.1	(209.8)	(712.3)	(5,555.9)
Other comprehensive (loss)/income for the period	(241.0)	4.9	(3.8)	1.6	1.0	14.0	(223.3)	(1,741.8)
Acquisition of an interest in a subsidiary company	(4.1)	-	-	-	-	-	(4.1)	(32.0)
At 30 June 2022	(935.1)	153.7	25.7	(3.3)	15.1	(195.8)	(939.7)	(7,329.7)

11. Contingent liabilities

At 30 June 2022, except for guarantees of US\$17.4 million (HK\$135.7 million) (31 December 2021: US\$21.1 million or HK\$164.6 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 2021: Nil).

12. Employee information

For the six months ended 30 June	2022	2021	2022	2021
	US\$m	US\$m	HK\$m*	HK\$m*
Employee remuneration (including Directors' remuneration)				
- Continuing operations	441.1	434.5	3,440.6	3,389.1
- A discontinued operation	-	7.7	-	60.1
	441.1	442.2	3,440.6	3,449.2
Number of employees			2022	2021
At 30 June			100,968	100,333
Average for the period				
- Continuing operations			100,668	101,294
- A discontinued operation			-	961 ⁽ⁱ⁾
			100,668	102,255

(i) Related to the period from 1 January 2021 to 31 March 2021 (the date of deconsolidation of GBPC)

13. Events after the reporting period

- (A) On 29 July 2022, MPIC purchased in aggregate 22.5 million common shares of Manila Electric Company ("Meralco"), representing 2.0% of the total issued capital stock of Meralco, through a private placement transaction for a total consideration of Pesos 7.75 billion (US\$138.6 million or HK\$1,081.1 million) or Pesos 344 (US\$6.2 or HK\$48.0) per share. As a result of this transaction, MPIC's effective interest in Meralco increased to 47.5% from 45.5%. The Group continues to account Meralco as an associated company.
- (B) On 3 August 2022, Philex's completed its stock rights offering by issuing 842 million new shares at Pesos 3.15 (U.S. 5.73 cents or HK\$4.7 cents) per share and raised Pesos 2.7 billion (US\$48.2 million or HK\$376.0 million) new equity. The proceeds would be used to fund the development of Silangan Project. The Group subscribed Philex's rights shares in proportion to its existing interests of 31.2% for an aggregated consideration of Pesos 0.8 billion (US\$15.1 million or HK\$117.8 million). Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, also subscribed Philex's rights shares in proportion to its existing interest of 15.0% for an aggregated consideration of Pesos 0.4 billion (US\$7.2 million or HK\$56.2 million).

14. Approval of the condensed interim consolidated financial statements

The condensed interim consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on 31 August 2022.

* 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

Contribution and profit summary

For the six months ended 30 June US\$ millions	Turnover		Contribution to Group profit ⁽ⁱ⁾	
	2022	2021	2022	2021
Indofood	3,639.8	3,293.4	124.4	122.9
PLDT ⁽ⁱⁱ⁾	-	-	73.0	71.2
MPIC	464.8	448.5	59.7	49.9
FPM Power	863.7	412.9	39.0	2.8
Philex ⁽ⁱⁱ⁾	-	-	9.8	6.9
FP Natural Resources	103.6	71.2	(3.4)	(4.5)
Contribution from operations⁽ⁱⁱⁱ⁾	5,071.9	4,226.0	302.5	249.2
Head Office items:				
– Corporate overhead			(11.3)	(9.8)
– Net interest expense			(24.4)	(25.8)
– Other expenses			(3.5)	(4.1)
Recurring profit^(iv)			263.3	209.5
Foreign exchange and derivative losses, net ^(v)			(49.7)	(22.5)
Non-recurring items ^(vi)			28.1	(6.0) ^(vii)
Profit attributable to owners of the parent			241.7	181.0

(i) After taxation and non-controlling interests, where appropriate.

(ii) Associated companies.

(iii) Contribution from operations represents the recurring profit contributed to the Group by its operating companies.

(iv) Recurring profit represents the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative losses and non-recurring items.

(v) Foreign exchange and derivative losses, net represent the net losses on foreign exchange translation differences on the Group's unhedged foreign currency denominated net liabilities and the changes in the fair values of derivatives.

(vi) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 1H22's non-recurring gains of US\$28.1 million mainly represent PLDT's gains on towers sale (US\$61.9 million) and prescription of redemption liability on preferred shares (US\$28.8 million), and MPIC's gain on consolidation of Landco (US\$29.2 million), partly offset by PLDT's accelerated depreciation for network assets (US\$60.5 million) and manpower reduction costs (US\$17.7 million), and Indofood's loss on changes in fair value of biological assets (US\$1.7 million). 1H21's non-recurring losses of US\$6.0 million mainly represent the Group's provisions for impairments of investments and network assets, and claims (US\$40.2 million), partly offset by MPIC's gains on deconsolidation of GBPC (US\$28.7 million) and disposal of DMT (US\$9.6 million).

(vii) Re-presented to include changes in fair value of biological assets as non-recurring items to align with current period presentation.

In the first half of 2022, First Pacific recorded its highest-ever interim contribution from operations, recurring profit and reported profit. With all investee companies showing improved results, total contribution from operations rose 21% to US\$302.5 million notwithstanding exchange-rate and commodity price volatility as the global economy recovers from the COVID-19 pandemic.

Turnover up 20% to US\$5.1 billion from US\$4.2 billion

- reflecting higher revenues at Indofood resulting from higher average selling prices of crude palm oil ("CPO") and other major products
- higher revenues at PLP driven by higher average selling price per unit of electricity as a result of high oil prices and higher sales volumes

Recurring profit up 26% to US\$263.3 million from US\$209.5 million

- reflecting higher profit contributions from Indofood, PLDT, MPIC, PLP and Philex
- lower loss at RHI
- lower Head Office net interest expenses

Non-recurring gains of US\$28.1 million versus losses of US\$6.0 million (restated)

- reflecting PLDT's gains on towers sale and on prescription of redemption liability on preferred shares
- MPIC's gain on consolidation of Landco
- partly offset by PLDT's accelerated depreciation for network assets and manpower rightsizing cost

Reported profit up 34% to US\$241.7 million from US\$181.0 million

- reflecting higher recurring profit
- recorded non-recurring gains versus non-recurring losses
- partly offset by higher net foreign exchange and derivative losses associated with the depreciation of the peso and the rupiah

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

Closing exchange rates against the U.S. dollar				Average exchange rates against the U.S. dollar			
	At 30 June 2022	At 31 December 2021	Six months change		Six months ended 30 June 2022	Six months ended 30 June 2021	One year change
Rupiah	14,848	14,269	-3.9%	Rupiah	14,503	14,360	-1.0%
Peso	54.98	51.00	-7.2%	Peso	52.25	48.30	-7.6%
S\$	1.391	1.349	-3.0%	S\$	1.367	1.334	-2.4%

During the period, the Group recorded net foreign exchange and derivative losses of US\$49.7 million (1H21: US\$22.5 million), which can be further analyzed as follows:

For the six months ended 30 June	2022	2021
US\$ millions		
Head Office	(9.5)	(2.9)
Indofood	(32.0)	(14.9)
PLDT	(7.1)	(2.0)
MPIC	(2.0)	(2.2)
FPM Power	0.3	(0.4)
Philex	0.6	(0.1)
Total	(49.7)	(22.5)

Additional Investments

On 22 April 2022, First Pacific invested US\$20.0 million in Voyager Innovations Holdings Pte. Ltd. ("Voyager"), an associated company of PLDT. It was First Pacific's first direct investment in the digital ecosystem. The proceeds raised by Voyager will be employed for business expansion.

On 3 August 2022, under Philex's stock rights offering program, First Pacific subscribed to Philex's rights shares in proportion to its existing interest of 31.2% for an aggregated consideration of 0.8 billion pesos (US\$15.1 million). Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, also subscribed to Philex's rights shares in proportion to its existing interest of 15.0% for an aggregated consideration of 0.4 billion pesos (US\$7.2 million). The proceeds raised by Philex will be used to fund the development of the Silangan Project.

Capital Management

Interim Distribution

First Pacific's Board of Directors declared an interim distribution of HK10.50 cents (U.S. 1.35 cent) (1H21: HK9.00 cents (U.S. 1.15 cent)) per share, up 17% from the 2021 first half distribution and representing a pay-out ratio of approximately 22% (1H21: 24%) of recurring profit.

Since 2010, the full-year distribution of the Company has been approximately 25% of recurring profit. For the full-year 2022, it is the Company's plan to broadly maintain this level of distribution, subject to review by the Finance Committee and the Board taking into account the Group's operating and financial performance, the impact of ongoing macroeconomic volatility and the cashflow of the Company, in particular, the dividend distributions received from the investee companies.

Total return to shareholders will remain a combination of distributions and share repurchases taking into consideration Head Office finances and economic conditions in the markets of the Group's investee companies.

Share Repurchase Program

On 30 March 2021, the Board approved a share repurchase program to buy back US\$100 million of First Pacific shares from the open market over three years. The program reflects management's commitment to enhancing shareholder returns.

In the first six months of 2022, First Pacific repurchased approximately 14.3 million shares at an average price of HK\$3.09 (US\$0.40) per share with a total cost of approximately HK\$44.3 million (US\$5.7 million).

In July 2022, the Company repurchased approximately 5.7 million shares at an average price of HK\$3.07 (US\$0.39) per share with a total cost of approximately HK\$17.6 million (US\$2.3 million).

Up to the end of July 2022, First Pacific spent US\$31.7 million since the launch of its US\$100 million share repurchase program at the end of March 2021. All repurchased shares were subsequently cancelled.

Credit Ratings

On 19 April 2022, First Pacific received investment-grade credit ratings from two leading global rating agencies. They are the Company's first-ever credit ratings. Standard & Poor's Global Ratings awarded First Pacific a BBB- issuer rating with Stable outlook while Moody's Investors Service gave First Pacific a rating of Baa3 with Stable outlook.

Debt Profile

As at 30 June 2022, Head Office gross debt stood at approximately US\$1.5 billion with an average maturity of 3.3 years. Net debt was at approximately US\$1.3 billion. Approximately 64% of the Head Office borrowings were at fixed rates while floating rate bank loans comprised the remainder. The blended interest rate was approximately 3.7% per annum. All Head Office borrowings are unsecured.

As at 30 August 2022, the principal amounts of the following two bonds remained outstanding:

- US\$357.8 million 10-year at 4.5% coupon with maturity on 16 April 2023
- US\$350.0 million 7-year at 4.375% coupon with maturity on 11 September 2027

As part of the proactive liability management initiatives, First Pacific has obtained committed banking facilities totalling US\$370.0 million to refinance the US\$357.8 million outstanding bond due for redemption in April 2023.

There is no Head Office recourse for the borrowings of subsidiary or associated companies.

Operating Cashflow and Interest Cover

For the first half of 2022, Head Office operating cash inflow before interest expense and tax decreased 4% to US\$58.9 million from US\$61.6 million for the first half of 2021, principally due to a decrease in dividends received as a result of the depreciation of the peso average exchange rate against the U.S. dollar.

Net cash interest expense declined 7% to US\$22.9 million from US\$24.6 million, reflecting a lower interest cost period-on-period as a consequence of the liability management initiatives completed during the second half of 2021. For the 12 months ended 30 June 2022, the cash interest cover was approximately 3.8 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 dividend income and payments in foreign currencies.

Outlook

Impacts from the COVID-19 pandemic, inflation, and macroeconomic volatility are likely to continue in the second half of this year. However, the core holdings of Indofood, PLDT, and MPIC remain stable sources of First Pacific's strength. Looking ahead, the Company is optimistic for the prospects of these businesses and their strong potential for stable earnings growth over the medium to long term.

INDOFOOD

Indofood's wide variety of well-priced consumer food product offerings coupled with its extensive and highly responsive distribution system were key to double-digit sales growth in the Consumer Branded Products, Bogasari and Distribution groups, while Agribusiness group's sales performance was impacted by lower sales volume.

Indofood's contribution to the Group increased 1% to US\$124.4 million (1H21: US\$122.9 million) principally reflecting higher core profit partly offset by a 1.0% depreciation of the rupiah average exchange rate against the U.S. dollar.

Core profit up 2% to 4.0 trillion rupiah (US\$275.9 million) from 3.9 trillion rupiah (US\$272.8 million)

- reflecting higher profit of the Agribusiness group on higher CPO prices despite lower sales volume
- improved performance of Bogasari and Distribution groups
- partly offset by lower gross profit margin at the Consumer Branded Products ("CBP") group caused by higher raw material costs, and higher net financing costs

Net income down 16% to 2.9 trillion rupiah (US\$200.0 million) from 3.4 trillion rupiah (US\$239.1 million)

- reflecting higher net foreign exchange loss due to the 3.9% depreciation of the rupiah closing exchange rate against the U.S. dollar
- partly offset by higher core profit

Consolidated net sales up 12% to 52.8 trillion rupiah (US\$3.6 billion) from 47.3 trillion rupiah (US\$3.3 billion)

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

Gross profit margin to 30.9% from 33.6%

- reflecting higher raw material costs, especially for wheat flour and cooking oil
- partly offset by higher average selling prices of most products at the CBP, Bogasari and Agribusiness groups

Consolidated operating expenses up 1% to 7.5 trillion rupiah (US\$515.5 billion) from 7.4 trillion rupiah (US\$516.2 million)

- reflecting higher selling expenses, driven by higher sales
- partly offset by lower general and administrative expenses

EBIT margin to 16.7% from 17.9%

- reflecting lower gross profit margin
- partly offset by lower operating expenses to sales ratio

Debt Profile

As at 30 June 2022, Indofood's gross debt increased 6% to 65.4 trillion rupiah (US\$4.4 billion) from 61.8 trillion rupiah (US\$4.3 billion) as at 31 December 2021. Of this total, 26% matures in the next 12 months and the remainder matures between July 2023 and April 2052, while 26% was denominated in rupiah and the remaining 74% was denominated in foreign currencies.

As at the end of June 2022, ICBP maintained its Baa3 and BBB- ratings from Moody's and Fitch, respectively.

Additional Investments

From 1 January 2022 to 30 June 2022, Indofood acquired a total of approximately 1.2 million shares of Indofood Agri Resources Ltd. ("IndoAgri") from the open market for a total consideration of approximately S\$0.4 million (US\$0.3 million), increasing Indofood's effective interest in IndoAgri to approximately 72.0%.

In April 2022, ICBP paid the retention amount of US\$650 million to Pinehill Corpora Limited and Steele Lake Limited when the audited net profits of Pinehill Company Limited for 2020 and 2021 met the guaranteed minimum level.

Consumer Branded Products

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. Its business operations are supported by more than 60 plants located in key regions across Indonesia. Through its wholly owned subsidiary, Pinehill, CBP group also owns more than 20 manufacturing facilities in eight countries in Africa, the Middle East and South-eastern Europe producing high-quality instant noodle products for fast-growing domestic and export markets. CBP products are available in more than 100 countries 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, Saudi Arabia, Egypt, Kenya, Nigeria and Turkey, serving a population of more than 1.2 billion consumers in its major markets at home and abroad. Its annual production capacity is around 34 billion packs, across a broad range of instant noodle varieties.

The Dairy division has an annual production capacity of more than 900,000 tonnes and is one of the largest dairy manufacturers in Indonesia. It produces and markets UHT milk, sterilized bottled milk, sweetened condensed creamer, evaporated milk, pasteurized liquid milk, UHT multi-cereal milk, milk flavoured drinks, powdered milk, ice cream and butter.

The Snack Foods division has an annual production capacity of around 50,000 tonnes, producing western and modernized traditional snacks and extruded snacks, making it the market leader in the modern snack category in Indonesia.

The Food Seasonings division has an annual production capacity of more than 150,000 tonnes, manufacturing and marketing a wide range of culinary products, including soy sauces, chili sauces, tomato sauces, recipe mixes, and soup stock as well as syrups.

Indofood's Nutrition & Special Foods division is one of the leading players in Indonesia's baby food industry. This division has an annual production capacity of 25,000 tonnes, producing baby cereals, baby snacks such as rice puffs, crunchies, biscuits and puddings, noodle soup and pasta 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 offers a wide range of ready-to-drink teas, packaged water and fruit-flavored drinks which are produced in 18 factories across Indonesia with a combined annual production capacity of approximately three billion liters.

In the first half of 2022, CBP group sales rose 16% to 32.2 trillion rupiah (US\$2.2 billion) reflecting higher sales volumes and average selling prices across all major CBP divisions. Both domestic and overseas sales contributed to the strong performance. EBIT margin declined to 16.8% from 21.9% reflecting a greater increase in raw material costs than the increase in average selling prices.

In the midst of deteriorating global economic conditions, Indonesia's economy performed fairly well. Indofood will continue its focus on balancing volume growth and profitability. Indofood's initiatives for domestic and overseas operations will include strengthening its market leadership through continuous investment in product brands, deeper market penetration, and continuing product innovation. Indofood will also improve manufacturing and production capabilities as well as maintain a healthy balance sheet position.

Bogasari

Bogasari is the largest integrated flour miller in Indonesia, operating four flour mills with total combined annual production capacity of approximately 4.4 million tonnes. Bogasari produces a wide range of wheat flour products and pasta for domestic and international markets.

Its sales rose 25% to 15.1 trillion rupiah (US\$1.0 billion), reflecting higher average selling prices and sales volume. As a result, EBIT margin improved to 8.0% from 6.6%.

Global wheat markets will remain volatile with the ongoing Russia-Ukraine conflict. As one of the leading players in Indonesia's flour industry, Bogasari continues to focus on ensuring wheat supply and flour availability in the market. The improving domestic economy has been positive for Indonesia's flour industry, however, and rising flour prices pose a challenge especially to small- and medium-sized enterprises.

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. Its two divisions, Plantations and Edible Oils & Fats ("EOF"), operate through IndoAgri and its main operating subsidiaries, PT Salim Ivomas Pratama Tbk and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk in Indonesia. In Brazil, IndoAgri has 36.2% equity investments in sugar and ethanol operations in Companhia Mineira de Açúcar e Álcool Participações and land assets in Bússola Empreendimentos e Participações S.A. It is also invested in Roxas Holdings, Inc. in the Philippines through a joint venture with First Pacific.

CPO prices increased to record highs in early 2022 due to the Russia-Ukraine conflict and a temporary export ban by Indonesia. Despite challenges from highly volatile commodity markets and price control measures on domestic cooking oil introduced by the Indonesian government, the average CPO prices (CIF Rotterdam) rose 45% to US\$1,638 per tonne in the first half of 2022.

Agribusiness group sales declined 10% to 8.0 trillion rupiah (US\$550.3 million) due to lower sales at EOF division, despite higher average selling prices of palm products (CPO and palm kernel) and EOF products. Sales volume of CPO and palm kernel related products declined 14% and 26% to approximately 295 thousand tonnes and 62 thousand tonnes, respectively, owing to lower fresh fruit bunch ("FFB") nucleus production and stock build-up. EBIT margin rising to 19.0% from 11.8%.

Plantations

In Indonesia, the total planted area declined 1% to 296,635 hectares from year-end 2021, of which oil palm accounted for 83%, while rubber, sugar cane and other crops accounted for the remainder. IndoAgri's oil palms have an average age of approximately 18 years, while around 15% of its oil palms are younger than seven years. This division has a total annual processing capacity of 7.2 million tonnes of FFB.

The Plantations division recorded a 22% increase in sales to 5.7 trillion rupiah (US\$389.9 million) mainly reflecting higher prices for palm products, partly offset by a lower sales volume of CPO and palm kernel products due to lower production and a net build-up of 35,000 tonnes of CPO inventories.

Total FFB production declined 5% to 1.7 million tonnes, mainly reflecting lower nucleus output caused by replanting activities in Riau and North Sumatra, as well as the impact on crop production and operations of adverse weather. CPO production declined 5% to 327,000 tonnes mainly due to lower FFB nucleus production. The CPO extraction rate was stable at 20.9%.

In Brazil, the total planted area for sugar cane rose 12% to 127,959 hectares from year-end 2021, of which 47% was owned by CMAA, while contracted third-party farmers accounted for the remainder.

Commodity prices are expected to remain highly volatile due to geopolitical conflicts, supply chain disruptions, rising global protectionism and erratic weather patterns. The Agribusiness group expects global vegetable oil prices to be supported by demand growth, biodiesel mandates, and a slowdown in supply growth, especially for palm oil.

The Agribusiness group continues to prioritise capital expenditure on critical infrastructure and the replanting of older oil palm trees in Riau and North Sumatra. Other initiatives include improving FFB yields through active crop management and improvements in fertiliser application through nutrient analysis, and pursuing relevant innovations and mechanisation to raise plantation productivity. It will continue to focus on enhancing cost controls and further improving efficiency through digitalisation and streamlining of work processes.

Edible Oils & Fats

This division manufactures cooking oils, margarines and shortenings. It has an annual CPO refinery capacity of 1.7 million tonnes.

In the first half of 2022, this division recorded an 18% decline in sales to 6.1 trillion rupiah (US\$421.2 million) as a result of lower sales volume of EOF products. Despite this and higher CPO input costs, the EOF division maintained its profitability.

Capacity expansion for its main Tanjung Priok CPO refinery in Jakarta is targeted to be completed in 2023. The boost in EOF production capacity will enable it to capture growing domestic demand and new opportunities. The EOF division will continue its competitive marketing strategy and packaging designs to maintain Bimoli's leading brand position, and further leverage its digital and e-commerce platforms to increase market reach and penetration.

Distribution

The Distribution group is a strategic component of Indofood's Total Food Solutions network 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 Indonesia.

The Distribution group's sales rose 13% to 2.9 trillion rupiah (US\$198.7 million) mainly supported by the growth in demand for the products of Indofood and those of other consumer goods companies this group provides services to. The EBIT margin improved to 8.5% from 5.8% driven by lower operating expenses.

The Distribution group continues to strengthen its network, leveraging over 1,300 distribution/stock points across Indonesia to further increase Indofood's product penetration and product availability in retail outlets, as well as enabling it to quickly react to shifting consumer purchasing patterns.

Outlook

The outlook for household consumption in Indonesia looks promising with the economic turnaround along with the gradual lifting of mobility restrictions. Indofood will continue to focus on competitiveness and cost controls to manage healthy profitability amid continuing volatility in commodity prices.

PLDT

PLDT's network quality and breadth coupled with its industry-best customer experience drove the robust performance at its Home and Enterprises businesses which addressed low home penetration and corporate digital transformation, respectively. Data and broadband services remained the main revenue growth driver across all businesses, with consolidated service revenues and core EBITDA reaching all-time highs in the first half of 2022.

PLDT's contribution to the Group increased 3% to US\$73.0 million (1H21: US\$71.2 million) reflecting higher consolidated core net income, partly offset by a 7.6% depreciation of the peso average exchange rate against the U.S. dollar during the period.

Telco core net income up 12% to 17.0 billion pesos (US\$325.4 million) from 15.2 billion pesos (US\$314.9 million)	<ul style="list-style-type: none">reflecting higher core EBITDA driven by growth in service revenuespartly offset by higher provision for income tax, financing costs and depreciation
Consolidated core net income up 4% to 16.0 billion pesos (US\$306.2 million) from 15.3 billion pesos (US\$317.2 million)	<ul style="list-style-type: none">reflecting higher telco core net incomepartly offset by its share of a higher loss in Voyager
Reported net income up 30% to 16.7 billion pesos (US\$320.4 million) from 12.9 billion pesos (US\$267.5 million)	<ul style="list-style-type: none">reflecting higher core net income, a gain from the sale and leaseback of telco towers, and income from the prescription of convertible preference shares redemption liabilitypartly offset by accelerated depreciation related to the sunseting of 3G technology, migration of customers from copper network to fiber, higher manpower rightsizing expenses, and higher foreign exchanges losses
Consolidated service revenues (net of interconnection costs) up 5% to 94.3 billion pesos (US\$1.8 billion) from 89.9 billion pesos (US\$1.9 billion)	<ul style="list-style-type: none">reflecting sustained strong growth in Home broadband and Enterprise revenueswhile Individual service revenues were impacted by competition, the downward trend was reversed with modest recovery in the second quarter of 2022Home and Enterprise service revenues grew 24% and 9%, and accounted for 30% and 25% of consolidated service revenues, respectivelydata and broadband remained the main growth drivers, with combined revenues up 10%, representing 79% (1H21: 76%) of consolidated service revenues
Core EBITDA up 8% to 50.5 billion pesos (US\$966.5 billion) from 46.6 billion pesos (US\$964.8 million)	<ul style="list-style-type: none">reflecting higher service revenues and lower provisionspartly offset by higher cash operating expenses
Core EBITDA margin to 52% from 51%	<ul style="list-style-type: none">EBITDA margin of wireless and fixed line at 53% and 37%, respectively

Capital Expenditures

In the first half of 2022, capital expenditure rose 11% to 46.0 billion pesos (US\$0.9 billion), 79% of which was invested in network and IT, while the balance was invested in business capital expenditure to support the requirements of the Home, Enterprise and Individual segments.

When compared to year-end 2021, total homes passed by PLDT's fiber optic network rose 17% to 16.2 million, fiber port capacity rose 16% to 6.7 million, and its fiber footprint expanded by 13% to 837,900 cable kilometers nationwide – the country's biggest. On the wireless network, the number of base stations for LTE/4G increased 3% to 39.8 thousand, for 3G up 1% to 17.1 thousand, while Smart 5G rose 2% to 7.3 thousand. As at the end of June 2022, PLDT's 5G, 4G and 3G population coverage reached 97% of the Philippines' population, while 5G alone was at 66%.

In the first half of 2022, PLDT built an additional 950 thousand ports for connecting more homes to its fiber optic network, maintaining its market leadership position. Fixed broadband nationwide presence rose to 65%.

Global benchmarking company Ookla® recognized PLDT's broadband as the fastest and Smart's mobile coverage as the best in the Philippines for the period. They received Ookla Speedtest Awards since the first quarter of 2021. Over the last 10 years to 2021, PLDT invested approximately 518.5 billion pesos (US\$9.4 billion) in capital expenditure to serve its customers.

As part of its objective of achieving positive free cash flow, PLDT aims to reduce its capital expenditures over the course of time from a peak of 89 billion pesos in 2021. Capital expenditure guidance for 2022 remained at 85 billion pesos. It will continue to be demand-driven primarily enabling the growth of its Home broadband business, network capacity expansion and IT platform advancement, construction of an 11th data center for hyperscalers, and investment in the Jupiter and Apricot international cabling systems.

Debt Profile

During the period, PLDT prepaid part of its debts using the towers sale proceeds. As at 30 June 2022, PLDT's consolidated net debt declined 11% to US\$4.0 billion from US\$4.5 billion as at year-end 2021, improving net debt to EBITDA to 2.16 times from 2.38 times. Total gross debt fell to US\$4.7 billion, of which 16% was denominated in U.S. dollars. Only 5% of the total debt was unhedged after taking into account available U.S. dollar cash and currency hedges allocated for debt. 64% of total debts are due to mature after 2026. Post interest rate swaps, 60% of the total debt are fixed-rate borrowings. The average pre-tax interest cost for the period declined further to 4.01% from 4.31% for the full year 2021.

As at the end of June 2022, PLDT's credit ratings remained at investment grade at S&P (BBB+) and Moody's (Baa2), the international credit rating agencies.

Interim and Special Dividends

On 4 August 2022, the PLDT Board of Directors approved a regular interim dividend of 47 pesos (US\$0.85) (1H21: 42 pesos (US\$0.86)) per share, representing 60% of its telco core net income in the period, in line with PLDT's dividend policy. A special dividend of 28 pesos (US\$0.51) per share associated with the towers sale was declared. Both dividends will be paid on 5 September 2022 to shareholders on record as of 18 August 2022.

Another special dividend with a total of 3 billion pesos (US\$54.6 million) associated with the final closing of towers sale will be declared when PLDT announces its final dividend for 2022.

Asset Divestment

On 19 April 2022, PLDT subsidiaries, Smart Communications, Inc. ("Smart") and Digitel Mobile Philippines, Inc. ("Digitel") signed Sale and Purchase Agreements ("SPA") for the sale of 5,907 telecom towers and related passive telecom infrastructure to a subsidiary of EdgePoint Infrastructure and a subsidiary of edotco Group for a total consideration of 77 billion pesos (US\$1.4 billion). The transaction was the largest ever acquisition of assets in the Philippines by international investors at the time.

Smart has agreed to leaseback the towers sold in the transaction for a period of 10 years. The sale and leaseback will be complemented by building another 1,500 new towers for Smart by 2030. The first two closings of the transaction were completed on 1 June 2022 and 1 August 2022, with 39.2 billion pesos (US\$713.0 million) and 13.2 billion pesos (US\$240.1 million) received, respectively. The final closing is expected to be completed by the end of 2022. The proceeds from the tower sale have been allocated for debt prepayment, capital and operating expenditures, investments, and special dividends.

Service Revenues by Business Segment

High demand for data and broadband services continued to drive PLDT's performance. Total service revenues rose 5% to another record high of 94.3 billion pesos (US\$1.8 billion), led by a 10% increase in data and broadband revenues to 74.9 billion pesos (US\$1.4 billion). Mobile data revenues grew 2% to 35.7 billion pesos (US\$0.7 billion), Home broadband revenues rose 22% to 24.6 billion pesos (US\$470.8 million), corporate data recorded 11% growth to 11.9 billion pesos (US\$227.8 million), and ICT revenues were up 14% to 2.6 billion pesos (US\$49.8 million).

As at the end of June 2022, the PLDT group's total subscriber base stood at 77.3 million.

The growth momentum of Home service revenues remained strong in the first half of 2022, rising 24% to a record high of 28.1 billion pesos (US\$537.8 million). Fiber-only revenues rose 62% to 23.2 billion pesos (US\$444.0 million) and accounted for 82% of total Home revenue following an acceleration in the rollout of nationwide fiber-to-the-home ("FTTH") in response to strong customer demand for PLDT's high network quality. In the first half of 2022, PLDT recorded 401,000 net fiber subscriber additions, bringing its total fiber subscriber base to 2.8 million.

Approximately 20% of the Philippine population connected by fiber network services, significantly lower than the 50% level in some of the neighboring countries. With sustainable market demand and promising growth prospects, PLDT's Home business will continue to accelerate its fiber rollout and enhance its fiber network by increasing its fiber port capacity, introducing exclusive partnerships with reputable global players to further enrich its streaming offers, and increasing channels for digital services.

Individual service revenues declined 6% to 41.2 billion pesos (US\$788.5 billion) of which 83% (1H21: 79%) were from data/broadband. However, the second quarter saw a reversal of the downward trend in revenues with a rise to 20.9 billion pesos (US\$400.0 million), up 2% from the first quarter, boosted by the return of mobility and economic activity, continuing refinement of offers and load packages to address consumer preferences and usage patterns, and Smart's network advantage in terms of quality.

Stimulated by data offerings and promotions, mobile data traffic volumes rose 32% to 2,081 petabytes. The number of active data users increased 5% to 41.9 million, while 5G connected devices on the PLDT network grew 80% from year-end 2021 to over 2 million.

As at the end of June 2022, the PLDT group's combined wireless subscriber base stood at 69.4 million, of which over 95% are prepaid customers.

Enterprise service revenues rose 9% to a new high of 23.2 billion pesos (US\$444.0 million), driven mostly by the resumption of business activities with the gradual reopening of the Philippine economy. PLDT Enterprise enabled 627,000 cloud licenses, a 32% increase period-on-period.

The construction of ePLDT's eleventh data center, VITRO Sta. Rosa, marked a new step in its leadership in the ICT sector. With a total power capacity of 50 megawatts, VITRO Sta. Rosa is the first in a series of planned hyperscale data center projects aiming to total over 100 megawatts in all. VITRO Sta. Rosa will host the Philippines' richest internet ecosystem and premiere internet exchanges, making it the most ideal location for Availability Zones and Points-of-Presence of hyperscalers, as well as for businesses' most critical systems.

PLDT Enterprise's capacity, capabilities and infrastructure provide strong support for the Philippine government's digitalization goals, facilitate the digital transformation of enterprises, and meet the growing demands of hyperscaler businesses, data centers and cloud consumption.

Digital Ecosystem

PLDT continues to expand its digital financial services ecosystem through Voyager's Maya and Maya Bank.

PayMaya rebranded to Maya in April 2022 with a new all-in-one money app for consumers that seamlessly integrates wallet features and crypto with savings and credit powered by Maya Bank. The Maya app is now the highest-rated local finance app in both Google Play and the App Store. As of end-June 2022, Maya had 50 million registered users across its consumer platforms, and around 760,000 merchant points of acceptance nationwide. Over 650,000 customers had opened a Maya Save account three months after it launched, making Maya Bank the fastest growing digital bank in the Philippines.

Maya relaunched Maya Business as the all-in-one growth partner for enterprises. On top of being the largest fully integrated payment service processor in the Philippines, Maya Business offers digital banking services powered by Maya Bank, such as enterprise deposit, payroll management solutions, credit products for customers and employees of large corporations, and working capital loans for micro-, small- and medium-enterprises.

In April 2022, Voyager raised US\$210 million of new funds for business expansion from existing shareholders and new investors including First Pacific. This round of fund-raising drove Voyager to reach unicorn status with a valuation of nearly US\$1.4 billion.

Sustainability

PLDT has identified sustainability as one of the key drivers of its growth strategy and continues to embed it in its business operations. It has committed to a 40% reduction in its Scope 1 and Scope 2 greenhouse gas emissions by 2030 from a 2019 baseline, and has developed a decarbonization roadmap that involves, among others, greater sourcing and use of renewable energy and green technology in its facilities and networks and the progressive deployment of electric vehicles as part of its re-fleeting strategy. In the first half of 2022, Smart energized solar roof top panels in five of its facilities in the Visayas region. The PLDT group leverages on its expertise in connectivity and cloud technology for biodiversity management projects such as the Connected Mangroves in partnership with Huawei, and the Rainforest Connection project in partnership with Ericsson. These projects showcase the use of communications technology and the collaboration of various stakeholders to help the fight against global warming.

PLDT's Diversity and Inclusion Policy promotes digital inclusion for Education, Livelihood and Food Security, Disaster Resilience, and Digital Wellness. During the period, the donation of 21 School-in-a-Bag packages benefited 3,027 teachers and 5,654 students living in remote areas. Its Digital Farmers Program, in partnership with the Department of Agriculture of the Philippines, provided essential training to 751 farmers.

Under the Better Today program, PLDT group founded three child-friendly hotspots for Online Sexual Abuse and Exploitation of Children ("OSAEC") in Mindanao. It also offered training to over 800 parents, children, community, and academe partners on OSAEC prevention and response.

PLDT, Smart, and the PLDT-Smart Foundation continue their mission of providing timely assistance to communities affected by natural disasters, most recently delivering recovery support following a magnitude 7.0 earthquake in Northern Luzon.

PLDT's ESG commitments and performance are recognized by international rating agencies and associations, including the FTSE4Good Index (2022), rated high at BB of MSCI ESG ratings and medium risk by Sustainalytics. PLDT is the first telecommunications company in the Philippines to become a local supporter of the Task Force on Climate-related Financial Disclosures ("TCFD") and a Global Participant of United Nations Global Compact ("UNGC").

Outlook

During the first half of 2022, PLDT sustained its strong performance and declared a special dividend to shareholders in addition to its regular interim dividend.

For the second half of 2022, the business faces stronger headwinds arising from a rising inflation environment that could impact customers' spending power and its own operating costs. Despite the anticipated pressure on growth from these headwinds, PLDT remains focused on the implementation of its strategic and cost optimisation initiatives, and is optimistic about achieving its targets for the year.

For 2022 full year guidance, PLDT is on track to achieve a 10% rise in telco core net income to 33 billion pesos, while capital expenditures are expected to decline to 85 billion pesos. Debt levels are expected to be further reduced using the proceeds from the towers sale.

MPIC

In the first half of 2022, MPIC's core businesses benefited from economic recovery in the Philippines as the impact of the COVID-19 pandemic on business waned. A broad expansion of business activity stimulated higher power consumption while driving growth in toll road traffic volumes as water consumption remained flat with a shift in demand to commercial and industrial consumption from residential.

MPIC's contribution to the Group rose 20% to US\$59.7 million (1H21: US\$49.9 million), reflecting higher consolidated core net income, partly offset by a 7.6% depreciation of the peso average exchange rate against the U.S. dollar during the period.

Consolidated core net income up 24% to 7.5 billion pesos (US\$142.8 million) from 6.0 billion pesos (US\$124.6 million)

- reflecting a 15% growth in contribution from its operations to 9.8 billion pesos (US\$187.2 million)
- power, toll roads and water businesses accounted for 60%, 26% and 15%, respectively, of the consolidated profit contribution to MPIC
- a 9% rise in contribution from the power business to 5.9 billion pesos (US\$112.4 million) driven by growth in power generation businesses and higher volume sold
- a 34% increase in contribution from the toll roads business to 2.5 billion pesos (US\$47.8 million) reflecting improvement in traffic volume and toll increases
- a 1% increase in contribution from the water business to 1.4 billion pesos (US\$27.7 million) reflecting higher demand from commercial and industrial sectors with higher effective tariffs largely offset by lower residential total billed volumes
- 127 million pesos (US\$2.4 million) profit contributions from real estate and fuel storage businesses were offset by a loss of 162 million pesos (US\$3.1 million) at the light rail business albeit lower overall by 18% period-on-period. As a result, the net loss of the other businesses fell to 35 million pesos (US\$0.7 million) from 152 million pesos (US\$2.9 million)

Consolidated reported net income down 9% to 9.5 billion pesos (US\$181.7 million) from 10.4 billion pesos (US\$215.1 million)

- reflecting a lower non-recurring gain from the consolidation of Landco in the period, while the gain in the first half of 2021 was higher as a result of the transfer of GBPC to Meralco PowerGen Corporation ("MGen") and the sale of a toll road in Thailand

Consolidated revenues up 12% to 24.3 billion pesos (US\$464.8 million) from 21.7 billion pesos (US\$448.5 million)

- reflecting higher revenues at toll roads and light rail businesses

Debt Profile

As at 30 June 2022, MPIC's consolidated debt rose 6% to 260.5 billion pesos (US\$4.7 billion) from 246.3 billion pesos (US\$4.8 billion) as at 31 December 2021, mainly reflecting additional bank borrowings for ongoing construction of toll roads and light rail projects. Net debt increased 10% to 214.7 billion pesos (US\$3.9 billion).

Of the total debt, 89% was denominated in pesos and fixed-rate borrowings accounted for 83%. The average interest rate rose to 5.90% for the first half of 2022 from 5.69% for 2021, and debt maturities ranged from 2022 to 2037.

Capital Management

Interim Dividend

MPIC's Board of Directors declared an interim dividend of 0.0345 peso (U.S. 0.06 cent) per share payable on 8 September 2022 to shareholders on record as of 22 August 2022. It represented a dividend payout ratio of approximately 14% (1H21: 18%) of core net income.

Share Buyback Program

On 16 February 2022, MPIC's Board of Directors approved a share buyback program with a budget of up to 5.0 billion pesos (US\$90.9 million). Up to 30 August 2022, MPIC bought back approximately 817.2 million shares from the open market at a total cost of approximately 3.1 billion pesos (US\$55.6 million).

Additional Investments

On 27 June 2022, MPIC entered into an agreement with the Carmen's Best Group to acquire a 51% equity interest in The Laguna Creamery, Inc. ("TLCI") for a total consideration of 198 million pesos (US\$3.6 million). The Carmen's Best Group owns Carmen's Best Ice Cream, a premium ice cream brand in the Philippines, and is the only local company producing pasteurized and homogenized fresh milk. It also produces yogurt and artisanal cheeses. The closing of the transaction is subject to the satisfaction of certain conditions, including the increase in authorized capital stock of TLCI and the integration of Carmen's Best Group's assets and operations into TLCI.

On 30 June 2022, Metro Pacific Tollways Corporation's ("MPTC") indirect subsidiary, PT Margautama Nusantara ("MUN"), entered into a conditional sale and purchase agreement with Perusahaan Perseroan (Persero) PT Jasa Marga (Indonesia Highway Corporatama), Tbk. for the acquisition of 40% interest in Jasa Marga Jalanlayang Cikampek ("JJC") for a total consideration of up to 4,389 billion rupiah (US\$295.6 million). The closing of the transaction is subject to the satisfaction of certain conditions, including the completion of the

technical due diligence to the satisfaction of MUN. JCC is the concession holder of a 38-kilometers fully elevated Jakarta-Cikampek Elevated toll road which has been in operation since December 2019.

On 3 August 2022, MPIC acquired an additional 2% interest in Meralco from JG Summit Holdings, Inc. for a consideration of approximately 7.8 billion pesos (US\$138.6 million). The transaction increased MPIC's economic interest in Meralco to approximately 47.5% from approximately 45.5%.

Power

Meralco is the largest electricity distributor in the Philippines, delivering electricity to businesses and homes responsible for more than half of the country's gross domestic product.

The volume of electricity sold rose 6% to a record high 23,968 gigawatt hours. The residential, commercial and industrial sectors accounted for 35%, 35% and 30%, respectively, of the total sales volume in the first half of 2022. Residential, commercial, and industrial volumes rose 2%, 12% and 4% respectively, driven by new connections, and increased commercial activities and industrial production.

Meralco's revenues rose 34% to 199.6 billion pesos (US\$3.8 billion) as a result of higher contribution from MGen, higher volume sold, and higher pass-through generation revenues. The number of billed customers rose 3% to 7.5 million in the first half of 2022.

Capital expenditures rose 8% to 14.2 billion pesos (US\$271.3 million) primarily for adding new connections, facility renewals, and capacity expansion projects. These investments further strengthened the reliability of Meralco's distribution network.

MGen, Meralco's wholly-owned power generation subsidiary, delivered a total of 6,562 gigawatt hours of energy, 6% lower than the first half of 2021 due to the impact of typhoon Odette and outages in the Philippines. MGen's assets include GBPC, San Buenaventura Power Ltd. Co., and PowerSource First Bulacan Solar, Inc. in the Philippines and PLP in Singapore.

Renewable Energy

Meralco's electricity distribution arm has committed to source 1,500 megawatts of its power requirements from renewable energy sources in the next five years. Similarly, MGen is also accelerating the development of its clean energy generation capacity by 1,500 megawatts in the next five to seven years.

Towards MGen's 1,500 megawatts goal, a 75 MWac solar plant in Rizal and a 68 MWac plant in Ilocos Norte are under construction and are planned to go online in the latter part of 2022 up to 2023. A 45 MWac solar project in Cordon, Isabela is also under development, while MGen's first large-scale wind farm and solar/storage projects are in pre-development.

Toll Roads

MPTC operates the North Luzon Expressway ("NLEX"), the Manila-Cavite Toll Expressway ("CAVITEX"), the Subic Clark Tarlac Expressway ("SCTEX"), the Cebu-Cordova Link Expressway ("CCLEX") and the Cavite-Laguna Expressway ("CALAX") in the Philippines and is a shareholder in PT Nusantara Infrastructure Tbk in Indonesia and CII Bridges and Roads Investment Joint Stock Company in Vietnam.

In the Philippines, the construction of Cebu's newest icon the Cebu Cordova Link Expressway ("CCLEX") was completed and opened on 30 April 2022.

MPTC's revenues rose 26% in the first half of 2022 to 10.5 billion pesos (US\$201.8 million), reflecting record high growth in traffic volume and toll increases in the Philippines and Indonesia. Average daily vehicle entries on MPTC's toll roads rose 19% to 884,205 as the economic and social consequences of COVID-19 waned. In the Philippines, average daily vehicle entries rose by 18% to 557,015, while traffic volume on international toll roads rose 20% to 327,190.

Capital expenditures increased 15% to 11.6 billion pesos (US\$222.0 million), mainly reflecting the construction costs for CCLEX, the NLEX-SLEX Connector Road, CAVITEX-C5 South Link, and CALAX.

In the Philippines, MPTC budgeted to spend approximately 53.7 billion pesos (US\$976.7 million) on building the NLEX-SLEX Connector Road, additional segments of CAVITEX Segment 4 Extension, CAVITEX-C5 South Link and CALAX, with a total length of 61.5 kilometers. The NLEX-SLEX Connector Road is expected to complete by the end of 2022 with the other roads following in 2023.

Water

Maynilad is the biggest water utility in number of customers in the Philippines, operating a concession for water distribution and sewerage and sanitation services for the West Zone of Metro Manila. MetroPac Water Investments Corporation ("MPW") is MPIC's investment vehicle for water investments outside Metro Manila.

On 18 May 2021, Maynilad signed a Revised Concession Agreement ("RCA") with the Metropolitan Waterworks and Sewerage System ("MWSS") which confirmed its concession period until 31 July 2037 with certain amendments made. On 21 March 2022, Maynilad accepted the 25-year franchise in relation to its concession which affirmed its authority to provide waterworks system and sewerage and sanitation services. The RCA will become effective subject to the fulfilment of conditions precedent.

Revenues were flat at 11.2 billion pesos (US\$214.4 million), reflecting increased commercial and industrial demand and higher effective tariffs offset by a 2% decline in residential consumption as the economic consequences of the pandemic declined. Commercial and industrial demand rose 6% and 2%, respectively.

Capital expenditure rose 141% to 6.9 billion pesos (US\$132.1 million), largely spent on leakage repairs and pipe replacements.

Maynilad's water treatment plant in Paranaque City is the first in the Philippines equipped to recycle used water for human consumption. It is benchmarked against the highest global standard and has a daily capacity of converting 10 million liters of treated used water to drinkable water.

Light Rail

Light Rail Manila Corporation ("LRMC") operates the 20-station light rail line LRT-1 in Metro Manila.

Revenues rose 41% to 767 million pesos (US\$14.7 million) reflecting higher demand in the latter part of the period as regulators removed an overall ridership ceiling of 70% of capacity in March 2022, resulting in a 52% increase in ridership to 185,012 passengers a day.

In the first half of 2022, LRMC's capital expenditure declined 52% to 1.4 billion pesos (US\$26.9 million), mainly reflecting substantial completion of a signalling system upgrade in early April 2022. By end June 2022 the completion rate of LRT-1's phase 1 stood at 71%.

Healthcare

Metro Pacific Hospital Holdings Inc. ("MPHHI") is the largest operator of private healthcare networks in the Philippines, comprising 19 hospitals, six provincial cancer radiotherapy centres, two healthcare colleges, and one central laboratory. MPHHI currently has approximately 3,800 beds.

Revenues fell 3% to 9.4 billion pesos (US\$179.6 million), reflecting lower COVID-19 related admissions and testing, which reduced average revenue per patient. In-patient admissions rose 15% to 54,187 while out-patient visits were up 15% to 1,728,568.

MPHHI's capital expenditure rose 8% to 1.1 billion pesos (US\$21.8 million) reflecting the resumption of expansion projects. The completion of a new eight-storey building at Riverside Medical Center ("RMC") added new facilities, including new operating theatres and diagnostic centers while adding 168 patient rooms of which 42 are ready for use. With five additional satellite out-patient primary and pharmacy centers opened in Visayas and Mindanao, the total number of MPHHI's satellite facilities increased to fifteen.

Sustainability

MPIC is embedding sustainability into all aspects of its businesses with a goal of offering better and more purposeful services to its customers, and generating pervasive and positive impacts on the welfare of all stakeholders.

Integrating Sustainability with Business Strategy

MPIC and its operating companies are implementing a wide range of sustainability initiatives. Renewable energy projects are ongoing under MGen as described above.

For toll roads, MPTC's headquarters, MPT South Hub, was awarded a "Leadership in Energy & Environmental Design" ("LEED") Gold Certification from the US Green Building Council in recognition of its efforts to reduce indoor water consumption by at least 40% through the installation of modern water-efficient fixtures and cutting outdoor water consumption by 50% through rainwater collection, and installing an electric vehicle charging station. For supporting the United Nation's Second Decade of Action for Road Safety, MPTC is partnered with UNICEF to promote Child Road Safety (Child Road Traffic Injury Prevention) and Children's Rights and Business Principles under a three-year Memorandum of Agreement.

For water, Maynilad's second solar project, a solar farm encompassing 12,157 square meters of photovoltaics with capacity of 1,000 kilowatts located inside the La Mesa Compound in Quezon City, provides additional green energy to its water facilities.

For light rail, LRMC's high standard of safety measures in its strategies and operations achieved a record of surpassing 20 million safe man-hours as at 30 June 2022.

Environmental Protection Programs

MPIC signed a 3-year Memorandum of Agreement with the Biodiversity Management Bureau of the Department of Environment and Natural Resources – National Capital Region and the local government unit of Quezon City for the implementation of the "Building a Biodiversity-Friendly Environment in Metro Manila" project. MPIC will develop the "Gabay Kalikasan" Park to help promote urban biodiversity.

MPIC's solid waste management program has proven effective and cost-efficient through promoting recycling and proper waste segregation at source. MPIC expanded the program by joining the Trash to CashBack program of Basic Environmental Systems & Technologies, Inc. and BEEPXTRA Philippines Inc.

Metro Pacific Investments Foundation Inc. ("MPIF")'s commitment to protect and strengthen the sustainability of marine ecosystems in the Philippines was strengthened with a four-year agreement with the Tubbataha Protected Area Management Board. The scope of partnership involves financial and workforce support to shore up Tubbataha Reefs Natural Park, the Philippines' largest marine protected area. MPIF has planted approximately 25,000 mangroves in the Alaminos and Del Carmen Mangrove Centers, exceeded its original target of 15,000 by two-thirds.

Global Best Practices on Sustainability

In June 2022, MPIC and Meralco's high standard of Environmental, Social, and Governance ("ESG") practices enabled them to become certified constituents of the FTSE4Good Index. Their ESG ratings were upgraded by MSCI, Inc. in 2021 to an all-time best BBB from BB received since 2017. They were also included in the SDG 2000 of the World Benchmarking Alliance ("WBA").

Sustainalytics' ESG Risk Ratings identify a company's exposure to industry-specific material financial impacts from ESG risks, with scores of 0-10 for negligible and 40+ for severe. In March 2022, MPIC achieved a low score of 11.0 for Sustainalytics ESG Risk Rating and maintained its top one position among multi-sector holdings companies in the Philippines. MPIC is also an "ESG Regional Top Rated" and "ESG Industry Top Rated" company. MPIC is among the top 2% of companies rated in Sustainalytics' Diversified Financials industry category.

Chaye Cabal-Revilla was named as the 2022 Sustainability Leader of Campaign's Women Leading Change Awards Asia-Pacific. MPIC's *Bayan Tanim!* Project was recognized by the League of Corporate Foundations Corporate Social Responsibility ("CSR") Guild Awards 2022 as "Outstanding CSR project in Disaster Resilience."

Outlook

The lingering impact of the pandemic, inflation, and global economic uncertainties are likely to add pressure on operations in the second half of this year. Nevertheless, MPIC is growing its businesses and enhancing their profitability with a macro view of contributing to national progress and improving the life quality of Filipinos. It is mindful of its leading role in the development of infrastructure in the Philippines. MPIC continues the exploration of growth potential in other areas, particularly in agriculture, tourism, and logistics.

FPM POWER/PLP

PLP's 800-megawatt ("MW") Jurong Island Power Generation Facility remains one of the most efficient combined cycle power plants operating in Singapore since entering commercial operations in 2014.

Singapore's economy expanded 4.0% year-on-year in the first quarter of 2022 and a further 4.8% in the second. Electricity demand rose approximately 3.4% in the first half of this year as increased economic activity resulted in higher demand and hence higher sales of electricity.

In the first half of 2022, PLP made a profit contribution of US\$39.0 million (1H21: US\$2.8 million) to First Pacific reflecting a significant increase in core net profit.

Average plant availability was at 92% (1H21: 100%), reflecting maintenance work at both units in January 2022. The heat rate improved due to a higher volume of generation as the plant remained highly reliable. As of 1 July 2022, unit 20 had had no operational forced outage for 64 consecutive months since March 2017 – the longest record in Singapore's electricity generation industry. The last forced outages of units 10 and 20 happened on 29 January 2022 and 27 July 2022, respectively, due to minor mechanical issues.

In the first half of 2022, the volume of electricity sold rose more than 3% to 2,770 gigawatt hours (1H21: 2,682 gigawatt hours) despite the maintenance work, of which 91% (1H21: 95%) was for contracted sales and vesting contracts, and the remaining 9% (1H21: 5%) was for pool market sales. PLP's generation market share for the period was approximately 9% (1H21: 10%).

Core net profit up 108.9 times to S\$130.7 million (US\$95.6 million) from S\$1.2 million (US\$0.9 million)

- reflecting higher non-fuel margin for electricity sales and higher sales volume
- partly offset by higher maintenance, and marketing and distribution expenses

Net profit of S\$148.7 million (US\$108.8 million) versus net loss of S\$6.0 million (US\$4.5 million)

- reflecting a significant increase in core net profit
- a foreign exchange gain verses a loss in the first half of 2021

Revenues up 114% to S\$1.2 billion (US\$863.7 million) from S\$550.8 million (US\$412.9 million)

- reflecting a higher average selling price per unit of electricity as a result of high oil prices
- higher volume of electricity sold associated with economic recovery

Net operating expenses up 7% to S\$11.9 million (US\$8.7 million) from S\$11.1 million (US\$8.3 million)

- reflecting higher marketing and distribution expenses
- partly offset by higher other income on sales of carbon credits

EBITDA up 7.5 times to S\$177.3 million (US\$129.7 million) from S\$23.6 million (US\$17.7 million)

- reflecting substantial improvement in the non-fuel margin for electricity sales and higher sales volume

Debt Profile

During the period, PLP prepaid US\$102.4 million of its long-term debt. As at 30 June 2022, FPM Power's net debt stood at US\$223.8 million while gross debt stood at US\$323.5 million with most of the total due to mature by December 2026. All of the borrowings were floating-rate bank loans.

Singapore's Pioneer Offshore Solar Import Project

On 25 October 2021, PLP signed a Joint Development Agreement with consortium partners Medco Power Indonesia, a leading Indonesian independent power producer, and Gallant Venture Ltd., a Salim Group company, for a pilot solar import project from Bulan Island in Indonesia to Singapore. Upon the completion of the development, the project is expected to offset over 357,000 tonnes of carbon emissions annually. It is in line with the Singapore Green Plan 2030 to increase renewable generation and reduce Singapore's reliance on fossil fuels.

The consortium has been granted a 100-megawatt conditional Import Licence by the Energy Market Authority of Singapore, which will allow the renewable electricity generated to be supplied via a subsea cable connection that connects a solar farm on Bulan Island to the Singapore Power Grid network at PLP's existing site at Jurong Island, Singapore. Engineering study and application for requisite permits are in progress.

The Energy Market Authority of Singapore aims to import up to 4.0 gigawatts of electricity by 2035 through a Request for Proposal ("RFP") which the consortium intends to participate in.

Outlook

Following a strong first half of the year, PLP's performance is expected to remain robust with the continued upward trend of electricity demand implied by the government's GDP growth forecast of 3.0% to 5.0% for the full year of 2022.

PHILEX

Padalcal mine operations continued with implementation of strict measures against the COVID-19 pandemic and an extensive vaccination program. However, unscheduled breakdown and subsequent repairs of certain equipment resulted in lower production volume.

In the first half of 2022, Philex's contribution to the Group increased 42% to US\$9.8 million (1H21: US\$6.9 million), reflecting higher metal prices with the average realized gold price rising 3% to US\$1,869 per ounce while copper gained 4% to US\$4.38 per pound. This was partly offset by lower metal output, higher operating costs partly due to a 7.6% depreciation of the average peso exchange rate against the U.S. dollar during the period.

Total ore milled declined 7% to 3.7 million tonnes. The average gold grade was 0.278 grams per tonne, similar to the previous period, while the average copper grade was up 3% to 0.193%. The decline in metal output was caused by unscheduled repairs of equipment, leading to a 7% fall in gold output to 25,213 ounces and a 4% decline in copper production to 12.6 million pounds.

Core net income up 16% to 1.3 billion pesos (US\$25.5 million) from 1.1 billion pesos (US\$23.8 million)	<ul style="list-style-type: none">▪ reflecting higher revenue▪ partly offset by higher provision for income tax
Net income up 21% to 1.4 billion pesos (US\$26.8 million) from 1.2 billion pesos (US\$24.0 million)	<ul style="list-style-type: none">▪ reflecting the improvement of core net income
Revenue (net of smelting charges) up 6% to 5.0 billion pesos (US\$96.0 million) from 4.7 billion pesos (US\$98.3 million)	<ul style="list-style-type: none">▪ reflecting higher realized gold and copper prices▪ higher copper ore grades▪ favourable foreign exchange rates▪ partly offset by lower production volume resulting from unscheduled repairs of equipment▪ revenues from copper, gold and silver contributed 54%, 45% and 1% of the total, respectively
EBITDA up 16% to 2.4 billion pesos (US\$45.0 million) from 2.0 billion pesos (US\$42.0 million)	<ul style="list-style-type: none">▪ mainly reflecting higher revenue
Operating cost per tonne of ore milled up 13% to 981 pesos (US\$18.8) from 870 pesos (US\$18.0)	<ul style="list-style-type: none">▪ reflecting higher cash production costs for materials and supplies driven by inflation and labour▪ higher excise taxes and royalties due to higher revenue▪ higher non-cash charges associated with the reversal of impairment provisions
Capital expenditure (including exploration costs) up 90% to 869 million pesos (US\$16.6 million) from 457 million pesos (US\$9.5 million)	<ul style="list-style-type: none">▪ reflecting higher capital expenditure for the preliminary mine development ground works at Silangan Project▪ higher costs for machinery and equipment

The latest mineable reserves estimate at Padcal mine as of end-December 2021 is 24.9 million tonnes with average gold grade of 0.23 grams per tonne and copper grade of 0.18%. Further studies are underway to explore and determine the feasibility of mineable resources and reserves in the vicinity of the Padcal mine, and the extension of its mine life to beyond 2024.

Debt Profile

As at 30 June 2022, Philex had 10.5 billion pesos (US\$190.5 million) of borrowings, comprising bonds with a 1.5% coupon and short-term bank loans with an average interest cost of approximately 2.6%. The dollar-denominated short-term bank loans remained at US\$29.0 million from year-end 2021 but increased 8% to 1.6 billion pesos in terms of peso value reflecting depreciation of the peso against the U.S. dollar.

Silangan Project

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

On 29 December 2020, Philex received the approval of the Department of Environment and Natural Resources for the renewal of the Mineral Production Sharing Agreement for Silangan Mindanao Mining Co., Inc. ("SMMCI", a wholly-owned subsidiary of Philex and the holding company for the Silangan Project) for an additional 25 years from December 2024 with terms and conditions unchanged.

Philex's Board of Directors approved the In-Phase Mine Plan for the Silangan Project in July 2021. The In-Phase Mine Plan feasibility study for the Boyongan deposit (Phase 1 of the Silangan Project) was completed in January 2022. The mine life and operation for the Boyongan deposit is stretched to 28 years with a mineable reserve estimate of 81 million tonnes, and estimated gold grade of 1.13 grams and copper grade of 0.67% per tonne of ore.

The initial capital expenditure requirements under the In-Phase Mine Plan is US\$224 million, which will be funded in a number of ways including Stock Rights Offering ("SRO") by Philex, debt and fresh capital infusion out of Philex's cash reserve. Philex completed its SRO on 3 August 2022 and raised 2.65 billion pesos (US\$47.6 million) with the issuance of 842 million new shares at 3.15 pesos (U.S. 5.66 cents) per share. The net proceeds of the SRO have been allocated to fund the initial capital expenditure and development cost of the Silangan Project and the preliminary mine development ground works of the Silangan Project which are underway. Based on the In-Phase Mine Plan, the commercial operations of the Silangan Project is targeted to commence in the first quarter of 2025. The initial daily estimated ore production capacity is 2,000 tonnes and reaching 12,000 tonnes from the twelfth year of operation.

PXP

In the first half of 2022, petroleum revenue rose 130% to 45 million pesos (US\$0.9 million) (1H21: 20 million pesos (US\$0.4 million)) reflecting a 53% surge in average crude oil sale prices and two liftings with a total volume up 31% to 291,216 barrels (1H21: 222,038 barrels) from Service Contract ("SC") 14C-1 Galoc oil field.

Costs and expenses declined 13% to 47 million pesos (US\$0.9 million) (1H21: 54 million pesos (US\$1.1 million)), reflecting a fall in general and administrative expenses.

PXP's core net loss declined 91% to 2 million pesos (US\$0.04 million) from 22 million pesos (US\$0.5 million), reflecting higher petroleum revenue and lower general and administrative expenses.

SC 72 and SC 75

Forum Energy Limited ("FEL"), a subsidiary of PXP, holds a 70% interest in SC 72 Recto Bank, which covers an area of 8,800 square kilometers located in Northwest Palawan of the Philippines. Its second Sub-Phase ("SP") of exploration activities resumed on 14 October 2020 when the Force Majeure imposed on 15 December 2014 was lifted by the Philippine Department of Energy ("DOE"). FEL is required to drill a minimum of two wells as part of its work commitment under SP 2 of SC 72 in a 20-month period from 14 October 2020 to 13 June 2022. On 17 February 2022, the DOE approved the related work program and budget.

PXP holds a 50% interest in SC 75 Northwest Palawan Block. All exploration activities of SC 75 were suspended on 27 December 2015 due to the imposition of Force Majeure until its lifting by the DOE on 14 October 2020. The SC 75 consortium is required to undertake a 3D seismic survey as part of its work commitment under SP 2 of SC 75 in an 18-month period from 14 October 2020 to 13 April 2022. On 8 January 2022, DOE approved PXP's proposed work program for 2022 to 2023, which includes the acquisition, processing, and interpretation of at least 1,000 square kilometers of 3D seismic data.

The ongoing exploration activities of SC 72 and SC 75 were suspended on 6 April 2022 when FEL and PXP received a directive from the DOE to put on hold any oil exploration activities. On 11 April 2022, FEL and PXP terminated all the related exploration work and declared Force Majeure for both SC 72 and SC 75.

Outlook

The uncertainties of the global situation and the impact of COVID-19 are expected to continue. The acceleration of inflation, increase in energy costs and interruption of supply chains are also adding pressure to the operation of businesses. However, with the support of the mining industry from the new presidential administration of the Philippines, the continued positive outlook for metal prices, and the demand for green metals which include copper, Philex's capability of further developing and expanding its mining businesses is expected to be strengthened.

FP NATURAL RESOURCES/RHI

RHI's production plants continued their operation with the implementation of strict disease prevention measures as the COVID-19 pandemic continued.

Its sugar mill in Batangas has a milling capacity of 12,000 tonnes of sugar cane per day and refinery capacity of 18,000 LKg per day (one LKg is equal to one 50-kilogram bag of sugar), and the ethanol plant of San Carlos Bioenergy, Inc. has a daily production capacity of approximately 100,000 liters.

In the first half of 2022, FP Natural Resources' loss narrowed 24% to US\$3.4 million (1H21: US\$4.5 million), reflecting a lower core net loss at RHI.

During the period, RHI's sugar milling volume decreased 35% to 477 thousand tonnes (1H21: 733 thousand tonnes) due to a sugar cane shortage owing to unfavourable weather condition in the Philippines, declining farm productivity, and intense competition in Batangas. Sales volume of refined sugar rose 81% to 899 thousand LKg (1H21: 496 thousand LKg) as the completion of flex-fuel conversion on one of the boilers enables the refinery to operate all season, hence increasing the production capability of the refinery. Sales volume of alcohol decreased 5% to 14.8 million liters (1H21: 15.6 million liters) as alcohol production was adversely impacted by mechanical and feedstock contamination issues and high cost of feedstock.

Core net loss down 22% to 403 million pesos (US\$7.7 million) from 520 million pesos (US\$10.8 million)

- reflecting higher gross profit from refined sugar and tolling
- partly offset by higher gross loss from alcohol

Reported net loss down 20% to 393 million pesos (US\$7.5 million) from 493 million pesos (US\$10.2 million)

- reflecting lower core net loss

Revenues up 57% to 5.4 billion pesos (US\$103.6 million) from 3.4 billion pesos (US\$71.2 million)

- reflecting higher sales volume of refined sugar and tolling fee income
- higher sugar and alcohol prices
- partly offset by lower sales volume of alcohol

Operating expenses down 13% to 268 million pesos (US\$5.1 million) from 309 million pesos (US\$6.4 million)

- reflecting the impact of manpower reduction initiatives

EBITDA loss down 87% to 11 million pesos (US\$0.2 million) from 83 million pesos (US\$1.7 million)

- reflecting higher revenues
- partly offset by higher cash production cost

EBITDA margin to -0.2% from -2.4%

- reflecting lower EBITDA loss due to higher revenues

Debt Profile

As at 30 June 2022, long-term debt of RHI, including a convertible note, stood at 5.3 billion pesos (US\$96.9 million) with maturities up until December 2028 at an annual interest rate of approximately 6.0%. Short-term and current portion of long-term debt stood at 204 million pesos (US\$3.7 million) with an average interest rate of approximately 6.04%.

Outlook

RHI will continue to leverage its improved refinery operations and enhance the reliability and stability of its production facilities in order to improve the overall performance.

FINANCIAL REVIEW
LIQUIDITY AND FINANCIAL RESOURCES
NET DEBT AND GEARING

(A) Head Office net debt

The marginal decrease in net debt mainly reflects the decrease in net interest expense and lower spent on repurchase of shares. The Head Office's borrowings at 30 June 2022 comprise bonds of US\$705.8 million (with an aggregated face value of US\$707.8 million) which are due for redemption in April 2023 and September 2027, and bank loans of US\$751.6 million (with a principal amount of US\$760.0 million) which are due for repayment between August 2023 and June 2029.

Changes in Head Office net debt

US\$ millions	Borrowings	Cash and cash equivalents	Net debt
At 1 January 2022	1,435.2	(113.0)	1,322.2
Movement	22.2	(25.6)	(3.4)
At 30 June 2022	1,457.4	(138.6)	1,318.8

Head Office cash flow

For the six months ended 30 June	2022	2021
US\$ millions		
Dividend and fee income	66.3	68.0
Head Office overhead expense	(7.4)	(6.4)
Net cash interest expense	(22.9)	(24.6)
Tax paid	(0.1)	-
Net Cash Inflow from Operating Activities	35.9	37.0
Net investments ⁽ⁱ⁾	(23.3)	(5.1)
Financing activities		
- Repurchase of shares	(5.6)	(7.5)
- New borrowings, net	20.9	-
- Others ⁽ⁱⁱ⁾	(2.3)	(3.8)
Net Increase in Cash and Cash Equivalents	25.6	20.6
Cash and cash equivalents at 1 January	113.0	111.4
Cash and Cash Equivalents at 30 June	138.6	132.0

(i) Mainly represents the investment in Voyager, an associated company of PLDT, in 2022

(ii) Mainly payments for lease liabilities and to the trustee for share purchase scheme

(B) Group net debt and gearing

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

Consolidated

US\$ millions	At 30 June 2022			At 31 December 2021		
	Net debt ⁽ⁱ⁾	Total equity	Gearing ⁽ⁱⁱ⁾ (times)	Net debt ⁽ⁱ⁾	Total equity	Gearing ⁽ⁱⁱ⁾ (times)
Head Office	1,318.8	1,213.1	1.09x	1,322.2	1,336.5	0.99x
Indofood	2,736.0	6,040.2	0.45x	2,263.2	5,998.2	0.38x
MPIC	3,904.5	4,318.6	0.90x	3,819.5	4,547.2	0.84x
FPM Power	223.8	133.2	1.68x	378.3	43.4	8.72x
FP Natural Resources	81.4	19.1	4.26x	82.3	29.0	2.84x
Group adjustments ⁽ⁱⁱⁱ⁾	-	(1,288.6)	-	-	(1,341.2)	-
Total	8,264.5	10,435.6	0.79x	7,865.5	10,613.1	0.74x
Associated companies						
PLDT	4,007.6	2,438.7	1.64x	4,483.3	2,499.3	1.79x
Philex	116.2	506.9	0.23x	142.0	523.5	0.27x

(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 a decrease in its equity during the period reflecting the Company's 2021 final distribution declared and approved.

Indofood's gearing increased because of an increase in its net debt as a result of its payments for retention amount payable for Pinehill acquisition of US\$650 million in April 2022, and capital expenditure, despite its operating cash inflow and proceeds from disposal of investments in mutual funds, partly offset by an increase in its equity reflecting its profit recorded during the period, partly offset by the depreciation of the rupiah against U.S. dollar during the period.

MPIC's gearing increased because of an increase in its net debt as a result of payments for capital expenditure, shares buybacks and concession fees, despite operating cash inflow and dividends received from Meralco, coupled with a decrease in its equity reflecting the depreciation of the peso against U.S. dollar during the period, partly offset by its profit recorded during the period.

FPM Power's gearing decreased because of a decrease in its net debt as a result of PLP's operating cash inflow, coupled with an increase in its equity reflecting PLP's profit recorded during the period.

FP Natural Resources' gearing increased because of a decrease in its equity reflecting RHI's loss recorded during the period.

The Group's gearing increased to 0.79 times because of a higher net debt level mainly as a result of the Group's payments for retention amount payable for Pinehill acquisition and capital expenditure, despite the Group's operating cash inflow, coupled with a decrease in the Group's equity reflecting the depreciation of the rupiah and peso against U.S. dollar during the period, partly offset by the Group's profit recorded for the period.

PLDT's gearing decreased mainly because of a decrease in its net debt reflecting the proceeds from its towers sale on a staggered basis. Philex's gearing decreased mainly because of a decrease in its net debt reflecting its operating cash inflow.

MATURITY PROFILE

The maturity profile of debts of consolidated and associated companies follows.

Consolidated

US\$ millions	Carrying amounts		Nominal values	
	At 30 June	At 31 December	At 30 June	At 31 December
	2022	2021	2022	2021
Within one year	1,747.2	1,645.7	1,768.0	1,649.8
One to two years	721.3	760.5	725.9	767.9
Two to five years	2,480.3	2,481.9	2,499.9	2,499.6
Over five years	6,062.0	6,240.3	6,088.6	6,282.4
Total	11,010.8	11,128.4	11,082.4	11,199.7

The change in the Group's debt maturity profile from 31 December 2021 to 30 June 2022 mainly reflects a shift in long-term borrowings among the different maturity periods for Head Office, Indofood and MPIC, Indofood's refinancing of Rupiah 2.0 trillion (US\$137.9 million) of its bonds matured in May 2022 with new long-term borrowings, PLP's prepayment of S\$140.0 million (US\$102.4 million) long-term borrowings, and the Group's net new borrowings.

Associated companies

US\$ millions	PLDT				Philex			
	Carrying amounts		Nominal values		Carrying amounts		Nominal values	
	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December
	2022	2021	2022	2021	2022	2021	2022	2021
Within one year	287.9	225.4	294.3	232.4	190.5	198.6	192.7	202.9
One to two years	621.9	540.9	627.6	547.7	-	-	-	-
Two to five years	1,121.4	1,034.4	1,138.1	1,055.3	-	-	-	-
Over five years	2,683.3	3,151.4	2,699.1	3,172.7	-	-	-	-
Total	4,714.5	4,952.1	4,759.1	5,008.1	190.5	198.6	192.7	202.9

The change in PLDT's debt maturity profile from 31 December 2021 to 30 June 2022 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 due to proceeds from towers sale. The decrease in Philex's debt reflects the depreciation of the peso against U.S. dollar during the period.

CHARGES ON GROUP ASSETS

At 30 June 2022, certain bank and other borrowings were secured by the Group's property, plant and equipment, accounts and other receivables, cash and cash equivalents, and inventories amounting to net book values of US\$758.8 million (31 December 2021: US\$801.1 million) and the interests of the Group's 55% (31 December 2021: 55%) in LRMC, 100% (31 December 2021: 100%) in MPCALA Holdings, Inc., 100% (31 December 2021: 100%) in Cebu Cordova Link Expressway Corporation, 35% (31 December 2021: 35%) in PT Jakarta Lingkar Baratsatu, 88.9% (31 December 2021: 88.9%) in PT Bintaro Serpong Damai, 99.5% (31 December 2021: 99.5%) in PT Makassar Metro Network (formerly known as PT Bosowa Marga Nusantara), 99.4% (31 December 2021: 99.4%) in PT Jalan Tol Seksi Empat, 61.2% (31 December 2021: 61.2%) in PT Inpola Meka Energi, and 70% (31 December 2021: 70%) in PLP.

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.

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 currencies on a transactional basis.

(B) Group risk

The results of the Group's subsidiary and associated companies are denominated in local currencies, principally the rupiah, peso and S\$, which are translated and consolidated to give the Group's results in U.S. dollars. The Group also exposed to foreign currency risk in relates to the translation of non-U.S. dollar denominated investments in subsidiary and associated companies. However, the Group 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.

The principal components of the Group's NAV mainly relate to investments denominated in the rupiah and peso. Accordingly, any change in these currencies, against their respective 30 June 2022 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.

	Basis	Effect on adjusted NAV US\$ millions	Effect on adjusted NAV per share HK cents
Indofood	(i)	20.9	3.82
PLDT	(i)	16.9	3.09
MPIC	(i)	8.5	1.55
Philex	(i)	1.4	0.26
PXP	(i)	0.5	0.10
FP Natural Resources	(ii)	0.2	0.03
Head Office - Other assets	(iii)	0.9	0.17
Total		49.3	9.02

(i) Based on quoted share prices at 30 June 2022 applied to the Group's economic interests

(ii) Based on quoted share price of RHI at 30 June 2022 applied to the Group's effective economic interest

(iii) Represents the carrying amount of Silangan Mindanao Exploration Co., Inc.'s notes ("SMECI's notes")

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' net debt by currency follows.

Consolidated

US\$ millions	US\$	Rupiah	Peso	S\$	Others	Total
Total borrowings	4,911.0	1,345.0	4,319.4	345.4	90.0	11,010.8
Cash and cash equivalents ⁽ⁱ⁾	(727.0)	(977.9)	(798.2)	(95.4)	(147.8)	(2,746.3)
Net debt/(cash)	4,184.0	367.1	3,521.2	250.0	(57.8)	8,264.5
Representing:						
Head Office	1,397.7	-	(16.3)	-	(62.6)	1,318.8
Indofood	2,563.2	232.0	-	10.6	(69.8)	2,736.0
MPIC	239.6	135.1	3,455.2	-	74.6	3,904.5
FPM Power	(15.6)	-	-	239.4	-	223.8
FP Natural Resources	(0.9)	-	82.3	-	-	81.4
Net debt/(cash)	4,184.0	367.1	3,521.2	250.0	(57.8)	8,264.5

Associated companies

US\$ millions	US\$	Peso	Total
Net debt			
PLDT	624.4	3,383.2	4,007.6
Philex	(31.8)	148.0	116.2

(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. This does not reflect the indirect effect of fluctuating exchange rates on revenues and input costs at respective 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⁾	1,397.7	-	1,397.7	-	-
Indofood	2,563.2	-	2,563.2	25.6	10.0
MPIC	239.6	-	239.6	2.4	0.8
FPM Power	(15.6)	-	(15.6)	(0.1)	(0.0)
FP Natural Resources	(0.9)	-	(0.9)	(0.0)	(0.0)
PLDT	624.4	(291.5)	332.9	3.3	0.6
Philex	(31.8)	-	(31.8)	(0.3)	(0.1)
Total	4,776.6	(291.5)	4,485.1	30.9	11.3

(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 follows.

Consolidated

US\$ millions	Fixed interest rate borrowings ⁽ⁱ⁾	Variable interest rate borrowings ⁽ⁱ⁾	Cash and cash equivalents ⁽ⁱⁱ⁾	Net debt
Head Office	934.4	523.0	(138.6)	1,318.8
Indofood	2,730.6	1,675.2	(1,669.8)	2,736.0
MPIC	3,951.7	786.0	(833.2)	3,904.5
FPM Power	-	323.5	(99.7)	223.8
FP Natural Resources	27.5	58.9	(5.0)	81.4
Total	7,644.2	3,366.6	(2,746.3)	8,264.5
Associated companies				
PLDT	2,806.9	1,907.6	(706.9)	4,007.6
Philex	161.5	29.0	(74.3)	116.2

(i) Reflects certain interest rate swap agreements which effectively changed variable interest rate borrowings to fixed interest rate borrowings at Head Office and PLDT

(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	523.0	5.2	5.2
Indofood	1,675.2	16.7	6.5
MPIC	786.0	7.9	2.7
FPM Power	323.5	3.2	1.1
FP Natural Resources	58.9	0.6	0.2
PLDT	1,907.6	19.1	3.7
Philex	29.0	0.3	0.1
Total	5,303.2	53.0	19.5

ADJUSTED NAV PER SHARE

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

US\$ millions	Basis	At 30 June 2022	At 31 December 2021
Indofood	(i)	2,087.3	1,948.7
PLDT	(i)	1,688.1	1,962.8
MPIC	(i)	849.0	1,011.2
Philex	(i)	142.3	243.8
PXP	(i)	53.6	67.0
FP Natural Resources	(ii)	18.9	14.6
Head Office – Other assets	(iii)	91.7	98.8
– Net debt		(1,318.8)	(1,322.2)
Total valuation		3,612.1	4,024.7
Number of ordinary shares in issue (millions)		4,267.0	4,279.1
Value per share – U.S. dollars		0.85	0.94
– HK dollars		6.60	7.34
Company's closing share price (HK\$)		3.04	2.87
Share price discount to HK\$ value per share (%)		53.9	60.9

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 30 March 2021, the Board approved a share repurchase program to repurchase up to US\$100 million (equivalent to approximately HK\$780 million) in value of the Company's shares from the open market, by way of "on market repurchases", over a period of approximately 3 years, commencing 31 March 2021 and ending 31 March 2024.

During the period ended 30 June 2022, the Company repurchased 14,330,000 (Six months ended 30 June 2021: 21,736,000) ordinary shares on SEHK at an aggregate consideration of HK\$44.3 million (US\$5.7 million) (Six months ended 30 June 2021: HK\$58.0 million (US\$7.5 million)). These shares have been subsequently cancelled. Details of the repurchases are summarized as follows:

Month of repurchases	Number of ordinary shares repurchased	Purchase price paid per share		Aggregate consideration paid	
		Highest HK\$	Lowest HK\$	HK\$ millions	US\$ millions
January 2022	6,524,000	3.04	2.87	19.5	2.5
February 2022	3,252,000	3.25	3.03	10.2	1.3
May 2022	646,000	3.13	3.11	2.0	0.3
June 2022	3,908,000	3.43	3.00	12.6	1.6
Total	14,330,000	3.43	2.87	44.3	5.7

During the six months ended 30 June 2022, the independent trustee managing the Company's share award scheme bought on SEHK a total of 2,618,000 (Six months ended 30 June 2021: 3,690,000) shares of the Company at an aggregate consideration of approximately HK\$8.1 million (US\$1.0 million) (Six months ended 30 June 2021: HK\$9.9 million (US\$1.3 million)) 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 maintaining and upholding high standards of corporate governance with a view to safeguarding the interests of our shareholders, employees and other relevant stakeholders. The Company's Corporate Governance Committee, comprising mainly of Independent Non-executive Directors ("INEDs") and chaired by an INED, is delegated with the responsibility to supervise the Company's corporate governance functions.

In June 2022, the Company conducted its first hybrid annual general meeting allowing more shareholders to participate in this important opportunity to engage with our Board and senior management, and to attend and vote online, at the same time with physical meeting run with social distancing measures.

The Corporate Governance Committee reviewed the Company's corporate governance practices in respect of the six months period ended 30 June 2022 to ensure its compliance with the Listing Rules. This Committee is also tasked with the responsibility of overseeing Environmental, Social and Governance ("ESG") reporting in compliance with the Listing Rules requirements. As recommended by the Corporate Governance Committee, the Board approved the Company's 2021 ESG report for publication on the websites of SEHK and the Company.

The Company has adopted its own Code on Corporate Governance Practices (the "First Pacific Code"), which incorporates the principles and requirements set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the "CG Code"). We are reviewing the First Pacific Code to update and reflect relevant amendments to the CG Code in order to strengthen the transparency and accountability of the Board and the respective Board committees, and to ensure that the Company's principles are in line with international and local corporate governance best practices.

Throughout the six months period ended 30 June 2022, First Pacific has applied the principles and complied with the material provisions of the CG Code and, where appropriate, adopted the Recommended Best Practices contained in the CG Code with the following exceptions:

Code Provision E.1.5: Issuers should disclose, amongst others, details of any remuneration payable to members of senior management by band in their annual reports. Recommended Best Practice E.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 would create inequality across the Group if only the remuneration of the senior executives at the Head Office was disclosed.

Recommended Best Practices D.1.5 and D.1.6: 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 investee companies already issue quarterly reports. As such, we believe that the relevant information is already available in the public domain.

Code Provision D.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 company, the Company does not have a separate internal audit department but has a Risk Assessment Committee consisting of one Executive Director and six senior executives which oversees risk management at the Head Office. Also, each of the Group's major investee companies are required to have their own internal audit and risk management functions responsible for the implementation and monitoring of effective internal control systems for operational, financial and regulatory compliance, and risk management. The Company obtains, as part of its regular internal reporting processes, written reports and confirmations from its major investee companies' audit and/or risk management committees regarding the work they undertake and any significant matters arising therefrom. The reports and confirmations received from the individual audit and/or risk management committees are collated by the Company's Risk Assessment Committee and presented to and discussed with the Company's Audit and Risk Management Committee bi-annually. In addition, the Company's management also attends and participates directly in a number of the major investee companies' audit and/or risk management committees. Accordingly, the Company relies on a combination of its regular internal reporting processes and Group resources to provide internal audit and risk management functions and, therefore, does not consider it necessary to maintain 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 2022.

Continuing Connected Transactions and Connected Transactions

During the six months ended 30 June 2022, there was no continuing connected transaction and connected transactions disclosed in the form of published announcement.

Risk Management and Internal Control

As an investment holding company, the Company does not have a separate internal audit department but has a Risk Assessment Committee consisting of one Executive Director and six senior executives which oversees risk management at the Head Office.

Also, each of the Group's major investee companies are required to have their own internal audit and risk management functions responsible for the implementation and monitoring of effective internal control systems for operational, financial and regulatory compliance, and risk management. Their effectiveness is continuously evaluated and enhanced by the respective investee companies' audit committees and/or risk committees, which are reviewed by the Company's Risk Assessment Committee and 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 is responsible for maintaining an adequate system of risk management and internal controls in the Group and 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 and associated companies;
- participating in the approval of annual budgets for each investee 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.

In respect of the six months ended 30 June 2022, the Board confirmed that it has received confirmations from the investee companies' audit committees, risk committees and/or internal auditors/chief risk officers on the effectiveness of their risk management and internal control systems and that there was no significant area of concern to be disclosed.

During the six months ended 30 June 2022, 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 functions.

REVIEW STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee has reviewed the 2022 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 independent auditor.

REVIEW STATEMENT BY THE INDEPENDENT AUDITOR

Ernst & Young, the independent auditor of the Company, has reviewed the 2022 interim results and expressed an unqualified conclusion in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by HKICPA.

INTERIM DISTRIBUTION

The Board has declared an interim distribution of HK10.50 cents (U.S. 1.35 cents) per ordinary share. It is expected that the interim distribution will be paid in cash in a currency to be determined based on the registered address of each shareholder on the Company's Register of Members as follows: Hong Kong dollars for shareholders with registered addresses in Hong Kong, Macau and 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 despatched to shareholders on or about Wednesday, 5 October 2022.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 16 September 2022 to Tuesday, 20 September 2022, both days inclusive, during which period no transfer of shares will be registered. The ex-entitlement date will be Wednesday, 14 September 2022. 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 to 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 15 September 2022. The interim distribution will be paid to shareholders whose names appear on the Register of Members of the Company on Tuesday, 20 September 2022 and the payment date will be on or about Wednesday, 5 October 2022.

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 2022 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 before the end of September 2022.

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

Hong Kong, 31 August 2022

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

Non-executive Directors:

Anthoni Salim, *Chairman*
Benny S. Santoso
Axton Salim

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
Blair Chilton Pickerell