FIRST PACIFIC COMPANY LIMITED

INTERIM REPORT 2001

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OVERVIEW OF FIRST PACIFIC

First Pacific

First Pacific, a Hong Kong-based investment and management company, holds assets in Indonesia, the Philippines and Thailand, with principal business interests relating to Consumer, Telecommunications and Property. Headquartered and listed in Hong Kong, its shares are also available in the United States through American Depositary Receipts.

First Pacific's principal investments are summarized on page 44.

Consumer	**Indofood** Indonesia 48%	**Berli Jucker** Thailand 84%	**Darya-Varia** Indonesia 90%
Telecoms	**PLDT** Philippines 24%	**Escotel** India 49%	**Infrontier** Asia 100%
Property	**Metro Pacific** Philippines 81%		

Note: Percentage figures, which are current as at 30 June 2001, reflect the economic interest attributable to the Group which may, in certain companies, differ from the percentage of equity capital held.

HALF-YEAR HIGHLIGHTS

FINANCIAL SUMMARY

	Six months ended 30 June		
	2001 **US$m**	2000 *US$m*	*% change*
Turnover from continuing businesses	**904.5**	1,155.7[i]	-21.7
Contribution from continuing businesses	**35.7**	37.5	-4.8
Contribution from operations	**37.3**	45.5	-18.0
Recurring profit	**20.4**	26.0	-21.5
Exchange losses	**(32.5)**	(63.3)	+48.7
Gain on disposal and dilution of shareholdings less provision for investments	**–**	87.7	–
(Loss)/profit attributable to ordinary shareholders	**(12.1)**	50.4	–

	At 30 June 2001 **US$m**	At 31 December 2000[i] *US$m*	*% change*
Total assets	**3,109.8**	3,455.8	-10.0
Net indebtedness	**968.8**	1,016.4	-4.7
Shareholders' equity	**317.2**	369.5	-14.2
Net assets	**1,138.2**	1,305.1	-12.8

PER SHARE DATA

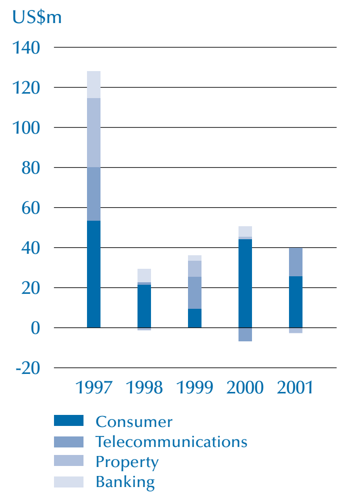
	Six months ended 30 June		
	2001 ***U.S. cents***	2000 *U.S. cents*	*% change*
Recurring profit	**0.65**	0.89	-27.0
Basic (loss)/earnings	**(0.39)**	1.73	–
Interim dividend proposed	**–**	0.13	–

FINANCIAL RATIOS

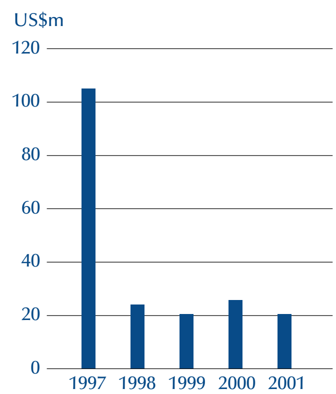
	At 30 June 2001 ***times***	At 31 December 2000 *times*	*% change*
Gearing ratio[ii]			
– Consolidated	**0.85**	0.78[i]	-9.0
– Company	**0.15**	0.10	-50.0

(i) Restated – refer to Note 15 to the Condensed Interim Financial Statements.
(ii) Calculated as net indebtedness divided by net assets.

Contribution from operations by line of business



Recurring profit



EXECUTIVE CHAIRMAN'S LETTER

To Our Shareholders,

The Group continued to face difficult challenges over the first six months of 2001. Weak economic data has weighed heavily on the Philippines, and the leadership crisis in January drove the peso to a low of Pesos 55.8 to the U.S. dollar. Recovery under the new administration has been slow, as exports remain sluggish due to the weakening of the economies of the United States and Japan. Indonesia has also suffered political turmoil, which resulted in depressed consumer and investor confidence and drove the rupiah to a low of Rupiah 12,200 to the U.S. dollar. In Thailand, exports have also contracted on weak demand, and political uncertainty prevailed as the Prime Minister's hold on office appeared to have been put into question. The baht reached a low of Baht 45.9 to the U.S. dollar. Across Asia economies and markets are down.

Nevertheless, First Pacific has, by strategic design, positioned itself firmly in Asia. As such, we remain a long-term investor and while I would not be so bold as to predict when Asia will eventually recover, I have every confidence that it will. In anticipation of that recovery, we continue to focus on those matters over which we do have control: our operations. In this regard, First Pacific's key investments, Indofood and PLDT, have both recorded improved operational results and cash flows.

Indofood, our Consumer investment in Indonesia, increased its rupiah turnover by 21.5 per cent. While this growth did not translate through to operating profit, because the rupiah's decline increased input costs, EBITDA of US$113 million was recorded. Indofood generated sufficient cash to repay some US$60 million of debt during the first half of the year and, subsequent to June 2001, Indofood further reduced its debt levels by settling an additional US$120 million of debt. This is an outstanding feat, during trying times, that reduces Indofood's net debt to US$426.8 million.

PLDT, our Telecommunications investment in the Philippines, grew its peso revenues by 24.6 per cent. Net income showed a ten-fold increase and EBITDA grew by 26.7 per cent to Pesos 19.8 billion. Revenue streams have been significantly diversified, with Wireless now contributing a third of total revenues and PLDT's growing Data and Other Services now contributing over six per cent of total revenues. Utilizing the latest technologies, PLDT has successfully improved its infrastructure to support the enhanced and faster transmission of voice and data. It is now well advanced in the process of being transformed from a voice-dependent telephone company to a full-service telecommunication and multi-media provider.

A full review of the Group's operations is included elsewhere in this report, so I will not elaborate further here. Instead, I would like to consider the current financial challenges facing the Group.

I am very aware of the concerns about the financial health of the First Pacific Group, and I wish to assure you that the resolution of these issues remains the primary focus of your management. In this regard, Metro Pacific has already addressed refinancing concerns at Bonifacio Land Corporation when, in May 2001, Metro Pacific successfully concluded the refinancing of Pesos 3.1 billion of BLC's debt into a Pesos 2.1 billion fully secured seven-year term loan, with the difference being settled out of cash. This is a notable achievement in the current Philippine economic climate. Metro Pacific head office has approximately US$210 million of debt and is now pursuing several initiatives that will enable it to align better its debt profile with future property asset revenues generated by the Fort Bonifacio Global City project. PLDT, as and when the opportunities arise, is considering the sale of surplus assets and refinancing. In the meantime, as PLDT emerges from its heavy investment phase, management focus is on growing EBITDA and containing costs. At First Pacific, our objective is to put in place optimal cost financing that will enable us to repay US$360 million to convertible bondholders in March 2002. In addition, we will continue to focus on increasing dividend cash flows to the Head Office.

Because First Pacific has divested all of its Hong Kong businesses, with the sale of First Pacific Bank in December 2000, it was perhaps inevitable that First Pacific would be removed from the Hang Seng Index (HSI) in June 2001. This reflected, in part, First Pacific's smaller market cap, but also a desire by HSI Services to add China Unicom and MTR Corporation to ensure that the HSI adequately reflects Hong Kong's equity market. I would like to stress that, despite this, First Pacific remains very much committed to Hong Kong, where our headquarters remain, as we believe it continues to be the single best place in the region from which to run an international business. I am therefore pleased to add that as a postscript to our removal from the HSI, First Pacific has since been selected as a constituent stock in the 'Conglomerate' sector of the 200-stock Hang Seng Composite Index that is to be launched on 3 October 2001.

Looking ahead, I am hopeful that recent, positive political developments will improve economic and market sentiment for the region. However, as noted above, First Pacific is a long-term investor in Asia. While we could not have forecast the political and economic developments that have occurred, or indeed the extent of the global technology fallout last year, we did expect that the 1997 crisis would have a pronounced and prolonged adverse effect on the region. Having taken this as an opportunity to reshape the Group, our focus will continue to be on ensuring that our assets are operating at optimum levels given prevailing conditions. We will continue to seek initiatives, such as Indofood's share buy back programme and reviewing our strategic options for Escotel, that will enhance value to shareholders and draw on our experience to ensure that growing and consistent earnings and cash flows, backed by solid management, will remain the cornerstone for long-term growth.

In conclusion, I would like to recognise the efforts of our management and staff who have contributed to achieving commendable results in difficult circumstances. In particular, I acknowledge the contributions of David G. Eastlake, who stepped down as an Executive Director in April 2001. We thank David for his professionalism and friendship, and wish him well in his future endeavours.

Sincerely,
Manuel V. Pangilinan
Executive Chairman

2001 GOALS: HALF-YEAR REVIEW

FIRST PACIFIC

– Continue to enhance recurrent profits and cash flow.
U.S. dollar contribution from existing businesses is broadly flat, despite start-up losses for Infrontier and weaker average exchange rates. Local currency results improved for the Group's principal businesses.
– Refinance convertible bonds with long-term debt.
Discussions for refinancing are at an advanced stage.
– Continue to consolidate ownership positions in core businesses.
Operational progress has been achieved in principal investments.
– Seek value-enhancing transactions consistent with core business focus.
Start-up company Infrontier commenced commercial operations in January 2001; non-core investment Savills plc was disposed in March 2001.
– Enhance recurrent cash flows to Head Office.
First dividend received from Indofood in July 2001; steps taken to improve cash returns at PLDT.
– Finalize the evaluation review of Metrosel and execute conclusions.
Options are being evaluated.

INDOFOOD

– Reorganize operations to create greater definition between branded consumer products and the commodity businesses.
Legal entities that will eventually house the assets, liabilities and operations of Indofood's flour division, Bogasari, have been established.
– Explore opportunities for utilizing substantial free cash flows.
US$60 million of debt repaid by June 2001, with a subsequent further repayment of US$120 million of debt by July 2001; share buy back scheme approved; acquisition of GAR considered but not progressed after mutual agreement to allow option to lapse; other initiatives are being considered.
– Continue to implement corporate governance initiatives to align Indofood's practices with international best practice.
Enhanced disclosure to shareholders in line with international standards; independent commissioners to increase to three, with the nomination of one additional independent commissioner; a fourth independent commissioner is being sought.
– Resume dividend payments to shareholders.
Achieved.

PLDT

– Continue to grow consolidated revenue and net profit.
Ongoing. Significant turnaround in Wireless.
– Maintain momentum for growing cellular subscribers to achieve a total of 5.5 million subscribers by year-end.
As at end June 2001, cellular subscribers numbered 5.0 million.
– Continue 2000 initiatives in respect of revenue diversification and efficiencies.
Revenue mix improving, with Wireless and Data now contributing 32.7 per cent and 6.4 per cent, respectively, of total revenues.
– Advance ePLDT as a platform for future revenue growth.
VITRO, ePLDT's internet data center now has 13 clients, and Contact World, a joint venture between ePLDT and Australian call center operator Salmat, commenced commercial operations in February.

METRO PACIFIC

– Conclude disposals of remaining non-core assets.
Approval to dividend Nenaco to shareholders. Options for remaining non-core assets are under consideration.
– Simplify corporate ownership structure.
No progress as dependent on disposals of non-core assets.
– Put long-term financing in place to better match long-term revenue streams.
Achieved in respect of subsidiary Bonifacio Land Corporation. Initiatives are ongoing to realign Metro Pacific's debt with underlying revenue streams from property assets.

BERLI JUCKER

– Continue to seek value-enhancing opportunities.
Possible acquisitions under review, as are opportunities for working with other First Pacific Group companies.

DARYA-VARIA

– Grow revenues faster than the total market to increase market share.
Achieved. Revenues grew by 16.2 per cent, despite the withdrawal of key product Stop Cold, ahead of the market's 11.8 per cent growth.

ESCOTEL

– Achieve cash flow break-even.
Achieved on a pre-financing basis.
– Conclude strategic, value-enhancing transactions to broaden geographical presence.
Options are being evaluated.

INFRONTIER

– Establish the operational infrastructure required to build a sustainable pan-Asian business solutions provider.
Achieved. Infrontier is now operational in five countries, offering supply chain management and wireless solutions to a range of clients.
– Evolve from start-up to develop sustainable revenues to achieve profitability by year-end 2003.
First revenues were recorded in July 2001.

Below is an analysis of results by individual company, classified within the Group's three main business areas.

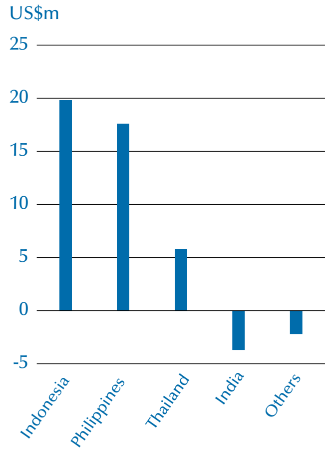
CONTRIBUTION SUMMARY

	Six months ended 30 June Turnover		Contribution to Group (loss)/profit[i]	
	2001 US$m	2000 US$m	**2001 US$m**	2000 US$m
CONSUMER				
Indofood	**671.4**	739.4	**18.6**	34.6
Berli Jucker	**122.3**	145.6	**5.8**	5.2
Darya–Varia	**23.0**	26.5	**1.2**	4.2
	816.7	911.5	**25.6**	44.0
TELECOMMUNICATIONS				
PLDT*	**–**	–	**21.9**	8.7
Smart[ii]	**–**	80.5	**–**	(9.0)
Escotel*	**–**	–	**(3.7)**	(5.5)
Infrontier	**–**	–	**(3.8)**	–
	–	80.5	**14.4**	(5.8)
PROPERTY				
Metro Pacific	**87.8**	163.7	**(4.3)**	(0.7)
From continuing businesses	**904.5**	1,155.7	**35.7**	37.5
From disposed businesses[iii]	**–**	95.7	**1.6**	8.0
FROM OPERATIONS	**904.5**	1,251.4	**37.3**	45.5
Corporate overhead			**(6.3)**	(7.8)
Net finance charges			**(10.6)**	(11.7)
RECURRING PROFIT			**20.4**	26.0
Exchange losses			**(32.5)**	(63.3)
Gain on disposal and dilution of shareholdings less provision for investments			**–**	87.7
(LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS			**(12.1)**	50.4

* *Associated companies*

(i) After taxation and outside interests, where appropriate.
(ii) Merged with PLDT on 24 March 2000.
(iii) Represents SPORTathlon, First Pacific Bank and Savills plc, which were sold on 29 June 2000, 28 December 2000 and 12 March 2001, respectively.

Contribution from operations by country



REVIEW OF OPERATIONS

During a period of continued political uncertainty, declining regional exchange rates, and restrained consumer demand, First Pacific has returned a contribution from operations of US$37.3 million, down US$8.2 million against 2000's US$45.5 million.

This decline in profitability is largely a reflection of changes within the First Pacific Group. Approximately US$6.4 million of the contribution in 2000 was derived from SPORTathlon, First Pacific Bank and Savills plc, which were disposed in June 2000, December 2000 and March 2001 respectively. In addition, Infrontier, First Pacific's start-up company that offers business solutions, commenced operations in 2001, with start-up losses of US$3.8 million being recorded for the first time within contribution from operations.

The Group's operating results are denominated in local currencies – principally the rupiah, peso, and baht – which are translated and consolidated to give the Group's U.S. dollar denominated results. The depreciation of these currencies against the U.S. dollar is summarized below and illustrates continued weakness through to 30 June 2001.

	At 30 June 2001	At 31 Dec 2000	Six months change	At 30 June 2000	One year change
Closing:					
Peso	**52.43**	49.96	-4.7%	43.20	-17.6%
Rupiah	**11,390**	9,650	-15.3%	8,740	-23.3%
Baht	**45.28**	43.16	-4.7%	39.19	-13.4%
Rupee	**47.04**	46.72	-0.7%	44.67	-5.0%

	Six months ended 30 June 2001	12 months ended 31 Dec 2000	Six months change	Six months ended 30 June 2000	One year change
Average:					
Peso	**50.17**	44.67	-11.0%	41.59	-17.1%
Rupiah	**10,661**	8,523	-20.1%	7,950	-25.4%
Baht	**44.47**	40.43	-9.1%	38.30	-13.9%
Rupee	**46.77**	45.07	-3.6%	43.96	-6.0%

The effect this has on the Group's U.S. dollar denominated results is to reduce the translated U.S. dollar value of local currency results. It is estimated that this has had an adverse impact on the June 2001 results of approximately US$11.1 million.

At the operational level, weaker local currencies increase the cost of imported raw materials which, unless these can be fully recovered through increased selling prices, has the effect of eroding margins. In addition, the servicing costs of foreign currency denominated debt are increased, and unrealized exchange gains or losses arising on the translation of monetary assets and liabilities are recognized in the profit and loss statement.

CONSUMER

Indofood, a leading processed-foods group with operations throughout Indonesia, contributed a profit of US$18.6 million, down 46.2 per cent against the comparative of US$34.6 million.

The Group increased its interest in Indofood by eight per cent in December 2000, as a consequence of which, the Group's average shareholding for the first half of 2001 was 48.0 per cent, against 40.0 per cent for the comparative period.

The majority of Indofood's revenues are denominated in rupiah, which averaged Rupiah 10,661 to the U.S. dollar over the first six months of 2001, compared with Rupiah 7,950 to the U.S. dollar over the first six months of 2000.

Because of the weaker average rupiah exchange rate, the 9.2 per cent decline in U.S. dollar turnover, to US$671.4 million, masks an underlying 21.5 per cent increase in rupiah-denominated turnover to Rupiah 7,158.0 billion. With the exception of Baby Foods, all of Indofood's businesses increased turnover. The divisions of Instant Noodles, Flour, and Edible Oils contributed four-fifths of total turnover, with increased turnover from the divisions of Flour (up 39.7 per cent), Instant Noodles (up 13.4 per cent), Distribution (up 23.3 per cent) and Edible Oils (up 5.2 per cent).

Improved turnover was achieved through a mix of volume growth and price increases. However, gross and operating margins came under pressure as the cost of imported raw materials increased with the rupiah's decline, with operating margins further eroded by fuel costs, which almost doubled, and increases in salaries, electricity and transportation costs. As a result, Indofood's overall gross margin declined to 26.0 per cent (1H00: 31.5 per cent), while its operating margin was 14.4 per cent (1H00: 21.2 per cent).

Notwithstanding this, Indofood returned to paying dividends when a final 2000 dividend of Rupiah 18 per share, representing a payout ratio of 25 per cent, was approved during the period. This dividend, which was paid in July 2001, was the first dividend payment since 1997. Furthermore, approximately US$60 million of debt was repaid out of operating cash flows during the first half, reducing Indofood's debt to approximately US$628.8 million and further containing exposure to future exchange rate fluctuations. Approximately 77 per cent of Indofood's U.S. dollar debt is hedged and, as at 30 June 2001, Indofood's net debt was US$426.8 million.

In May 2001, Indofood announced its intention to buy back up to 10 per cent of its share capital, equating to 915,600,000 shares, by 30 November 2002. At the same time, Indofood management also introduced an employee stock ownership program as an incentive to motivate employees. Under this scheme Indofood can issue up to five per cent of its issued share capital – equating to 457,800,000 shares – to be made available for employee purchase.

Subsequent to 30 June 2001, Indofood repaid a further US$120 million of U.S. dollar denominated debt, and in August 2001 announced that it no longer intended to acquire a controlling stake in Singapore-listed Golden-Agri Resources Limited. As Indofood's plantations only provide between 40 per cent to 45 per cent of Indofood's crude palm oil needs, alternatives, for securing the supply required for the Edible Oils division, are under consideration.

Berli Jucker, a manufacturer, marketer and distributor of glass, consumer, technical products and imaging in Thailand, contributed a profit of US$5.8 million, up 11.5 per cent against the comparative of US$5.2 million. In September 2000, Berli Jucker reduced its equity base by 30 per cent, through dividending its retained earnings. As a consequence, return on equity has increased to 9.5 per cent (1H00: 7.1 per cent). The Group's interest in Berli Jucker has remained unchanged at 83.5 per cent.

The majority of Berli Jucker's revenues are denominated in baht, which averaged Baht 44.47 to the U.S. dollar over the first six months of 2001, compared with Baht 38.30 to the U.S. dollar over the first six months of 2000.

In U.S. dollar terms, Berli Jucker's turnover is down 16.0 per cent to US$122.3 million. However, this is a reflection of a weaker baht as turnover in baht terms is up 8.0 per cent as all divisions recorded stronger sales. Gross margins improved with Packaging & Consumer Products returning a gross margin of 28.3 per cent (1H00: 25.9 per cent), reflecting lower paper pulp and palm oil prices, while Technical Products & Imaging achieved a gross margin of 22.2 per cent (1H00: 15.3 per cent) following the deconsolidation of Thai Klinipro.

Operating margins also held up, with cost control measures improving Packaging & Consumer Products' operating margin to 9.9 per cent (1H00: 8.7 per cent), while Technical Products & Imaging returned an operating margin of 4.5 per cent (1H00: 3.7 per cent).

Darya-Varia, a leading fully integrated Indonesian health care company, contributed a profit of US$1.2 million, down 71.4 per cent against the comparative of US$4.2 million. The Group's interest in Darya-Varia remained unchanged at 89.5 per cent.

The majority of Darya-Varia's revenues are denominated in rupiah, which averaged Rupiah 10,661 to the U.S. dollar over the first six months of 2001, compared with Rupiah 7,950 to the U.S. dollar over the first six months of 2000.

This weakening of the rupiah has masked a 16.2 per cent improvement in Darya-Varia's rupiah denominated turnover, achieved off an aggressive marketing drive. The gross margin, at 45.9 per cent, was maintained at a similar level to the comparative period as operational efficiencies offset increased costs for imported raw materials due to the rupiah's weakening.

The operating margin declined to 12.8 per cent, principally due to a provision in respect of Stop Cold, Darya-Varia's leading cold preparation. This product has been withdrawn from the market in compliance with Department of Health regulations as, similar to other available cold medications, Stop Cold contains an ingredient called Phenylprophanolamin (PPA). The health authorities are concerned that PPA, if taken in large quantities, may cause adverse side effects. Darya-Varia, consistent with its commitment to sell only safe, high quality products, immediately withdrew the product and plans to re-introduce Stop Cold using an equally effective raw material that has no known adverse side effects.

TELECOMMUNICATIONS

PLDT, the principal supplier of national and international telecommunications services in the Philippines, contributed a profit of US$21.9 million, up 151.7 per cent against the comparative of US$8.7 million.

As a consequence of a number of transactions – most notably the acquisition of Smart by PLDT in March 2000, and First Pacific's acquisition of Metro Pacific's eight per cent interest in PLDT in September 2000 – the Group's average shareholding for the first half was 24.6 per cent, against 20.3 per cent for the comparative period.

In the first half of 2001, 31.5 per cent of PLDT's operating revenues were received in U.S. dollars, while 36.4 per cent were U.S. dollar-linked as PLDT is able to adjust its monthly fixed line service rates by one per cent for every Peso 0.1 change in the U.S. dollar exchange rate. The peso averaged Pesos 50.17 to the U.S. dollar over the first half of 2001, compared with Pesos 41.59 for the first six months of 2000.

PLDT's EBITDA grew 26.7 per cent to Pesos 19.8 billion (1H00: Pesos 15.7 billion), on the back of a 24.6 per cent improvement in revenues to Pesos 36.7 billion (1H00: Pesos 29.5 billion), and improved operating efficiencies.

Wireless services posted a dramatic turnaround in 2001 as revenues surged from data services such as text messaging and enhanced services from Smart's new mobile portal service 'Smart zed'. As a result, combined Wireless revenues for the first half increased by 70.1 per cent to Pesos 12.0 billion (1H00: Pesos 7.1 billion). Now accounting for 32.7 per cent (1H00: 24.0 per cent) of PLDT's total revenues, Wireless is the driver of medium-term growth, underscoring PLDT's transition to a full-service telecommunications and multi-media group. Subscriber acquisition costs declined by approximately 63 per cent, this despite the doubling of subscribers to 5.0 million (1H00: 2.4 million) that secured Smart and Piltel some 58 per cent of the cellular market by 30 June 2001. Around 93 per cent of subscribers are on prepaid plans, while approximately 4.4 million (1H00: 1.3 million) subscribers are for GSM services. Having together added 280,000 GSM subscribers, on average each month, Smart and Piltel also maintained their leadership in the GSM market with a combined market share of approximately 56 per cent.

PLDT's Fixed Line network, which platforms a wide range of PLDT's fixed, cellular, cable and internet products and services, added 90,903 (1H00: 57,717) new subscribers, net of churn, during the first half of 2001. PLDT better managed churn by achieving higher reconnections of previously disconnected lines and, as at 30 June 2001, the PLDT Group had 2,106,211 (1H00: 1,963,711) fixed line subscribers. This increase of 142,500 subscribers, or 7.3 per cent, reflects organic growth as well as growth through acquisition. PLDT has approximately 67 per cent of the fixed line market, with the nearest competitor having approximately a 13 per cent market share.

PLDT's total International Long Distance call volume grew by 40.5 per cent to 1,266.5 million billed minutes in the first half of 2001. Inbound call volume grew by 41.6 per cent to 1,185.9 million billed minutes, while outbound traffic increased by 26.3 per cent to 80.6 million billed minutes. However, these volume increases were insufficient to offset the continued decline in international settlement rates for inbound international calls, and successive reductions in direct dialing rates for outbound international calls. As a result, peso revenues declined by 3.7 per cent to Pesos 6.4 billion, from Pesos 6.7 billion for the same period of 2000.

National Long Distance recorded 1,488.7 million billed minutes, down 6.6 per cent, with revenues down 17.7 per cent to Pesos 4.5 billion. This decline was largely attributable to rate reductions implemented to enhance competitiveness and a change in call mix such that more calls are subject to revenue sharing with other carriers.

Data and Other Services, the driver of PLDT's future growth, recorded a 78.2 per cent increase in revenues to Pesos 2.3 billion, with this business now contributing six per cent (1H00: four per cent) of PLDT's consolidated peso revenues. Strong demand for domestic and international bandwidth underpinned this growth as a range of value-added and broadband services were offered off PLDT's fiber optic backbone. Technological upgrades have evolved PLDT's infrastructure to a new packet-switched and Internet-based network offering faster, improved transmission of voice, video and data. In addition, digital subscriber line technology, which provides high-speed data transfer over copper lines, is already available in Metro Manila and Cebu and is progressively being introduced elsewhere.

In June 2001, PLDT concluded the debt restructuring of Piltel. PLDT's interest in Piltel has now decreased to 45.3 per cent and as such, Piltel is no longer treated as a consolidated subsidiary, but as an affiliate of PLDT.

Escotel, a New Delhi-based GSM cellular telephone services provider, contributed a loss of US$3.7 million, a 32.7 per cent improvement against the comparative loss of US$5.5 million. The Group's interest in Escotel remained unchanged at 49.0 per cent.

Escotel's revenues are denominated in rupees, which averaged Rupee 46.77 to the U.S. dollar over the first six months of 2001, compared with Rupee 43.96 to the U.S. dollar over the first six months of 2000.

Escotel recorded a maiden operating profit of US$2.9 million. This achievement was underpinned by strong growth in subscriber revenues despite a decline in ARPUs as subscribers increasingly use prepaid plans. As at the end of June 2001, Escotel had 333,242 subscribers, up approximately 93 per cent from June 2000.

In March 2001, Escotel put in place five-year financing when it refinanced US$75.0 million of offshore debt and secured a domestic debt facility equivalent to approximately US$112 million. These facilities enabled the repayment of short-term debt, and provide the funds for network enhancements necessary to support Escotel's growing subscriber base.

Infrontier, First Pacific's wholly-owned start-up offering business solutions in both hosted and traditional environments, recorded a start-up loss of US$3.8 million in its first period of commercial operations.

Infrontier offers business solutions that address all aspects of supply chain management including logistics, asset utilization, warehousing and manufacturing processes, sales automation, and demand planning and forecasting. In addition, Infrontier offers wireless applications that enable businesses and consumers to communicate and transact via a wireless environment. In support of these core businesses, Infrontier has a team of experienced and knowledgeable professionals who assist clients in the development, integration, implementation, and maintenance phases, and can also provide the technology infrastructure necessary to develop, manage and host client applications.

Infrontier recorded its first revenues in July 2001.

PROPERTY

Metro Pacific, which principally holds Philippine property assets, contributed a loss of US$4.3 million, compared with a loss of US$0.7 million recorded over the first six months of 2000. The Group's interest in Metro Pacific remained unchanged at 80.6 per cent.

Metro Pacific's revenues are denominated in pesos. The peso averaged Pesos 50.17 to the U.S. dollar over the first half of 2001, compared with Pesos 41.59 for the year-ago period.

Metro Pacific's principal property asset is its 69.6 per cent interest in Bonifacio Land Corporation (BLC). BLC holds a 55.0 per cent interest in Fort Bonifacio Development Corporation (FBDC), which is developing, in stages, 150 hectares of land in the former military base, Fort Bonifacio.

The decline in turnover and operating profit recognized from Fort Bonifacio is primarily due to the completion of the horizontal development of Big Delta in April 2000. Revenues in respect of Pesos 28.4 billion worth of land sales made in 1996 were recognized over the period of Big Delta's development. By April 2000, when the project was completed on schedule and below budget, all revenues and profits on these 1996 land sales had been recognized.

A small land sale was concluded in June 2001, and Metro Pacific is confident of securing further land sales in the second half. Alternative land use opportunities continue to be sought by offering building leases, which average five years, and land leases, which range between 25 and 50 years, to Bonifacio Global City locators. In addition to generating short and medium term cash flows, these establishments draw people to the Bonifacio Global City to fulfill their business, entertainment, shopping or residential needs, which is important for developing the project's overall critical mass.

Work has commenced on the horizontal development of Expanded Big Delta, an area covering 54 hectares to the north and west of Big Delta. The first phase of Expanded Big Delta is substantially complete and, together with Big Delta, these areas represent approximately 75 per cent of the land under development by FBDC.

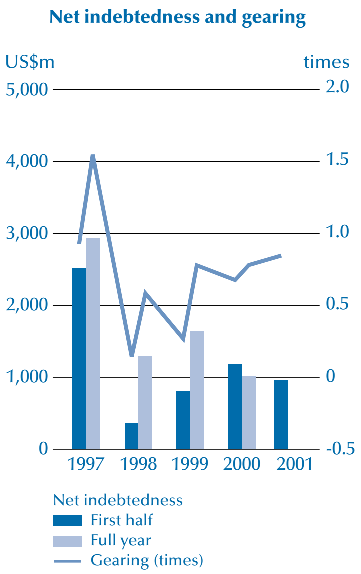
Bonifacio Ridge, FBDC's first residential project, was 31 per cent complete by the end of June 2001, and was officially topped-out on 2 July 2001, at which time 70 per cent of the development's 288 units were sold. New bars and restaurants are scheduled to open at The Fort, while S&R Price, a membership-shopping club, opened in April 2001. The Bonifacio Global City's first business tenants will shortly move into The Hatchasia GlobalCity Centre, and work continues on the gas and retail plaza, Bonifacio StopOver, scheduled to open in September. In July, St. Luke's Medical Center, the Philippines' foremost provider of medical services, signed a 50-year extendible long-term lease arrangement for a 1.6-hectare medical complex to be located on 32nd Street.

In May 2001, BLC successfully refinanced Pesos 3.05 billion of long-term commercial papers with a new Pesos 2.1 billion fully secured seven-year facility. While in June 2001, BLC announced its intention to sell its development rights in respect of the northern central business district of the Bonifacio Global City. This initiative will accelerate the advancement of the Bonifacio Global City's undeveloped areas and allow Metro Pacific to concentrate on its ongoing and future vertical developments within Big Delta and Expanded Big Delta. Interested parties are currently preparing their submission bids, and it is anticipated that this process will be concluded by late September 2001.

Pacific Plaza Towers recorded improved turnover and operating profit as unit sales continued. As at 30 June 2001, some 283 of the development's 393 units had been sold, with residents now occupying 42 units.

Metro Pacific's remaining property asset, Landco, recorded reduced turnover and operating profit as key developments, Punta Fuego and Ridgewood Park, have now been sold. Landco plans to launch four new projects this year to enhance medium-term revenue streams.

Negros Navigation (Nenaco) returned improved peso turnover and operating profit as price increases introduced in 2000 and efforts to streamline Nenaco's operations took effect. In June 2001, in order to further position Metro Pacific as a company focused on property, the board of Metro Pacific approved a proposal to dividend its interest in Nenaco to the shareholders of Metro Pacific, including First Pacific. This transaction is subject to certain creditor and regulatory approvals and it is anticipated to conclude by year-end.



LIQUIDITY AND FINANCIAL RESOURCES

CONSOLIDATED NET INDEBTEDNESS AND GEARING BY OPERATING COMPANY

	At 30 June 2001			At 31 December 2000		
	Net indebted-ness/ (cash)[i] *US$m*	**Net assets/ (liabilities) *US$m***	**Gearing *times***	Net indebted-ness/ (cash)[i] *US$m*	Net assets *US$m*	Gearing *times*
Head Office[ii]	**242.7**	**1,474.7**	**0.15**	150.0	1,500.1	0.10
Indofood	**426.8**	**239.3**	**1.78**	494.5	271.6	1.82
Berli Jucker[iii]	**52.9**	**146.5**	**0.36**	70.4	148.5	0.47
Darya-Varia	**(1.3)**	**7.6**	**–**	(1.6)	10.9	–
Infrontier	**0.4**	**(9.3)**	**–**	–	–	–
Metro Pacific[iv]	**247.3**	**1,176.7**	**0.21**	303.1	1,287.9	0.24
Consolidated before goodwill reserve	**968.8**	**3,035.5**	**0.32**	1,016.4	3,219.0	0.32
Goodwill reserve	**–**	**(1,897.3)**	**–**	–	(1,913.9)	–
Consolidated after goodwill reserve	**968.8**	**1,138.2**	**0.85**	1,016.4	1,305.1	0.78

ASSOCIATED COMPANIES

	At 30 June 2001			At 31 December 2000		
	Net indebted-ness *US$m*	**Net assets/ (liabilities) *US$m***	**Gearing *times***	Net indebted-ness *US$m*	Net assets/ (liabilities) *US$m*	Gearing *times*
PLDT[v]	**3,280.4**	**1,681.6**	**1.95**	3,730.3	1,746.1	2.14
Escotel	**192.5**	**(65.1)**	**–**	176.6	(46.0)	–

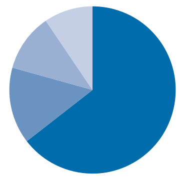
(i) Includes pledged deposits and excludes inter-company indebtedness.
(ii) Head Office's gearing increased principally as a result of the US$90.0 million advance made to Metro Pacific.
(iii) Berli Jucker's gearing improved due to cash generated from operations.
(iv) Metro Pacific's gearing improved mainly because of the repayment of convertible bonds in April 2001.
(v) PLDT's gearing improved as a consequence of the deconsolidation of Piltel in June 2001.

The maturity profile of consolidated debt is summarized below. The change to the debt maturity profile principally reflects the fact that the Head Office's US$267.9 million convertible bonds (due March 2002) and Indofood's US$200.0 million bank loan (due June 2002) are now due within one year.

MATURITY PROFILE OF CONSOLIDATED DEBT

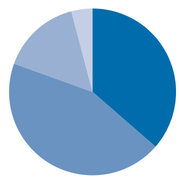
	At 30 June 2001 US$m	At 31 December 2000 US$m
Within one year	**831.6**	526.1
One to two years	**190.2**	637.1
Two to five years	**144.2**	221.7
Over five years	**123.1**	59.7
TOTAL	**1,289.1**	1,444.6

Maturity profile of consolidated debt - 30 June 2001



The maturity profile of the borrowings of the Group's associated companies follows. The change to the debt maturity profile of PLDT primarily reflects the deconsolidation of Piltel with effect from 27 June 2001. The improvement in Escotel's maturity profile reflects the impact of the debt refinancing that was completed in March 2001.

Maturity profile of consolidated debt - 31 December 2000



ASSOCIATED COMPANIES

	PLDT		Escotel	
	At 30 June 2001 US$m	At 31 December 2000 US$m	At 30 June 2001 US$m	At 31 December 2000 US$m
Within one year	**316.4**	340.4	**59.4**	91.9
One to two years	**619.2**	657.3	**10.1**	24.3
Two to five years	**1,595.6**	1,518.3	**103.9**	45.9
Over five years	**867.4**	1,407.9	**22.1**	16.4
TOTAL	**3,398.6**	3,923.9	**195.5**	178.5

CHARGES ON GROUP ASSETS

Certain bank loans and overdrafts included within consolidated borrowings are secured by certain of the Group's property and equipment, interests in subsidiary companies, trade receivables and inventories.

FINANCIAL RISK MANAGEMENT

FOREIGN CURRENCY RISK

(A) Company risk

First Pacific is exposed to foreign currency fluctuations arising from its portfolio of investments. As all Head Office debt was denominated in U.S. dollars at 30 June 2001, this exposure relates mainly to the receipt of cash dividends, and to the translation of non-U.S. dollar investments in subsidiary and associated companies. The Company actively reviews the potential benefits of hedging based on forecast dividend flows.

The Company does not actively seek to hedge risks arising from foreign currency translation of investments in subsidiary and associated companies due to their non-cash nature and the high cost associated with such hedging. Accordingly, First Pacific is exposed to the impact of foreign currency fluctuations on the U.S. dollar value of its investments.

The following table illustrates the estimated impact on the Company's adjusted net asset value (NAV) for a 1.0 per cent depreciation against the U.S. dollar of the currencies in which the equities of subsidiary and associated companies are quoted.

Company	Effect on adjusted NAV *US$m*	Effect on adjusted NAV per share *HK cents*
PLDT	(5.7)	(1.42)
Indofood	(3.3)	(0.82)
Metro Pacific	(1.3)	(0.32)
Berli Jucker	(0.9)	(0.22)
Darya-Varia	(0.2)	(0.05)
TOTAL[(i)]	**(11.4)**	**(2.83)**

(i) The NAV of the Group's investment in Escotel is based on the historical U.S. dollar cost and accordingly any depreciation of the rupee would not affect the Company's adjusted NAV.

(B) Group risk

First Pacific's policy is for each operating entity to borrow in local currencies where possible. However, it is often necessary for companies to borrow in U.S. dollars which results in a translation risk in their local currency results. A summary of consolidated net indebtedness by currency follows:

CONSOLIDATED NET INDEBTEDNESS BY CURRENCY

	US$ US$m	Peso US$m	Rupiah US$m	Baht US$m	Other[i] US$m	**Total US$m**
Total borrowings	779.9	260.8	178.7	12.6	57.1	**1,289.1**
Cash and bank balances[ii]	(147.8)	(21.3)	(136.7)	(14.4)	(0.1)	**(320.3)**
NET INDEBTEDNESS/(CASH)	**632.1**	**239.5**	**42.0**	**(1.8)**	**57.0**	**968.8**
Representing:						
Head Office	242.8	–	–	–	(0.1)	**242.7**
Indofood	382.9	–	43.3	–	0.6	**426.8**
Berli Jucker	–	–	–	(1.8)	54.7	**52.9**
Darya-Varia	–	–	(1.3)	–	–	**(1.3)**
Infrontier	(1.4)	–	–	–	1.8	**0.4**
Metro Pacific	7.8	239.5	–	–	–	**247.3**
NET INDEBTEDNESS/(CASH)	**632.1**	**239.5**	**42.0**	**(1.8)**	**57.0**	**968.8**

ASSOCIATED COMPANIES

	US$ US$m	Peso US$m	Rupiah US$m	Baht US$m	Other[i] US$m	**Total US$m**
PLDT	2,893.5	230.2	–	–	156.7	**3,280.4**
Escotel	77.0	–	–	–	115.5	**192.5**

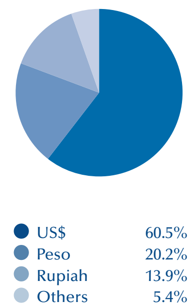
(i) For Berli Jucker and PLDT, "other" represents Japanese yen. For Escotel, "other" represents Indian rupee.
(ii) Includes pledged deposits.

During 2001, Indofood and Metro Pacific paid down their U.S. dollar denominated net indebtedness by US$34.5 million and US$59.1 million respectively in order to reduce their exposure to movements in exchange rates.

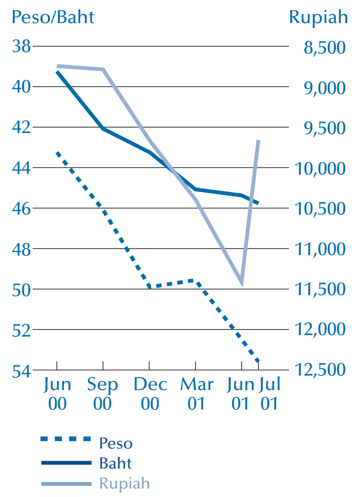
PLDT's U.S. dollar denominated net indebtedness decreased principally as a result of the deconsolidation of Piltel in June 2001 and increased utilization of peso borrowings to refinance U.S. dollar debt.

As a result of the relatively large unhedged U.S. dollar net indebtedness, particularly at PLDT, the Group's results are sensitive to fluctuations in U.S. dollar exchange rates. The following table illustrates the estimated impact, arising from unhedged U.S. dollar net indebtedness, on the Group's reported profitability for a 1.0 per cent depreciation of the principal operating currencies of subsidiary and associated companies against the U.S. dollar. This does not reflect the indirect impact on the Group's operational results as a consequence of changes in local currency revenues and costs due to fluctuations in U.S. dollar exchange rates.

Analysis of total borrowings by currency



Key regional currency closing rates against the U.S. dollar



FINANCIAL REVIEW

	Total US$ exposure *US$m*	Hedged amount(i) *US$m*	Unhedged amount *US$m*	Profit impact of 1% currency depreciation *US$m*	**Group profit impact(ii) *US$m***
PLDT	2,893.5	(223.4)	2,670.1	(26.7)	**(4.4)**
Metro Pacific(iii)	97.8	(12.0)	85.8	(0.9)	**(0.5)**
TOTAL PHILIPPINES	2,991.3	(235.4)	2,755.9	(27.6)	**(4.9)**
Indofood(iii)	472.6	(343.0)	129.6	(1.3)	**(0.4)**
Darya-Varia(iii)	8.8	–	8.8	(0.1)	**(0.1)**
TOTAL INDONESIA	481.4	(343.0)	138.4	(1.4)	**(0.5)**
Escotel (India)	77.0	(54.0)	23.0	(0.2)	**(0.1)**
Head Office(iv)	242.8	–	242.8	–	**–**
Infrontier	(1.4)	–	(1.4)	–	**–**
TOTAL					**(5.5)**

(i) Excludes the impact of "natural hedges".
(ii) Net of tax effect.
(iii) Includes inter-company funding from Head Office of US$90.0 million for Metro Pacific and US$8.8 million for Darya-Varia, and premium payable on hedging contracts of US$89.7 million for Indofood.
(iv) As the Group reports its results in U.S. dollars, unhedged U.S. dollar debt at Head Office carries no exchange exposure.

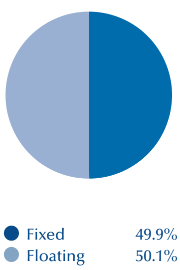
INTEREST RATE RISK

The Company and the majority of its operating entities are exposed to changes in interest rates to the extent that they impact the cost of variable rate borrowings. An analysis of consolidated net indebtedness and interest rate profile, together with details for associated companies, follows:

CONSOLIDATED

	Fixed interest borrowings *US$m*	Variable interest borrowings *US$m*	Cash and bank balances(i) *US$m*	**Net indebtedness/ (cash) *US$m***
Head Office	317.9	–	(75.2)	**242.7**
Indofood	239.1	389.7	(202.0)	**426.8**
Berli Jucker	0.6	66.7	(14.4)	**52.9**
Darya-Varia(ii)	0.2	–	(1.5)	**(1.3)**
Infrontier	1.8	–	(1.4)	**0.4**
Metro Pacific(ii)	84.3	188.8	(25.8)	**247.3**
CONSOLIDATED NET INDEBTEDNESS	643.9	645.2	(320.3)	**968.8**

Interest rate profile



ASSOCIATED COMPANIES

	Fixed interest borrowings US$m	Variable interest borrowings US$m	Cash and bank balances US$m	**Net indebtedness US$m**
PLDT	2,278.9	1,119.7	(118.2)	**3,280.4**
Escotel	28.8	166.7	(3.0)	**192.5**

(i) Includes pledged deposits.
(ii) Excludes inter-company funding from Head Office of US$8.8 million for Darya-Varia and US$90.0 million for Metro Pacific.

As a result of variable interest rate debt at a number of operating companies, the Group's results are sensitive to fluctuations in interest rates. The following table illustrates the estimated impact on the Group's reported profitability of a 1.0 per cent increase in average annual interest rates for those entities which hold variable interest rate debt.

	Variable interest borrowings US$m	Profit impact of 1% increase in interest rates US$m	**Group profit impact[(i)] US$m**
Indofood	389.7	(3.9)	**(1.3)**
Berli Jucker	66.7	(0.7)	**(0.4)**
Metro Pacific	188.8	(1.9)	**(1.0)**
PLDT	1,119.7	(11.2)	**(1.9)**
Escotel	166.7	(1.7)	**(0.8)**
TOTAL			**(5.4)**

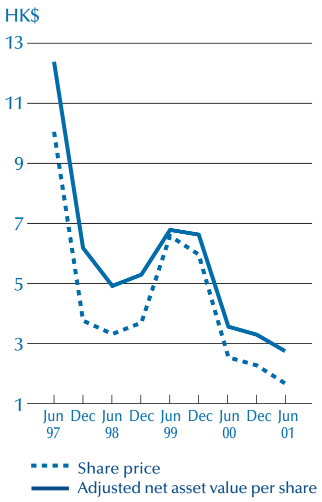
(i) Net of tax effect.

EQUITY MARKET RISK

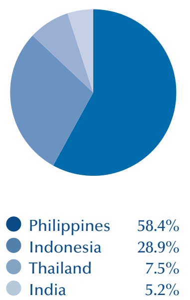
As the majority of its investments are in listed entities, the Company is exposed to fluctuations in the equity values for those companies in which it has invested. In addition, the value of the Company's investments may be impacted by sentiment towards specific countries or geographical areas.

FINANCIAL REVIEW

Share price vs adjusted net asset value per share



Adjusted net asset value by country – 30 June 2001



First Pacific's listed investments are principally in Indonesia, the Philippines and Thailand. Accordingly, in addition to operating factors within the Company's control, the Company also has an equity market risk in respect of general investor sentiment towards those countries. Changes in the stock market indices of Indonesia, the Philippines and Thailand during first half 2001 may be summarized as follows:

	Jakarta Composite Index	Philippine Composite Index	Thailand SET Index
Index at 31 December 2000	416.32	1,494.50	269.19
Index at 30 June 2001	437.62	1,410.07	322.55
Increase/(decline) during first half of 2001	5.1%	(5.7)%	19.8%

ADJUSTED NET ASSET VALUE PER SHARE

The underlying worth of the Group, assessed by computing the adjusted net asset value of each business as determined by its quoted share price (or in cases where a company is not listed, its book carrying cost), is calculated as follows:

	Basis	**30 June 2001 Adjusted NAV** *US$m*	**30 June 2001 Invested capital** *US$m*	31 December 2000 Adjusted NAV *US$m*
CONSUMER				
Indofood	(i)	**328.1**	**706.6**	353.1
Berli Jucker	(i)	**90.1**	**164.2**	80.6
Darya-Varia	(i)	**20.7**	**52.4**	27.3
TELECOMMUNICATIONS				
PLDT	(i)	**570.1**	**1,247.8**	717.9
Escotel	(ii)	**63.0**	**63.0**	63.0
PROPERTY				
Metro Pacific	(i)	**134.4**	**648.8**	180.1
Savills	(i)	**–**	**–**	39.9
HEAD OFFICE				
– Net indebtedness		**(242.7)**	**(242.7)**	(150.0)
– Other assets/(liabilities)		**98.8**	**98.8**	(8.6)
TOTAL VALUATION	(iii)	**1,062.5**	**2,738.9**	1,303.3
NUMBER OF ORDINARY SHARES IN ISSUE (millions)		**3,139.8**	**3,139.8**	3,139.8
Value per share				
– U.S. dollar		**0.34**	**0.87**	0.42
– HK dollars		**2.64**	**6.80**	3.24
Company's closing share price (HK$)		**1.69**	**1.69**	2.23
Share price discount to HK$ value per share (%)		**36.0**	**75.1**	31.3

(i) Based on quoted share prices applied to the Company's economic interest.
(ii) Based on investment cost.
(iii) No value has been attributed to the Group's telecom investment in Indonesia or other sundry investments.

The market value of the Company's investments has been significantly impacted by the adverse economic and political conditions in Indonesia, the Philippines and Thailand, and as a consequence, has declined significantly below the Company's cost of investment. In accordance with the Company's accounting policies, an impairment review of its portfolio of investments is performed on a regular basis to assess whether any permanent impairment of value has occurred. Provisions for impairment are established, where appropriate, typically on the basis of a market transaction or other independent indicator of fair value.

EMPLOYEE INFORMATION

	2001	2000
	US$m	*US$m*
REMUNERATION		
Basic salaries	**44.7**	83.5
Bonuses	**7.8**	10.7
Benefits in kind	**8.7**	11.4
Pension contribution	**13.3**	7.6
	74.5	113.2

	2001	2000
NUMBER OF EMPLOYEES		
– Average for the period	**50,274**	50,030
– As at 30 June	**51,828**	49,066

For details regarding the Group's remuneration policies for Directors and Senior Executives, please refer to Note 31 on page 87 of the 2000 Annual Report.

CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT

	Note	(Unaudited) Six months ended 30 June 2001 US$m	2000 (Restated)(i) US$m
TURNOVER	2	**904.5**	1,251.4
Cost of sales		**(666.4)**	(833.6)
GROSS PROFIT		**238.1**	417.8
Gain on disposal and dilution of shareholdings less provision for investments		**–**	91.4
Other operating income		**19.9**	10.9
Distribution costs		**(60.1)**	(56.7)
Administrative expenses		**(82.3)**	(122.1)
Other operating expenses		**(32.1)**	(137.1)
OPERATING PROFIT	2,3	**83.5**	204.2
Share of profits less losses of associated companies		**(4.7)**	(38.2)
Net borrowing costs	4	**(49.9)**	(60.1)
PROFIT BEFORE TAXATION		**28.9**	105.9
Taxation	5	**(26.6)**	(23.4)
PROFIT AFTER TAXATION		**2.3**	82.5
Outside interests		**(14.4)**	(32.1)
(LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	6	**(12.1)**	50.4
(LOSS)/EARNINGS PER SHARE (U.S. cents)	7		
Basic		**(0.39)**	1.73
Diluted		**(0.39)**	1.72

(i) Refer to Note 15.

CONDENSED CONSOLIDATED STATEMENT OF RECOGNIZED GAINS AND LOSSES

	(Unaudited) Six months ended 30 June 2001 US$m	2000 US$m
Exchange differences on the translation of the financial statements of foreign entities	**(52.8)**	(70.8)
Realization of property revaluation	**–**	0.3
NET LOSSES NOT RECOGNIZED IN THE PROFIT AND LOSS STATEMENT	**(52.8)**	(70.5)
(Loss)/profit attributable to ordinary shareholders	**(12.1)**	50.4
TOTAL RECOGNIZED LOSSES FOR THE PERIOD	**(64.9)**	(20.1)
Goodwill arising on acquisitions and written off against reserves	**–**	(189.9)
	(64.9)	(210.0)

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	(Unaudited) At 30 June 2001 US$m	At 31 December 2000 (Restated)[i] US$m
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	9	**1,610.1**	2,001.6
Associated companies	10	**(17.2)**	19.1
Long-term investments		**2.5**	5.2
Long-term receivables		**241.0**	207.8
Pledged deposits	16(c)	**–**	50.7
		1,836.4	2,284.4
CURRENT ASSETS			
Cash and bank balances		**255.9**	369.5
Pledged deposits	16(c)	**64.4**	8.0
Short-term investments		**14.0**	16.4
Accounts receivable and prepayments	11	**506.6**	518.5
Inventories		**432.5**	259.0
		1,273.4	1,171.4
TOTAL ASSETS		**3,109.8**	3,455.8
EQUITY AND LIABILITIES			
EQUITY CAPITAL AND RESERVES			
Share capital		**31.4**	31.4
Reserves	12	**285.8**	338.1
Shareholders' equity		**317.2**	369.5
Outside interests		**821.0**	935.6
NON-CURRENT LIABILITIES			
Loan capital and long-term borrowings	16(b)	**457.4**	918.5
Deferred liabilities and provisions	13	**134.3**	247.4
Deferred taxation		**32.8**	29.8
		624.5	1,195.7
CURRENT LIABILITIES			
Accounts payable and accruals	14	**493.5**	401.3
Short-term borrowings	16(b)	**831.7**	526.1
Provision for taxation		**21.9**	27.6
		1,347.1	955.0
TOTAL LIABILITIES		**1,971.6**	2,150.7
TOTAL EQUITY AND LIABILITIES		**3,109.8**	3,455.8

SUPPLEMENTARY INFORMATION		
Net current (liabilities)/assets	**(73.7)**	216.4
Total assets less current liabilities	**1,762.7**	2,500.8

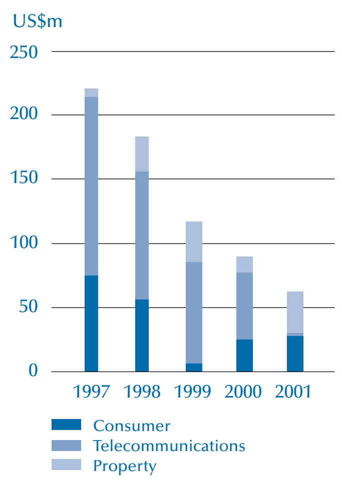
(i) Extracted from 2000 audited Financial Statements; refer to Note 15.

Manuel V. Pangilinan
EXECUTIVE CHAIRMAN

Michael J.A. Healy
CHIEF OPERATING OFFICER
AND FINANCE DIRECTOR

3 September 2001

Capital expenditure



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	(Unaudited) Six months ended 30 June 2001 US$m	2000 (Restated)[i] US$m
OPERATING PROFIT		**83.5**	204.2
Gain on disposal and dilution of shareholdings less provision for investments		**–**	(91.4)
Exchange losses		**31.3**	90.2
Dividend income		**(0.1)**	(0.1)
Gain on sale of property and equipment		**(0.1)**	(0.5)
Depreciation		**31.0**	57.2
Payments in respect of deferred liabilities and provisions		**(17.2)**	(18.1)
Increase in working capital		**(15.3)**	(28.9)
Others		**(33.7)**	9.2
Less operating profit attributable to Banking operations		**–**	(14.3)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**79.4**	207.5
Net interest paid		**(33.5)**	(56.7)
Net dividends paid		**(2.3)**	(2.1)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		**(35.8)**	(58.8)
TAX PAID		**(15.1)**	(28.7)
NET CASH INFLOW BEFORE INVESTING ACTIVITIES		**28.5**	120.0
Purchase of property and equipment		**(62.6)**	(91.3)
Purchase of new businesses and investments		**–**	(2.2)
Sale of businesses, property and equipment and others	17	**44.4**	33.8
Loans to associated companies		**(2.4)**	(1.8)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(20.6)**	(61.5)
NET CASH INFLOW BEFORE FINANCING ACTIVITIES		**7.9**	58.5
Net borrowings repaid	16(a)	**(92.3)**	(129.6)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**(92.3)**	(129.6)
DECREASE IN CASH AND CASH EQUIVALENTS		**(84.4)**	(71.1)
Cash and cash equivalents at 1 January		**360.6**	491.7
Exchange translation		**(26.0)**	(59.7)
CASH AND CASH EQUIVALENTS AT 30 JUNE		**250.2**	360.9
REPRESENTING			
Cash and bank balances		**255.9**	391.1
Overdrafts	16(b)	**(0.4)**	(2.4)
Other short-term borrowings with an original maturity of less than 90 days	16(b)	**(5.3)**	(27.8)
CASH AND CASH EQUIVALENTS AT 30 JUNE		**250.2**	360.9

(i) Refer to Note 15.

Changes in working capital are stated after excluding movements due to acquisitions and disposals of subsidiary companies.

1. BASIS OF PREPARATION

The Condensed Interim Financial Statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Condensed Interim Financial Statements are prepared on a basis consistent with the accounting policies adopted in the Group's 2000 audited Financial Statements, except as described below.

The Condensed Interim Financial Statements are unaudited but have been reviewed by the Audit Committee and the Group's external auditors. The figures for the six months ended 30 June 2000 and as at 31 December 2000 have been restated from those included in the published 2000 Financial Statements. Details of the restatement are set out below and in Notes 15 and 20.

Significant changes to Hong Kong Generally Accepted Accounting Principles (HK GAAP) have been implemented during 2001 and Group accounting policies have been revised, as appropriate, to comply with the new requirements. The principal changes to HK GAAP may be summarized as follows:

- SSAP 32 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" requires companies to consolidate those investees that it has the power to control even in the absence of majority shareholding or voting power. SSAP 32 defines control as "the power to govern the financial and operating policies of another enterprise so as to obtain benefit from its activities". Accordingly, Indofood, which was previously accounted for as an associated company, is now treated as a subsidiary under SSAP 32. This change has no effect either on the profit attributable to ordinary shareholders or shareholders' equity of the Group.

- SSAP 9 (Revised) "Events After the Balance Sheet Date" has been amended such that dividends proposed after the balance sheet date no longer meet the definition of a liability at the balance sheet date. Accordingly, no liability is recognized at the balance sheet date in respect of proposed dividends.

- SSAP 30 "Business Combinations" eliminates the option of writing off goodwill on acquisition direct to reserves and mandates capitalization and amortization of goodwill over its useful life. In prior years, the Group's policy was to write off goodwill on acquisition against reserves. As a result of the adoption of SSAP 30, all goodwill arising on or after 1 January 2001 is capitalized and amortized over its estimated useful life. The Group's policy is to amortize capitalized goodwill to the profit and loss statement over a period not exceeding 20 years. As permitted by SSAP 30, the Group has elected not to restate US$1,913.9 million of goodwill written off against reserves in prior years.

- SSAP 28 "Provisions, Contingent Liabilities and Contingent Assets", SSAP 29 "Intangible Assets" and SSAP 31 "Impairment of Assets" are also effective for accounting periods ending on or after 1 January 2001. The adoption of SSAP 28, SSAP 29 and SSAP 31 has not had a material impact on the Group Financial Statements.

Prior year adjustments have been made to reflect changes in accounting required by the adoption of SSAP 32 and SSAP 9 (Revised). Details of the changes are set out in Note 15.

2. SEGMENTAL INFORMATION

An analysis of the Group's turnover and operating profit, by principal activities and markets, is as follows:

	Six months ended 30 June			
	Turnover		Operating profit	
	2001	2000	**2001**	2000
	US$m	*US$m*	***US$m***	*US$m*
Principal activities				
– Consumer	**816.7**	911.5	**70.1**	89.8
– Telecommunications	**–**	80.5	**(3.7)**	(17.4)
– Property	**87.8**	163.7	**6.9**	34.0
– Disposed businesses*	**–**	95.7	**–**	14.6
Subtotal	**904.5**	1,251.4	**73.3**	121.0
Head Office			**10.2**	(8.2)
Gain on disposal and dilution of shareholdings less provision for investments			**–**	91.4
TOTAL			**83.5**	204.2

Principal markets				
– Indonesia	**694.4**	765.9	**60.9**	80.2
– Philippines	**87.8**	244.2	**6.9**	16.6
– Thailand	**122.3**	145.6	**9.2**	9.6
– Others	**–**	95.7	**(3.7)**	14.6
Subtotal	**904.5**	1,251.4	**73.3**	121.0
Head Office			**10.2**	(8.2)
Gain on disposal and dilution of shareholdings less provision for investments			**–**	91.4
TOTAL			**83.5**	204.2

* *Represents SPORTathlon, First Pacific Bank and Savills plc.*

3. OPERATING PROFIT

	Six months ended 30 June	
	2001	2000
	US$m	*US$m*
OPERATING PROFIT IS STATED AFTER CREDITING/(CHARGING)		
Net rental income from investment properties	**0.2**	1.3
Dividends from unlisted investments	**0.1**	0.1
Gain on sale of property and equipment	**0.1**	0.5
Employee remuneration	**(74.5)**	(113.2)
Net exchange loss on monetary items	**(31.3)**	(90.2)
Depreciation	**(31.0)**	(57.2)
Doubtful debt provisions	**(0.7)**	(15.5)

4. NET BORROWING COSTS

	Six months ended 30 June	
	2001	2000*
	US$m	*US$m*
Loan capital		
– wholly repayable within five years	**6.1**	6.1
– not wholly repayable within five years	**1.4**	0.5
Subtotal	**7.5**	6.6
Bank loans, overdrafts and other loans		
– wholly repayable within five years	**50.5**	74.6
– not wholly repayable within five years	**1.0**	1.4
Subtotal	**51.5**	76.0
TOTAL INTEREST EXPENSE	**59.0**	82.6
Other borrowing costs		
– Exchange differences	**–**	13.3
– Redemption premium on convertible instruments	**11.3**	12.9
TOTAL BORROWING COSTS	**70.3**	108.8
Less borrowing costs capitalized in		
– property investments	**(6.0)**	(18.1)
– plant and equipment	**–**	(5.2)
Less interest income	**(14.4)**	(25.4)
NET BORROWING COSTS	**49.9**	60.1

* *Excluding interest expense and interest income for the Group's Banking operations (included in Turnover).*

5. TAXATION

Hong Kong profits tax has been provided at the rate of 16.0 per cent (2000: 16.0 per cent) on the estimated assessable profits 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 and associated companies operate.

	Six months ended 30 June	
	2001	2000
	US$m	*US$m*
SUBSIDIARY COMPANIES		
Current taxation		
– Overseas	**16.7**	22.8
– Hong Kong	**–**	2.6
Deferred taxation – Overseas	**4.1**	(1.1)
Subtotal	**20.8**	24.3
ASSOCIATED COMPANIES		
Current taxation – Overseas	**5.5**	7.8
Deferred taxation – Overseas	**0.3**	(8.7)
Subtotal	**5.8**	(0.9)
TOTAL	**26.6**	23.4

Excluding the effects of disposals in 2000, which were not subject to tax, the effective tax rate for 2001 was 41.6 per cent (2000: 34.2 per cent). The increased effective tax rate reflects the impact of losses at certain operating companies for which no tax benefit is recognized.

6. (LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

(Loss)/profit attributable to ordinary shareholders includes exchange losses as set out below.

	Six months ended 30 June	
	2001	2000
	US$m	*US$m*
Subsidiary companies	**(31.3)**	(103.5)
Less capitalized within net borrowing costs	**–**	13.3
Included in other operating expenses	**(31.3)**	(90.2)
Associated companies	**(28.5)**	(65.2)
Subtotal	**(59.8)**	(155.4)
Exchange differences attributable to taxation and outside interests	**27.3**	92.1
TOTAL	**(32.5)**	(63.3)

An analysis of exchange losses by principal operating company is set out below. Exchange losses arose primarily on the translation of unhedged U.S. dollar denominated borrowings of PLDT and Indofood as a result of the depreciation of the peso and the rupiah during 2000 and 2001.

	Six months ended 30 June	
	2001	2000
	US$m	*US$m*
PLDT	**(18.9)**	(32.7)
Indofood	**(8.4)**	(21.7)
Others	**(5.2)**	(8.9)
TOTAL	**(32.5)**	(63.3)

7. (LOSS)/EARNINGS PER SHARE

	Six months ended 30 June	
	2001	2000
(Loss)/earnings per share are based on		
– (loss)/profit attributable to ordinary shareholders of (US$m)	**(12.1)**	50.4
– and an average number of shares of (millions)	**3,139.8**	2,911.0
Resulting in (loss)/earnings per share of (U.S. cents)	**(0.39)**	1.73

As the impact of convertible instruments is anti-dilutive, both the basic and diluted loss per share figures are the same in 2001. In 2000, the diluted earnings per share was US1.72 cents.

8. ORDINARY SHARE DIVIDENDS

The directors do not propose the payment of an interim dividend in 2001 (2000: US0.13 cent per ordinary share, totaling US$3.7 million).

9. PROPERTY AND EQUIPMENT

The movements in property and equipment are set out below.

	2001
	US$m
At 1 January	**2,001.6**
Exchange translation	**(150.9)**
Additions	**67.8**
Disposals	**(65.5)**
Depreciation	**(31.0)**
Reclassifications	**(211.9)**
AT 30 JUNE	**1,610.1**

10. ASSOCIATED COMPANIES

Associated companies is comprised of the following:

	At 30 June 2001 *US$m*	At 31 December 2000 *US$m*
Escotel	**(129.4)**	(125.2)
Metro Pacific associates	**60.2**	69.8
PLDT	**44.6**	55.6
Savills	**–**	12.9
Others	**7.4**	6.0
TOTAL	**(17.2)**	19.1

11. ACCOUNTS RECEIVABLE AND PREPAYMENTS

Included in accounts receivable and prepayments are trade receivables of US$238.5 million (31 December 2000: US$228.6 million) and their aging analysis is as follows:

	At 30 June 2001 *US$m*	At 31 December 2000 *US$m*
Less than 30 days	**180.8**	156.1
30-60 days	**24.9**	16.8
60-90 days	**6.1**	4.7
Over 90 days	**26.7**	51.0
TOTAL	**238.5**	228.6

For consumer businesses, there are 60 days of credit for sub-distributors/wholesaler and between 15-60 days of credit for other customers. For property businesses, contract receivables are collectible by installments for periods ranging from two to ten years.

12. RESERVES

	Share premium US$m	Revenue reserve US$m	Goodwill reserve US$m	Property revaluation reserve US$m	Exchange reserve US$m	**2001 Total US$m**
At 1 January	908.7	1,670.5	(1,913.9)	1.3	(332.5)	**334.1**
Reclassification (Note 20)	–	(1,913.9)	1,913.9	–	–	**–**
Prior year adjustments (Note 15)	–	4.0	–	–	–	**4.0**
As restated	908.7	(239.4)	–	1.3	(332.5)	**338.1**
Exchange translation	–	–	–	–	(52.8)	**(52.8)**
Goodwill reinstated on disposal of associated companies	–	16.6	–	–	–	**16.6**
Loss attributable to ordinary shareholders	–	(12.1)	–	–	–	**(12.1)**
Dividend paid	–	(4.0)	–	–	–	**(4.0)**
AT 30 JUNE	**908.7**	**(238.9)**	**–**	**1.3**	**(385.3)**	**285.8**

13. DEFERRED LIABILITIES AND PROVISIONS

	Deferred income US$m	Long-term payables US$m	Redemption premium on convertible instruments US$m	Reorganization and rationalization US$m	Others US$m	**2001 Total US$m**
At 1 January	41.4	24.9	87.8	47.6	80.8	**282.5**
Exchange translation	(0.4)	(1.4)	(1.0)	–	(6.1)	**(8.9)**
Additions	–	13.6	11.3	4.1	22.4	**51.4**
Payment and utilization	(5.5)	(4.1)	(18.1)	(23.7)	(44.3)	**(95.7)**
Subtotal	35.5	33.0	80.0	28.0	52.8	**229.3**
Less current portion included in accounts payable and accruals	(1.4)	(16.3)	(77.3)	–	–	**(95.0)**
AT 30 JUNE	**34.1**	**16.7**	**2.7**	**28.0**	**52.8**	**134.3**

14. ACCOUNTS PAYABLE AND ACCRUALS

Included in accounts payable and accruals are trade payables of US$214.6 million (31 December 2000: US$176.8 million) and their aging analysis is as follows:

	At 30 June 2001 *US$m*	At 31 December 2000 *US$m*
Less than 30 days	**165.3**	136.1
30-60 days	**24.1**	20.7
60-90 days	**8.1**	11.4
Over 90 days	**17.1**	8.6
TOTAL	**214.6**	176.8

15. PRIOR YEAR ADJUSTMENTS

In 2001, the Group changed its accounting policies in respect of the definition of subsidiaries and accounting for dividends proposed after the period end. These changes were required as a result of the introduction of SSAP 32 and SSAP 9 (Revised) respectively which became effective from 1 January 2001. Details of the requirements of these new accounting standards are summarized in Note 1.

In order to reflect the requirements of new accounting standards, these changes have been applied retrospectively and their impact on figures reported for prior periods is summarized as follows.

	As previously reported For the six months ended 30 June 2000 *US$m*	Restatement SSAP 32 *US$m*	Restatement SSAP 9 (Revised) *US$m*	As restated For the six months ended 30 June 2000 *US$m*
PROFIT AND LOSS STATEMENT				
Turnover	512.0	739.4	–	1,251.4
Operating profit	125.3	78.9	–	204.2
Profit after taxation	54.9	27.6	–	82.5
Profit attributable to ordinary shareholders	50.4	–	–	50.4
CASH FLOW STATEMENT				
Net cash inflow/(outflow) from				
– operating activities	35.2	172.3	–	207.5
– investing activities	(48.3)	(13.2)	–	(61.5)
– financing activities	(91.0)	(38.6)	–	(129.6)

	As previously reported At 31 December 2000 US$m	Restatement SSAP 32 US$m	SSAP 9 (Revised) US$m	As restated At 31 December 2000 US$m
BALANCE SHEET				
Total assets	2,322.4	1,133.4	–	3,455.8
Total liabilities	1,198.1	956.6	(4.0)	2,150.7
Shareholder's equity	365.5	–	4.0	369.5
Outside interests	758.8	176.8	–	935.6

16. NOTES TO THE CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(a) Analysis of changes in financing

	Share capital and share premium US$m	Outside interests US$m	Bank and other borrowings US$m	**2001 Total financing US$m**
At 1 January	940.1	935.6	1,435.7	**3,311.4**
Exchange translation	–	(65.1)	(58.3)	**(123.4)**
Net cash outflow	–	–	(92.3)	**(92.3)**
Attributable profit less dividends	–	6.4	–	**6.4**
Other movements	–	(55.9)	(1.7)	**(57.6)**
AT 30 JUNE	**940.1**	**821.0**	**1,283.4**	**3,044.5**

(b) Analysis of bank and other borrowings

	At 30 June **2001** **US$m**	2000 US$m
Loan capital and long-term borrowings	**457.4**	910.7
Short-term borrowings	**831.7**	828.5
Amounts reclassified as cash and cash equivalents		
– Overdrafts	**(0.4)**	(2.4)
– Other short-term borrowings with an original maturity of less than 90 days	**(5.3)**	(27.8)
TOTAL	**1,283.4**	1,709.0

(c) Pledged deposits

The Group has pledged bank deposits of US$24.3 million (31 December 2000: US$8.0 million) as security for the Group's banking facilities.

In addition, at 30 June 2001 Indofood has pledged bank deposits totaling Rupiah 456.5 billion (US$40.1 million) (31 December 2000: Rupiah 489.1 billion or US$50.7 million) as security in connection with loans advanced to PT Salim Ivomas Pratama ("SIMP"). During 2001, the Indonesian Bank Restructuring Agency sold SIMP to Kumpulan Guthrie Berhad ("Guthrie") and Guthrie has agreed to replace Indofood's bank deposits with an alternative security. In July 2001 Indofood deposits totaling Rupiah 64.5 billion were released and Guthrie has committed that the remaining deposits will be released, in stages, before the end of 2001.

17. DISPOSALS AND DIVESTMENTS

Disposals of associated companies

Included in sale of businesses, property and equipment and others was US$41.6 million cash inflows generated from the sale of the Group's entire interest in Savills.

18. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital expenditure

	At 30 June 2001 *US$m*	At 31 December 2000 *US$m*
Commitments in respect of subsidiary companies:		
Authorized but not contracted for	**33.5**	13.5
Contracted but not provided for	**19.3**	35.4
TOTAL	**52.8**	48.9

The commitments of the subsidiary companies mainly relate to Indofood and Metro Pacific in respect of the purchase of machinery and equipment and property development obligations, respectively.

	At 30 June 2001 *US$m*	At 31 December 2000 *US$m*
Group's share of commitments in respect of associated companies:		
Authorized but not contracted for	**74.6**	94.6
Contracted but not provided for	**22.0**	90.4
TOTAL	**96.6**	185.0

The commitments of the associated companies principally represent PLDT's commitments to acquire telecommunications equipment.

(b) Contingent liabilities

Contingent liabilities in respect of subsidiary companies are set out below.

	At 30 June 2001 *US$m*	At 31 December 2000 *US$m*
Guarantees for credit facilities given to		
– associated companies	**95.5**	100.4
– others	**7.3**	19.3
TOTAL	**102.8**	119.7

At 30 June 2001, there were no contingent liabilities in respect of the Group's associated companies.

19. RELATED PARTY TRANSACTIONS

(a) On 26 March 2001, the Company announced that it had agreed to extend temporary funding of US$90 million to Metro Pacific. The funding was extended to enable Metro Pacific to meet its convertible bonds redemption obligations, due in April 2001. On 11 April 2001, the Company's independent shareholders approved the transaction at a special general meeting and Metro Pacific drew down the full amount of the facility on the same date. As at 30 June 2001, the full amount of the facility was outstanding. This short-term facility bears interest at a rate of 15.0 per cent per annum and has a maturity date of 31 October 2001, extendable to 31 December 2001 at the option of the Company.

(b) In the ordinary course of business, Indofood has engaged in trade and financial transactions with certain of its associated and affiliated companies, the majority of which are related to the Salim family either through direct and/or common share ownership. Mr. Anthoni Salim is a director and substantial shareholder of the Company.

Indofood believes that these balances/transactions arise under normal terms/prices and conditions similar to those with non-related parties. The more significant of such balances/transactions with these related parties are summarized below.

Nature of balances	**At 30 June 2001 *US$m***	At 31 December 2000 *US$m*
BALANCE SHEET ITEMS		
Accounts receivable – trade		
– from associated companies	**4.1**	3.8
– from affiliated companies	**2.9**	2.8
Accounts receivable – non-trade		
– from associated companies	**0.6**	–
– from affiliated companies	**30.6**	35.0
Accounts payable – trade		
– to associated companies	**1.1**	1.3
– to affiliated companies	**12.1**	21.6

	Six months ended 30 June	
Nature of transactions	**2001 *US$m***	2000 *US$m*
PROFIT AND LOSS ITEMS		
Sales of finished goods		
– to associated companies	**21.2**	27.0
– to affiliated companies	**2.9**	9.4
Purchase of raw materials		
– from associated companies	**5.6**	14.9
– from affiliated companies	**73.6**	91.1

Approximately four per cent of Indofood's sales and 16 per cent of its purchases were made to/from these related companies.

20. COMPARATIVE FIGURES

Amounts have been reclassified and comparatives have been restated, as appropriate, in accounting for the consolidation of Indofood and dividends proposed after the year/period end (Note 15). In addition, as required by SSAP 30, the goodwill reserve is no longer presented as a separate item on the balance sheet but is included within the revenue reserve. Such reclassifications and restatements have the effect of increasing the shareholders' equity as at 31 December 2000 from US$365.5 million to US$369.5 million but have no effect on the previously reported profit attributable to ordinary shareholders.

To the Board of Directors of First Pacific Company Limited
(Incorporated in Bermuda with limited liability)

We have been instructed by the Company to review the Condensed Interim Financial Statements set out on pages 20 to 34.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of Condensed Interim Financial Statements to be in compliance with SSAP 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The Condensed Interim Financial Statements are the responsibility of, and have been approved by, the Directors.

Review work performed

We conducted our review in accordance with SAS 700 "Engagements to review Interim Financial Reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of Group management and applying analytical procedures to the Condensed Interim Financial Statements and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the Condensed Interim Financial Statements.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the Condensed Interim Financial Statements for the six months ended 30 June 2001.

PricewaterhouseCoopers
CERTIFIED PUBLIC ACCOUNTANTS, HONG KONG

3 September 2001

REVIEW STATEMENT BY THE AUDIT COMMITTEE

In accordance with the requirements of paragraph 39 of Appendix 16 of the Listing Rules, the Audit Committee has reviewed the unaudited Condensed Interim Financial Statements for the six months ended 30 June 2001, including the accounting principles and practices adopted by the Group. The Audit Committee has also discussed auditing, internal control and financial reporting matters with the Company's management and its external auditors. The Company's external auditors were engaged by the Audit Committee to perform a review of the unaudited Condensed Interim Financial Statements for the six months ended 30 June 2001. The auditors' review report is set out on page 35.

COMPLIANCE WITH CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company has, during the period, not been in compliance with the Company's Code of Best Practice, which incorporates the items set out in Appendix 14 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

INTERESTS OF THE EXECUTIVE CHAIRMAN, OTHER DIRECTORS AND PRINCIPAL SHAREHOLDERS

INTERESTS OF THE EXECUTIVE CHAIRMAN AND OTHER DIRECTORS IN THE COMPANY

Information in respect of the interests of the Executive Chairman and other Directors in the share capital of the Company as at 30 June 2001, disclosed pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (SDI Ordinance), is detailed below.

		Ordinary shares	Ordinary share options
Sutanto Djuhar	30.0 per cent interest		
Tedy Djuhar	10.0 per cent interest		
Ibrahim Risjad	10.0 per cent interest		
Anthoni Salim	10.0 per cent interest all via First Pacific Investments Limited (i)	790,229,364(C)	
Anthoni Salim	33.3 per cent interest via First Pacific Investments (BVI) Limited (ii) (iii)	582,076,361(C)	
Manuel V. Pangilinan		5,636,759(P)	12,498,000(P)
Michael J. A. Healy		147,990(P)	2,968,000(P)
Ronald A. Brown		2,452,640(P)	3,864,000(P)
Ricardo S. Pascua		3,000,009(P)	–
Edward A. Tortorici		12,624,129(P)	6,476,000(P)
David W.C. Tang, OBE		–	–
Prof. Edward K.Y. Chen, CBE, JP		–	–

(C) = Corporate interest, (P) = Personal interest

(i) Soedono Salim, the former Chairman, and Sudwikatmono, a former Non-executive Director, own 30.0 per cent and 10.0 per cent interests, respectively, in the capital of First Pacific Investments Limited.
(ii) Soedono Salim, the former Chairman, owns a 33.3 per cent interest in First Pacific Investments (BVI) Limited.
(iii) First Pacific Investments (BVI) Limited also owns a US$50,000,000 convertible note of the Company.

INTERESTS OF THE EXECUTIVE CHAIRMAN AND OTHER DIRECTORS IN THE COMPANY'S ASSOCIATED CORPORATIONS

The interests of the Executive Chairman and other Directors in the capital of the Company's associated corporations (within the meaning of the SDI Ordinance) at 30 June 2001 were as follows:

– Manuel V. Pangilinan owned 14,948,064 common shares(P) in Metro Pacific Corporation ("MPC") and 23,300 common shares (P) in Philippine Long Distance Telephone Company ("PLDT"). In addition, he is entitled to 97,571 stock options (P) in PLDT.

– Michael J.A. Healy owned 625,000 ordinary shares(P) in PT Indofood Sukses Makmur Tbk ("Indofood").

– Ronald A. Brown owned 582,500 ordinary shares(P) in Indofood.

– Ricardo S. Pascua owned 16,881,026 common shares(P) in MPC and 6,424 common shares(P) in PLDT. In addition, he was entitled to 45,067,368 stock options(P) in MPC and 15,582,000 stock options(P) in Fort Bonifacio Development Corporation.

– Edward A. Tortorici owned 3,051,348 common shares(P) in MPC, 96,880 common shares(P) in PLDT and 2,450,000 ordinary shares(P) in Indofood.

– Sutanto Djuhar owned 15,520,335 ordinary shares(C) in Indofood.

– Tedy Djuhar owned 15,520,335 ordinary shares(C) in Indofood.

– Ibrahim Risjad owned 6,406,180 ordinary shares(P) in Indofood.

– Anthoni Salim owned 758,845 ordinary shares(C) in Indofood.

(C) = Corporate interest, (P) = Personal interest

INTERESTS OF SUBSTANTIAL SHAREHOLDERS OTHER THAN THE EXECUTIVE CHAIRMAN AND OTHER DIRECTORS IN THE COMPANY

The register of substantial shareholders maintained under section 16(1) of the SDI Ordinance shows that as at 30 June 2001, the company had been notified of the following shareholders' interest, being 10.0 per cent or more of the Company's issued share capital.

A) First Pacific Investments Limited (FPIL-Liberia), which is incorporated in the Republic of Liberia and is majority owned by four Non-executive Directors of the Company. Their beneficial indirect interests in the Company, through FPIL-Liberia, as at 30 June 2001, were: Sutanto Djuhar 7.55 per cent, Tedy Djuhar 2.52 per cent, Ibrahim Risjad 2.52 per cent, and Anthoni Salim 2.52 per cent.

B) First Pacific Investments (BVI) Limited (FPIL-BVI), which is incorporated in the British Virgin Islands and is 33.3 per cent owned by one Non-executive Director of the Company, Mr. Anthoni Salim. His beneficial indirect interest in the Company, through FPIL-BVI, as at 30 June 2001, was 6.18 per cent.

C) The Capital Group Companies, Inc. held 502,432,284 ordinary shares, representing 16.0 per cent of the Company's issued share capital.

As at 30 June 2001, FPIL-Liberia beneficially owned 790,229,364 ordinary shares in its name. These shares have been included in the interests of four Non-executive Directors' corporate interests via FPIL-Liberia as referred to on page 38 of this Report. The remaining 582,076,361 ordinary shares are beneficially owned by FPIL-BVI and have been included in the corporate interests of one Non-executive Director, Anthoni Salim.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

No purchase, sale or redemption of any of First Pacific Company's listed securities has been made by the Company or any of its subsidiary companies during the period.

The Financial Statements of the Company are prepared in accordance with Hong Kong Generally Accepted Accounting Principles (HK GAAP). For the benefit of international investors, there follows a reconciliation between HK GAAP and International Accounting Standards (IAS) which sets out the principal differences between HK GAAP and IAS that would materially impact the consolidated (loss)/ profit attributable to ordinary shareholders and shareholders' equity.

For details of HK GAAP and IAS accounting treatments in respect of goodwill and deferred tax, please refer to page 94 of the 2000 Annual Report. From 1 January 2001, the introduction of SSAP 30 eliminated the option of writing off goodwill against reserves under HK GAAP, which has brought HK GAAP in line with IAS. However, for goodwill that was written off against reserves prior to 2001, the Company has elected not to reinstate the goodwill as an asset, as permitted by SSAP 30.

The following is a summary of the estimated material adjustments between HK GAAP and IAS.

(LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

	Six months ended 30 June	
	2001	2000
	US$m	*US$m*
(LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS AS REPORTED UNDER HK GAAP	**(12.1)**	50.4
Estimated material IAS adjustments		
– Reversal of goodwill reinstated on disposals and dilutions	**3.0**	28.1
– Purchased goodwill amortization[(i)]	**(50.4)**	(45.2)
– Net deferred tax liabilities recognized	**(1.7)**	(2.4)
ESTIMATED (LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS UNDER IAS	**(61.2)**	30.9

	U.S. cents	*U.S. cents*
ESTIMATED (LOSS)/EARNINGS PER SHARE UNDER IAS		
– Basic	**(1.9)**	1.1
– Diluted	**(1.9)**	1.0

SHAREHOLDERS' EQUITY

	At 30 June 2001	At 31 December 2000
	US$m	*US$m*
SHAREHOLDERS' EQUITY AS REPORTED UNDER HK GAAP	**317.2**	369.5
Estimated material IAS adjustments		
– Capitalization of purchased goodwill	**1,721.0**	1,785.0
– Net deferred tax liabilities recognized	**(19.8)**	(18.1)
ESTIMATED SHAREHOLDERS' EQUITY UNDER IAS	**2,018.4**	2,136.4

	U.S. cents	*U.S. cents*
ESTIMATED SHAREHOLDERS' EQUITY PER SHARE UNDER IAS	**64.3**	68.0

(i) Assumes goodwill is amortized over 20 years.

INFORMATION FOR INVESTORS

FINANCIAL DIARY

Announcement of 2001 interim results	3 September 2001
Interim report posted to shareholders	6 September 2001
Financial year end	31 December 2001
Announcement of 2001 results	4 March 2002*

** Subject to confirmation*

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REGISTERED OFFICE

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Hamilton HM12, Bermuda
Telephone: (1 441) 295 2244
Fax: (1 441) 292 8666

TO CONSOLIDATE SHAREHOLDINGS

Write to our principal share registrar and transfer office in Bermuda at:
Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke, Bermuda
Or the Hong Kong branch at:
Central Registration Hong Kong Limited
Rooms 1901-5, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

STOCK CODES

The Stock Exchange of Hong Kong: 142
Bloomberg: 142 HK
Reuters: 0142.HK
ADR Code: FPAFY
CUSIP reference number: 335889200

TO RECEIVE ADDITIONAL INFORMATION, CONTACT

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INFORMATION FOR INVESTORS

TO RECEIVE THE CHINESE VERSION OF THIS REPORT, CONTACT	Group Corporate Communications First Pacific Company Limited 24th Floor, Two Exchange Square 8 Connaught Place Central, Hong Kong Telephone: (852) 2842 4424 Fax: (852) 2845 9243 Email: info@firstpac.com.hk
WEB SITE	www.firstpacco.com
SHARE LISTINGS	First Pacific's shares are listed on The Stock Exchange of Hong Kong and are traded over-the-counter in the U.S. in the form of American Depositary Receipts issued by The Bank of New York.
AUDITORS	PricewaterhouseCoopers 22nd Floor, Prince's Building Central, Hong Kong
SOLICITORS	Richards Butler 20th Floor, Alexandra House Central, Hong Kong
PRINCIPAL BANKERS	ING Bank NV ABN AMRO Bank NV Credit Suisse First Boston The Hongkong and Shanghai Banking Corporation Limited Standard Chartered Bank JPMorgan

SUMMARY OF PRINCIPAL INVESTMENTS

FIRST PACIFIC GROUP
As at 30 June 2001

Investment	Place of incorporation/ principal area of operation	Reporting currency	Issued number of shares	Per-centage of economic interest	Per-centage of voting interest	Principal activities
CONSUMER						
PT Indofood Sukses Makmur Tbk	Indonesia	Rupiah	9.2 billion	48.0	48.0	Jakarta-based Indofood is Indonesia's leading processed-foods group. Listed on the Jakarta and Surabaya Stock Exchanges, Indofood's principal businesses are Instant Noodles, Flour and Edible Oils and Fats, as well as Snack Foods, Baby Foods, Food Seasonings and Distribution. Further information on Indofood can be found at www.indofood.co.id
Berli Jucker Public Company Limited	Thailand	Baht	158.8 million	83.5	83.5	Berli Jucker is based and listed in Bangkok. It focuses on the manufacturing, marketing and distribution of glass, consumer, technical products and imaging. Further information on Berli Jucker can be found at www.berlijucker.co.th
PT Darya-Varia Laboratoria Tbk	Indonesia	Rupiah	560.0 million	89.5	89.5	Darya-Varia, which is based and listed in Jakarta, is a leading, fully integrated health care company engaged in the manufacture, marketing and distribution of prescription and over-the-counter medicines. Further information on Darya-Varia can be found at www.darya-varia.com
TELECOMMUNICATIONS						
Philippine Long Distance Telephone Company	Philippines	Pesos	168.5 million	24.5	31.6	PLDT is the leading supplier of domestic and international telecommunications services in the Philippines. PLDT is based and listed in Manila and has ADRs listed on the New York Stock Exchange and the Pacific Exchange. Its three principal business groups – fixed line, wireless and Internet/multimedia – provide a comprehensive menu of products and services across the most extensive broadband and integrated networks in the Philippines. Further information on PLDT can be found at www.pldt.com.ph
Escotel Mobile Communications Limited	India	Rupees	366.0 million	49.0	49.0	Escotel, which is based in New Delhi, provides GSM cellular telephone services in Uttar Pradesh (West), Haryana and Kerala. Further information on Escotel can be found at www.escotelmobile.com
Infrontier Limited	Bermuda/ Asia	US$	12.0 thousand	100.0	100.0	Infrontier, which is headquartered in Hong Kong, is a business solutions provider offering supply chain management and wireless applications, in both hosted and traditional environments. Further information on Infrontier can be found at www.infrontier.com
PROPERTY						
Metro Pacific Corporation	Philippines	Pesos	18.6 billion	80.6	80.6	Metro Pacific, which is based and listed in Manila, principally holds property assets, including Bonifacio Land Corporation, Landco Pacific and Pacific Plaza Towers. Further information on Metro Pacific can be found at www.metropacific.com

FIRST PACIFIC

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