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FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

Website: <http://www.firstpacific.com>

(Stock Code: 00142)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached disclosure of Philippine Long Distance Telephone Company (“PLDT”), a major operating associate of First Pacific Company Limited, as filed with the Philippine Stock Exchange, in relation to the press release relating to PLDT’s unaudited consolidated financial results for the six months ended 30 June 2012.

Dated this the 7th day of August, 2012

As at the date of this announcement, the board of directors of First Pacific Company Limited comprises the following directors:

Anthoni Salim, *Chairman*

Manuel V. Pangilinan, *Managing Director and CEO*

Edward A. Tortorici

Robert C. Nicholson

Graham L. Pickles*

Prof. Edward K.Y. Chen*, *GBS, CBE, JP*

Tedy Djuhar

Benny S. Santoso

Napoleon L. Nazareno

Jun Tang*

Dr. Christine K.W. Loh*, *JP, OBE,*

Chevalier de l’Ordre National du Merite

** Independent Non-executive Directors*

**1H2012 CONSOLIDATED CORE NET INCOME AT ₱18.7 BILLION,
DOWN 11% Y-O-Y BUT UP 4% VS 2H2011
REPORTED NET INCOME AT ₱19.5 BILLION, 8% LOWER Y-O-Y
EBITDA AT ₱39.3 BILLION, LOWER BY 5%
COMBINED CELLULAR SUBSCRIBER BASE AT 67.4 MILLION, UP 6%
TOTAL BROADBAND SUBSCRIBERS AT 3.1 MILLION, 5% HIGHER
CASH DIVIDEND OF ₱60 PER SHARE DECLARED, 70% PAYOUT ON CORE EPS**

- Consolidated Core Net Income of ₱18.7 billion for 1H2012, 11% lower than the ₱21.0 billion in 1H2011 but 4% ahead of 2H2011
- Consolidated Reported Net Income for 1H2012 at ₱19.5 billion, from ₱21.3 billion in 1H2011
- Consolidated service revenues up 12% year-on-year to ₱84.7 billion
- Consolidated EBITDA margin at 46% of service revenues; consolidated EBITDA declines 5% to ₱39.3 billion
- Consolidated free cash flow at ₱24.4 billion for 1H2012
- Cellular subscriber base at 67.4 million, net additions of 3.7 million for the year
- Total broadband subscribers at 3.1 million; aggregate revenue contribution from broadband and internet services of ₱11.6 billion for 1H2012, 32% higher than last year
- Interim dividend of ₱60 per share declared, representing 70% of 1H2012 core earnings

MANILA, Philippines, 7th August 2012 — Philippine Long Distance Telephone Company (“PLDT”) (PSE: TEL) (NYSE: PHI) today announced its unaudited financial and operating results for the first half of 2012 with consolidated Core Net Income, before exceptional items, declining to ₱18.7 billion. While 11% lower than the ₱21.0 billion recorded in the same period in 2011, the 2Q2012 Core Net Income of ₱9.4 billion is 4% higher than the average quarterly Core Net Income of ₱9.0 billion in the second half of 2011 when the operating environment was under severe competitive pressure.

Reported Net Income, after reflecting exceptional gains for the period declined 8% to ₱19.5 billion, from ₱21.3 billion in 2011. These results reflect the consolidation of the operating performance of Digital Telecommunications Philippines, Inc. (“Digitel”) from its acquisition which closed on 26th October 2011.

Despite higher service revenues, Core Net Income declined as a result of higher operating expenses relating mainly to the manpower reduction programs at PLDT and Digitel and selling and promotions initiatives. Core Net Income was also affected by the recognition of a ₱2.0 billion deferred gain relating to the transfer of shares of the Manila Electric Company (“Meralco”) from PLDT Communications and Energy Ventures (“PCEV”) to Beacon Asset Holdings, Inc (“Beacon”) which gain was realized upon the sale by PCEV of some of its

preferred shares in Beacon. Reported Net Income was impacted by the decline in Core Net Income and higher net foreign exchange and derivative gains.

EBITDA margin for the first six months of 2012 dipped to 46%, from 55% in 2011. To align more closely with global accounting standards, service revenues have been restated to reflect the change in the presentation of our outbound revenues from net to gross of interconnect expense, which in turn is included in our expenses. Although EBITDA does not change, EBITDA margins are calculated against the adjusted service revenues. Consolidated EBITDA for the first half of 2012 was lower by 5% at ₱39.3 billion compared with the same period in 2011. Without the ₱1.7 billion charge relating to the manpower reduction programs, EBITDA would have been ₱41.0 billion, or 1% lower than the first half of 2011 and 7% higher than the second half of 2011. Digitel EBITDA stood at ₱3.4 billion; its lower EBITDA margin of 31% contributed to the decline in overall EBITDA margin.

Overall consolidated service revenues for the first six months of 2012 increased by 12% to ₱84.7 billion, including the ₱11.1 billion revenue contribution from Digitel and reflecting the combined effect (before Digitel) of a 4% decline in wireless revenues, 1% decrease in fixed line revenues, and a 17% rise in BPO revenues.

Earlier today, the Company's Board of Directors declared an interim dividend of ₱60 per share, in line the Company's continued commitment to pay out a minimum ratio of 70% of core earnings. "It is noteworthy that, despite the earnings pressure from the competitive state of the local industry and continuing pressure on margins, our free cash flows remain strong, thus enabling us to sustain our customary dividend levels," stated **Manuel V. Pangilinan, PLDT Chairman**.

Consolidated free cash flow reached ₱24.4 billion, a 1% increase from last year. Consolidated capital expenditures for the half amounted to ₱9.3 billion. PLDT Group Capex for 2012 is estimated to reach ₱38 billion, in line with the Group's ₱67.0 billion capital expenditure program, which has been completed ahead of schedule. The Group's investments have produced a network that is unrivalled in terms of coverage, capacity and resiliency:

- An access network that is 3G and LTE-enabled with 3G% population coverage up to 65% and a growing number of LTE pilot sites;
- A transport network that has the most extensive fiber coverage in the country with 3 Terabits per second capacity; 80% of Metro Manila sites and 36% of provincial sites are now on fiber
- A core network that has been upgraded ahead of schedule; and
- A fourth cable landing station to be up by the third quarter of 2012 and 12 international cable systems alliances in place.

The Group's consolidated net debt stood at US\$2.0 billion as at 30th June 2012. Gross debt amounted to US\$2.7 billion, with the inclusion of Digitel's debt amounting to US\$0.5 billion. Net debt to EBITDA was at 1.1x. The Company's debt maturities continue to be well spread out, with over 61% due in and after 2015. The percentage of US dollar-denominated debt to the Group's total debt portfolio is at 48%. Taking into account our peso borrowings, our hedges and our U. S. Dollar cash holdings, 33% of total debt remains unhedged. The Group's cash and short-term securities are invested primarily in bank placements and Government securities. PLDT is the first Philippine company to be rated "investment grade" by all three major international ratings agencies.

Subscriber Base

The PLDT Group's total cellular subscriber base as at 30th June 2012 was 67.4 million subscribers, broken down as follows: Wireless subsidiary Smart Communications, Inc ("Smart") had 26.9 million subscribers under its mainstream *Smart* brands, while value brand *Talk 'N Text* ended with 24.0 million subscribers as a result of 1.8 million net additions for the quarter. Digitel had 15.9 million *Sun Cellular* subscribers. Smart subsidiary CURE's *Red Mobile* brand had 600,000 subscribers although these subscribers have since been migrated to Smart as part of the CURE divestment program. The Group's combined postpaid cellular subscriber base including Sun Cellular's 1.5 million postpaid customer count exceeded 2.1 million at the end of the first half of 2012.

On the other hand, the Group's combined broadband subscriber base hit the 3.1 million mark at the end of the first half of 2012, representing net additions of about 134,000 for the PLDT Group's various broadband services. *SmartBro*, Smart Communications Inc.'s ("Smart") wireless broadband service offered through its wholly-owned subsidiary Smart Broadband, Inc., had a wireless broadband subscriber base of over 1.63 million at the end of the period, over 1.1 million of whom were on *SmartBro*'s prepaid service. Meanwhile, PLDT's DSL subscribers increased by over 32,000 for the first six months of 2012, bringing the total subscriber base to 775,000, while Digitel brought in an additional 102,000 DSL subscribers.

For the fixed line business of both PLDT and Digitel, the subscriber base totaled at 2.1 million at the end of the first half of 2012.

Service Revenues

Smart continues to lead the industry in terms of both revenues and subscribers. With the addition of Sun Cellular, wireless service revenues increased 16% to ₱58.5 billion for the first six months of 2012, compared with the ₱50.3 billion recognized in the same period last year. Synergy initiatives with Sun Cellular continue to be refined, both in terms of revenue enhancement and expense rationalization:

- Tri-Net offers have improved yields;
- Co-location and consolidation of sites are proceeding (200 sites already implemented) with expected annual savings of ₱500 million;
- Implementation of national roaming has increased Sun's 2G and 3G geographic coverage to 85% and 17%, respectively; and
- Consolidation of outside plant facilities have minimized capex build-out and improved existing fixed line services;

"Now that we have "super-charged" our network, we are pleased that consumers have recognized our service and quality advantages as evidenced by the ongoing shift in subscriber preference," said **Orlando B. Veal, Smart Chief Wireless Adviser**.

Fixed line service revenues increased by ₱1.4 billion or 5% to ₱30.4 billion in the first half of 2012 from ₱29.1 billion in the same period in 2011, including Digitel's contribution of ₱4.7 billion. Enterprise data and DSL revenues continued on their growth path on the back of a 13% increase in DSL revenues and an 11% increase in third party corporate data revenues. On the other hand, the ILD, NLD and LEC businesses posted a 6% decline in revenues.

"The prospects for the Fixed Line business are promising with new services in the broadband and cloud space. In addition, we are now realizing the benefits of fixed/mobile synergies with

the early success of *myBro*," declared **Napoleon L. Nazareno, President and CEO of PLDT and Smart.**

"What was already the most extensive and advanced network in the country has been further "super-charged" by our significant investments – our access network provides the widest coverage with the number of LTE sites expanding, our transport network rides on over 48,000 kilometers of fiber assets with an additional 6,000 kilometers of Fiber-to-the-Home rolled out while our international capacity is unparalleled in terms of resiliency and capacity," added **Nazareno.**

Total broadband and internet revenues for the first six (6) months of 2012 totaled ₱11.6 billion, a 32% growth rate year-on-year, including a ₱1.6 billion contribution from Digitel; broadband and internet now account for 14% of consolidated service revenues. Smart wireless broadband revenues, exclusive of mobile internet revenues, increased by 4% to ₱3.3 billion, compared with the ₱3.2 billion recorded in the same period last year. Moreover, mobile internet usage continues to grow strongly, with Smart's mobile internet revenues increasing by 63%, from ₱573 million at the end of March 2011 to ₱1.2 billion at the end of the first half of 2012. PLDT DSL generated ₱5.2 billion in revenues for the first half of 2012, up 13% from ₱4.6 billion for the same period in 2011.

Vea noted, "As with cellular, we are leveraging off our network superiority which allows for greater coverage, faster speeds and more reliable connectivity."

In 2011, the Group consolidated its business process outsourcing operations, consisting of knowledge process solutions ("KPS") and customer relationship management ("CRM") under SPi Global Solutions, Inc ("SPi"). KPS and CRM had previously been under ePLDT, along with other ICT businesses such as data center operations, which have since been transferred to the Fixed Line business. SPi reported service revenues of ₱4.8 billion for the first half of 2012, an increase of 17% compared with the same period last year. KPS increased by 18%, while revenues from CRM rose 15% to ₱1.6 billion.

82% of SPi's revenues are dollar-linked. Had the peso remained stable, service revenues for the period would have increased by another ₱100 million.

Conclusion

"Our first half results support our position that we are gradually seeing our way out of the trough – second quarter financial metrics showed no deterioration vis-à-vis the first quarter and those second quarter figures are ahead of the average quarterly numbers in the second half of 2011. We will continue to exert our utmost effort to get back on the profit growth track as quickly as we can, as we harness the opportunities for synergy within the Group. We maintain our Core Net Income guidance for the full year 2012 at ₱37.0 billion," **concluded Manuel V. Pangilinan.**

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	PLDT Consolidated					
	Six months ended June 30			Three months ended June 30		
	2012	2011	% Change	2012	2011	% Change
	(Unaudited)			(Unaudited)		
Service revenues^(a)	<u>84,725</u>	<u>75,618</u>	<u>-12%</u>	<u>41,945</u>	<u>37,911</u>	<u>-11%</u>
Total revenues	86,232	76,759	12%	42,656	38,479	11%
Expenses	63,241	48,512	30%	32,598	24,508	33%
Income before income tax	25,955	28,094	-8%	12,089	13,736	-12%
Provision for income tax	6,484	6,798	-5%	2,688	3,166	-15%
Net income - As Reported	<u>19,502</u>	<u>21,299</u>	<u>-8%</u>	<u>9,423</u>	<u>10,565</u>	<u>-11%</u>
EPS, Basic^(b)	90.15	112.83	-20%	43.56	55.96	-22%
EPS, Diluted^(b)	90.15	112.76	-20%	43.56	55.96	-22%
Core net income^(c)	<u>18,661</u>	<u>21,023</u>	<u>-11%</u>	<u>9,353</u>	<u>10,467</u>	<u>-11%</u>
EPS, Basic^(d)	86.26	111.35	-23%	43.23	55.44	-22%
EPS, Diluted^(d)	86.26	111.30	-22%	43.23	55.44	-22%

^(a) 2011 Service Revenues restated to reflect the change in the presentation of outbound revenues

^(b) EPS based on reported net income

^(c) Net income as adjusted for the net effect of gain/loss on FX and derivative transactions, additional depreciation charges and recognition of deferred tax assets

^(d) EPS based on core net income

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at June 30, 2012 and December 31, 2011

(in million pesos, except par value per share amounts and number of shares)

	2012	2011
	(Unaudited)	(Audited)
<u>ASSETS</u>		
Noncurrent Assets		
Property, plant and equipment	191,790	197,731
Investments in associates and joint ventures	24,793	17,865
Available-for-sale financial assets	5,631	7,181
Investment in debt securities – net of current portion	150	150
Investment properties	1,115	1,115
Goodwill and intangible assets	78,560	80,656
Deferred income tax assets – net	5,116	5,975
Prepayments – net of current portion	8,947	8,869
Noncurrent asset held-for-sale	1,128	–
Advances and other noncurrent assets – net of current portion	1,383	1,340
Total Noncurrent Assets	318,613	320,882
Current Assets		
Cash and cash equivalents	31,612	46,057
Short-term investments	611	558
Trade and other receivables	16,223	16,245
Inventories and supplies	2,893	3,827
Derivative financial assets	62	366
Current portion of investment in debt securities	370	358
Current portion of prepayments	6,771	7,227
Current portion of advances and other noncurrent assets	8,119	126
Total Current Assets	66,661	74,764
TOTAL ASSETS	385,274	395,646
<u>EQUITY AND LIABILITIES</u>		
Equity		
Preferred stock, Php10 par value per share, authorized - 822,500,000 shares; issued and outstanding - 36,026,550 shares as at June 30, 2012 and 441,912,370 shares as at December 31, 2011	360	4,419
Common stock, Php5 par value per share, authorized - 234,000,000 shares; issued - 218,779,886 shares and outstanding - 216,055,775 shares as at June 30, 2012; and issued - 217,160,444 shares and outstanding - 214,436,333 shares as at December 31, 2011	1,093	1,085
Treasury stock - 2,724,111 shares as at June 30, 2012 and December 31, 2011	(6,505)	(6,505)
Capital in excess of par value	130,596	127,246
Retained earnings	21,727	26,232
Other comprehensive income	(1,155)	(644)
Total Equity Attributable to Equity Holders of PLDT	146,116	151,833
Noncontrolling interests	207	386
TOTAL EQUITY	146,323	152,219

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(continued)*

As at June 30, 2012 and December 31, 2011

(in million pesos)

	2012	2011
	(Unaudited)	(Audited)
Noncurrent Liabilities		
Interest-bearing financial liabilities – net of current portion	100,300	91,280
Deferred income tax liabilities – net	3,395	2,902
Derivative financial liabilities	2,425	2,235
Pension and other employee benefits	1,417	609
Customers' deposits	2,268	2,272
Deferred credits and other noncurrent liabilities	19,749	22,642
Total Noncurrent Liabilities	129,554	121,940
Current Liabilities		
Accounts payable	25,088	29,554
Accrued expenses and other current liabilities	65,459	58,271
Derivative financial liabilities	90	924
Provision for claims and assessments	1,555	1,555
Current portion of interest-bearing financial liabilities	13,935	26,009
Dividends payable	834	2,583
Income tax payable	2,436	2,591
Total Current Liabilities	109,397	121,487
TOTAL LIABILITIES	238,951	243,427
TOTAL EQUITY AND LIABILITIES	385,274	395,646

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS For the Periods Ended June 30, 2012 and 2011 (in million pesos, except earnings per common share amounts)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2011		2011	
	(As Restated – Note 2)		(As Restated – Note 2)	
	2012	2011	2012	2011
	(Unaudited)			
REVENUES				
Service revenues	84,725	75,618	41,945	37,911
Non-service revenues	1,507	1,141	711	568
	86,232	76,759	42,656	38,479
EXPENSES				
Depreciation and amortization	15,524	13,118	8,054	6,515
Compensation and employee benefits	13,967	10,649	7,877	5,308
Repairs and maintenance	6,598	4,676	3,318	2,369
Interconnection costs	6,051	5,977	2,656	2,841
Cost of sales	4,483	2,406	1,875	1,177
Selling and promotions	4,353	2,690	2,674	1,535
Professional and other contracted services	2,886	2,510	1,312	1,320
Rent	2,861	2,023	1,368	1,009
Taxes and licenses	1,905	1,180	904	551
Communication, training and travel	1,196	857	614	444
Asset impairment	1,185	812	564	631
Amortization of intangible assets	785	144	721	69
Insurance and security services	737	636	352	327
Other expenses	710	834	309	412
	63,241	48,512	32,598	24,508
	22,991	28,247	10,058	13,971
OTHER INCOME (EXPENSES)				
Foreign exchange gains – net	1,565	426	329	106
Equity share in net earnings of associates and joint ventures	1,311	839	1,037	647
Interest income	626	645	269	324
Gains (losses) on derivative financial instruments – net	(403)	484	(308)	62
Financing costs – net	(3,377)	(3,178)	(1,696)	(1,648)
Other income	3,242	631	2,400	274
	2,964	(153)	2,031	(235)
INCOME BEFORE INCOME TAX	25,955	28,094	12,089	13,736
PROVISION FOR INCOME TAX	6,484	6,798	2,688	3,166
NET INCOME	19,471	21,296	9,401	10,570
ATTRIBUTABLE TO:				
Equity holders of PLDT	19,502	21,299	9,423	10,565
Noncontrolling interests	(31)	(3)	(22)	5
	19,471	21,296	9,401	10,570
Earnings Per Share Attributable to Common Equity Holders of PLDT				
Basic	90.15	112.83	43.56	55.96
Diluted	90.15	112.76	43.56	55.96

This press release may contain some statements which constitute “forward-looking statements” that are subject to a number of risks and uncertainties that could affect PLDT’s business and results of operations. Although PLDT believes that expectations reflected in any forward-looking statements are reasonable, it can give no guarantee of future performance, action or events.

For further information, please contact:

Anabelle L. Chua
Tel No: 816-8213
Fax No: 844-9099

Melissa V. Vergel de Dios
Tel No: 816-8024
Fax No: 810-7138

Ramon R. Isberto
Tel No: 511-3101
Fax No: 893-5174

About PLDT

PLDT is the leading telecommunications provider in the Philippines. Through its three principal business groups – fixed line, wireless, and business process outsourcing – PLDT offers a wide range of telecommunications services across the Philippines’ most extensive fiber optic backbone and fixed line, and cellular network.

PLDT is listed on the Philippine Stock Exchange (PSE:TEL) and its American Depositary Shares are listed on the New York Stock Exchange (NYSE:PHI). PLDT has one of the largest market capitalizations among Philippine listed companies.

Further information can be obtained by visiting the web at www.pldt.com.