



**FIRST PACIFIC COMPANY LIMITED**  
(Incorporated in Bermuda with limited liability)

GROUP CORPORATE COMMUNICATIONS

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**RECURRING PROFIT UP 28.1% TO AN HISTORIC HIGH OF US\$239.2 MILLION,  
CONTRIBUTION FROM OPERATIONS INCREASES 24.3% TO US\$304.4 MILLION  
REPORTED PROFIT DECLINED TO US\$200.8 MILLION DUE TO  
SIGNIFICANTLY LOWER NON-RECURRING GAINS  
PLDT, MPIC AND INDOFOOD SUSTAIN STRONG PERFORMANCE  
FINAL DIVIDEND OF HK6 CENTS (U.S. 0.77 CENT) PER SHARE; FULL YEAR  
REGULAR DIVIDEND UP BY 28.6% TO HK 9 CENTS (U.S. 1.15 CENTS) PER SHARE**

- Recurring profit increased by 28.1% to US\$239.2 million (HK\$1,865.8 million) – a record high
- Profit contribution from operations increased by 24.3% to US\$304.4 million (HK\$2,374.3 million) due to strong results of subsidiaries and associates
- Reported profit attributable to equity holders of the parent declined to US\$200.8 million (HK\$1,566.2 million) due to non-recurring gains being significantly lower this year by US\$262.1 million (HK\$2,044.4 million)
- Equity attributable to ordinary shareholders stood at US\$1,130.1 million (HK\$8,814.8 million)
- Turnover increased by 35.0% to US\$4,105.3 million (HK\$32,021.3 million)
- Consolidated gearing ratio increased to 1.06x from 0.68x (restated); Head Office gearing at 0.47x versus 0.35x last year
- Final dividend of U.S. 0.77 cent (HK6.00 cents) per share recommended
- Adjusted net asset value per share decreased to US\$0.77 (HK\$5.97) per share due to a decline in share prices of listed investments

*Hong Kong, 25<sup>th</sup> March 2009* – First Pacific Company Limited (“First Pacific” or “the Company”) (HKSE: 00142) today announced that recurring profit increased by 28.1% to US\$239.2 million (HK\$1,865.8 million) this year compared with US\$186.7 million (HK\$1,456.3 million) last year, driven by the strong performance of PLDT, MPIC and Indofood. The recurring profit excludes the effects of revaluation of plantations and derivatives, foreign exchange differences and non-recurring gains.

Profit contribution from operations increased by 24.3% to US\$304.4 million (HK\$2,374.3 million) versus US\$244.8 million (HK\$1,909.4 million) in 2007. Turnover showed a significant improvement of 35.0% to US\$4,105.3 million (HK\$32,021.3 million), reflecting Indofood’s higher turnover, principally from the Agribusiness’s higher CPO prices realized in the first half of 2008.

First Pacific’s net non-recurring gains declined to US\$24.5 million (HK\$191.1 million) from US\$286.6 million (HK\$2,235.5 million). The decrease represents the absence of gains from the reduction last year of the Group’s interest in PLDT equivalent to US\$174.7 million (HK\$1,362.7 million) on settlement of the Exchangeable Notes at Head Office with PLDT shares and a gain on dilution of the Group’s effective interest in Indofood’s oils and plantation

business amounting to US\$75.9 million (HK\$592.0 million). Consequently, the Company's reported net profit decreased to US\$200.8 million (HK\$1,566.2 million).

Basic earnings per share (before exceptionals) rose 27.7% to U.S. 7.42 cents (HK\$57.88 cents). Basic earnings per share (after exceptionals) decreased by 60.4% to U.S. 6.23 cents (HK\$48.59 cents). Equity attributable to ordinary shareholders stood at US\$1,130.1 million (HK\$8,814.8 million) compared with US\$1,131.3 million (HK\$8,824.1 million) in 2007.

Consolidated gearing ratio increased to 1.06x from 0.68x (restated), reflecting increased borrowings to finance the acquisitions of Indolakto, Metro Pacific Tollways Corporation ("MPTC") and Philex Mining. Head Office gearing ratio increased slightly to 0.47x from 0.35x resulting from a higher average net debt level for funding of First Pacific's acquisition of Philex Mining and support by way of new equity contribution to MPIC which increased its investment in Maynilad Water Services, Inc. ("Maynilad") and acquired MPTC.

At the Head Office, net debt increased 37.4% to US\$731.3 million (HK\$5,704.1 million). The gross debt stood at US\$791.3 million (HK\$6,172.1 million) of which US\$150 million (HK\$1,170 million) is due to be repaid in the fourth quarter of 2009, the remaining US\$641.3 million (HK\$5,002.1 million) maturing in 2011 and 2013. All bank loans are on a floating interest rate basis. Net interest expense declined by 17.6% to US\$29.9 million (HK\$233.2 million) resulting from lower average interest rates during the year.

In 2007 and 2008, First Pacific bought back a total of 21.8 million ordinary shares for an aggregate consideration of US\$13.1 million (HK\$102.2 million).

At the Head Office, First Pacific hedges only declared dividends from operating companies, mainly peso dividends from PLDT. Rupiah dividends from Indofood are not hedged due to the high cost of such hedge. There are no outstanding derivative exposures as at 31<sup>st</sup> December 2008.

The Company's Board of Directors recommended a final dividend of U.S. 0.77 cent (HK\$6.00 cents) per share (2007: U.S. 0.64 cent or HK\$5.00 cents), bringing total regular dividends (including an interim dividend of U.S. 0.38 cent (HK\$3.00 cents) per share) for the full year to U.S. 1.15 cent (HK\$9.00 cents) per share (2007: U.S. 0.90 cent or HK\$7.00 cents). Dividend yield increased to approximately 3.4% (2007: 1.7%) based on today's closing price of HK\$2.66.

Manuel V. Pangilinan, First Pacific's Managing Director and Chief Executive Officer, commented: "We are very pleased that PLDT, MPIC and Indofood reported solid performances for the year. Whilst the combined effects of higher fuel and food prices in the first half of the year and falling purchasing power and lower commodity prices in the second half posed significant challenges to our businesses, their competitive strength and their diversity enabled us to sustain our operational performance level for the year.

"The year was particular active for First Pacific. We expanded the asset portfolio by investing over US\$1 billion across our portfolio of natural resources, infrastructure and consumer products by way of acquisition or increased shareholdings.

"In the Philippines, First Pacific made its initial investment in the mining sector through a 20% interest in Philex, the premier mining company in the Philippines. MPIC increased its effective interest in Maynilad to 57% and concluded its equity investments in the Metro Pacific Tollways Corporation, Medical Doctors, Inc. and Davao Doctors Hospital.

"In Indonesia, Indofood expanded its business portfolio by investing in a sugar cane plantation company and concluding the acquisition of a 68% effective interest in Indolakto, the leading producer of dairy products in Indonesia.

“We believe that these investments significantly enhance the value of our portfolio of assets for long-term value creation.”

## **REVIEW OF OPERATIONS**

**Philippine Long Distance Telephone Company** (“PLDT”) sustained its strong performance during the year by increasing its profit contribution to the Group by 19% to US\$211.0 million (2007: US\$177.5 million). This represents 69% of First Pacific’s aggregate attributable net profit derived from the operations of subsidiary and associated companies for 2008.

Consolidated core net income for PLDT increased 8% to Pesos 38.1 billion (US\$852.7 million) reflecting a 5% increase in service revenue, a 6% growth in EBITDA, and a 14% decline in financing costs.

Consolidated service revenues increased 5% to Pesos 142.9 billion (US\$3,198.3 million) resulting from an 18% increase in cellular and broadband subscribers, a 12% increase in data and ICT revenues (which together accounted for 53% of total service revenues), partly offset by a 1% decline in voice revenues caused by the appreciation of the average peso/US\$ exchange rate by 3%.

EBITDA margin remained steady at 61% of service revenues. Consolidated free cash flow increased by 3%, and net capital expenditure increased to Pesos 25.2 billion (US\$564.0 million).

PLDT declared a Final dividend of Pesos 70 (US\$1.57), representing the committed 70% payout of core earnings and a Special dividend of Pesos 60 (US\$1.34) per share. Together with the interim dividend of Pesos 70 (US\$1.57) per share, total dividends for 2008 amounted to Pesos 200 (US\$4.48) per share, representing 100% payout of PLDT’s consolidated core earnings.

### Proposal to acquire a 20% interest in Meralco

PLDT announced on 13<sup>th</sup> March 2009 that it has reached an agreement with the Lopez Group to acquire a 20% interest in the Manila Electric Company (“Meralco”) owned by such group for a consideration of approximately Pesos 20.1 billion (US\$ 416 million). The investment will be made through its indirect subsidiary, Pilipino Telephone Corporation (“Piltel”), and is subject to Piltel’s shareholders’ approval. The transaction is expected to be completed by the third quarter of 2009. Upon completion, PLDT will have appropriate board and management participation in Meralco.

To consolidate the PLDT Group’s cellular businesses, its wholly-owned subsidiary, Smart Communications, Inc., has offered to acquire Piltel’s “Talk ‘N Text” brand and existing subscribers, and its GSM fixed assets. Given the change in Piltel’s business, Smart intends to acquire the ownership interest currently held by the minority shareholders of Piltel by way of a general offer.

**Metro Pacific Investments Corporation** (“MPIC”). During the year, MPIC invested a total of Pesos 22.3 billion (US\$475.9 million) to expand its core business portfolio with the view to becoming the leading infrastructure group in the Philippines. MPIC has established a business portfolio of quality assets comprising water distribution, tollroads and healthcare services.

MPIC’s contribution to the Group significantly increased to US\$7.4 million (2007: US\$1.8 million) reflecting higher contributions from Maynilad Water and Medical Doctors, Inc. (“MDI”), and contributions from the newly acquired Metro Pacific Tollways Corporation (“MPTC”) and Davao Doctors Hospital.

MPIC's turnover increased 251 times to Pesos 5,041 million (US\$112.8 million) reflecting Maynilad's increased turnover by 10% to Pesos 8,265 million (US\$185.0 million), MPIC's consolidation of Maynilad's turnover starting July 2008 after obtaining a controlling interest, and MPTC's 1.5-month turnover of Pesos 715 million (US\$16.0 million).

Core net income increased 984% to Pesos 347 million (US\$7.8 million) in 2008 from Pesos 32 million (US\$0.7 million) in 2007, reflecting Maynilad's increased contribution by 52% to Pesos 1,036 million (US\$23.2 million), MDI's higher contribution by 564% to Pesos 73 million (US\$1.6 million), and MPTC's 1.5-month share of Pesos 166 million (US\$3.7 million).

#### Proposal to acquire a 10.17% interest in Meralco

In line with its stated goal of becoming one of the Philippines' leading infrastructure companies, MPIC announced on 13<sup>th</sup> March 2009 that it has agreed in principle with the Beneficial Trust Fund of PLDT ("BTF"), subject to agreeing final terms, to acquire a 10.17% interest in Meralco from the BTF for new shares of MPIC. Upon completion, BTF will become a significant minority shareholder of MPIC and its investment will further strengthen MPIC's capital base.

**PT Indofood Sukses Makmur Tbk's** ("Indofood") contribution to the Group increased 33.7% to US\$87.6 million (2007: US\$65.5 million). This positive result reflected the strong performance of the Agribusiness group driven by higher volume and CPO prices on average during the year, and an improvement in Noodles performance driven by higher selling prices.

In December 2008, Indofood expanded its health and nutrition product portfolio by acquiring a 68.6% effective interest in Indolakto for a total consideration of US\$350 million. Indolakto is the second largest dairy products manufacturer in Indonesia.

Consolidated net sales increased 39% to Rupiah 38.8 trillion (US\$3,992.5 million) reflecting the impact of full-year consolidation of Lonsum and increases in sales volume in Plantation, Cooking Oils & Fats, and Snack Foods divisions and in the average selling price across all divisions for the year.

EBIT margin improved to 11.2% from 10.3% resulting from performance improvements in Noodles and Agribusiness. Core net income increased 23% to Rupiah 1,448.8 billion (US\$149.4 million) reflecting the increase in operating income despite higher interest expense.

Consolidated net debt increased 82% to Rupiah 14,308.0 billion (US\$1,306.5 million) reflecting new borrowings to finance the Indolakto acquisition and increased working capital requirements. Net gearing increased to 1.7 times from 1.1 times due to higher net debt level in support of new investments (i.e., Indolakto and a sugar cane plantation company) and larger trust receipts to finance wheat importation.

**Philex Mining Corporation's** ("Philex") total ore mined in 2008 amounted to 8.9 million tonnes, producing 4.5 million grams (145 thousand ounces) of gold, 18.7 million kilograms (41.2 million pounds) of copper, and 4.2 million grams (137 thousand ounces) of silver, comprising 55%, 44% and 1%, respectively, of mining revenue – all of which are denominated in US dollars.

First Pacific's share of Philex's one-month loss was US\$1.6 million, reflecting the fall in copper prices during the last quarter of 2008. As of 31<sup>st</sup> December 2008, Philex had net cash balances of US\$140.4 million. A 25% stock dividend was declared, subject to shareholders' approval.

## **OUTLOOK FOR 2009**

In March 2009, PLDT and MPIC have announced their respective intentions to acquire an interest in Meralco. First Pacific believes that there is significant potential in the value of Meralco as its business develops along with the growth of the Philippine economy. In addition, First Pacific will benefit from the synergies which can be realized between PLDT as a telco and the infrastructure assets owned by MPIC, including potentially, Meralco.

Mr. Pangilinan concluded “The investments made over the last few years position the Group for further growth in 2009, despite the pessimistic outlook for the global economy and the challenges that each of our businesses faces in its respective market. PLDT and MPIC in particular, are anticipated to sustain their strong operating and financial performance into 2009. Indofood’s Agribusiness division will come under pressure because of lower CPO prices which, together with higher interest expenses, will likely reduce Indofood’s core earnings for 2009.”

## **Further information and analysis**

Attached are First Pacific’s Consolidated Financial Statements and Contribution Summary. Further information - including discussion and analysis of First Pacific’s individual operations; review of the 2008 goals and goals for 2009; and financial analysis - are available under the “News, Announcements and Circulars” section of First Pacific’s corporate website at [www.firstpacco.com](http://www.firstpacco.com). The 2008 Annual Report will be mailed to shareholders and will be available on [www.firstpacco.com](http://www.firstpacco.com) before the end of April 2009.

## **Corporate Profile**

First Pacific is a Hong Kong-based investment and management company with operations located in Asia. Its principal business interests relate to Telecommunications, Infrastructure, Consumer Food Products and Natural Resources. Listed in Hong Kong (Stock code: 00142), First Pacific’s shares are also available in the United States through American Depositary Receipts (ADRs code: FPAFY).

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**FIRST PACIFIC COMPANY LIMITED**  
**CONSOLIDATED PROFIT AND LOSS STATEMENT**

<b>For the year ended 31 December</b>	<b>2008</b>	2007
<b>US\$ million</b>		(Restated)
<b>Turnover</b>	<b>4,105.3</b>	3,040.8
Cost of sales	<b>(3,103.4)</b>	(2,320.7)
<b>Gross profit</b>	<b>1,001.9</b>	720.1
Gain on dilutions and divestments	<b>28.7</b>	356.1
Distribution costs	<b>(273.9)</b>	(254.2)
Administrative expenses	<b>(256.8)</b>	(170.7)
Other operating (expenses)/income, net	<b>(144.9)</b>	0.6
Net borrowing costs	<b>(150.5)</b>	(137.1)
Share of profits less losses of associated companies and joint ventures	<b>192.9</b>	239.7
<b>Profit before taxation</b>	<b>397.4</b>	754.5
Taxation	<b>(61.4)</b>	(94.0)
<b>Profit for the year from continuing operations</b>	<b>336.0</b>	660.5
Profit for the year from a discontinued operation	<b>0.6</b>	5.1
<b>Profit for the year</b>	<b>336.6</b>	665.6
<b>Attributable to:</b>		
Equity holders of the parent	<b>200.8</b>	504.8
Minority interest	<b>135.8</b>	160.8
	<b>336.6</b>	665.6

**Ordinary share dividends**

Interim - HK3.00 cents (U.S. 0.38 cent) (2007: HK2.00 cents or U.S. 0.26 cent) per share	<b>12.3</b>	8.2
Proposed special - Nil (2007: HK3.00 cents or U.S. 0.38 cent) per share	-	12.3
Proposed final – HK6.00 cents (U.S. 0.77 cent) (2007: HK5.00 cents or U.S.0.64 cent) per share	<b>24.7</b>	20.6
<b>Total</b>	<b>37.0</b>	41.1

<b>For the year ended 31 December</b>	<b>2008</b>	2007
<b>U.S. cents</b>		(Restated)
<b>Earnings per share attributable to equity holders of the parent</b>		
Basic		
- For profit from continuing operations	<b>6.23</b>	15.67
- For profit from a discontinued operation	-	0.05
- For profit for the year	<b>6.23</b>	15.72
Diluted		
- For profit from continuing operations	<b>5.93</b>	15.24
- For profit from a discontinued operation	-	0.05
- For profit for the year	<b>5.93</b>	15.29

**FIRST PACIFIC COMPANY LIMITED**  
**CONSOLIDATED BALANCE SHEET**

<b>At 31 December</b>	<b>2008</b>	2007
<b>US\$ million</b>		(Restated)
<b>Non-current assets</b>		
Property, plant and equipment	808.4	784.1
Plantations	744.5	881.5
Associated companies and joint ventures	1,202.3	1,304.7
Goodwill	675.6	347.2
Other intangible assets	1,538.5	-
Accounts receivable, other receivables and prepayments	3.0	37.0
Prepaid land premiums	153.2	151.4
Available-for-sale assets	1.7	6.0
Deferred tax assets	38.7	45.0
Financial assets at fair value through profit or loss	-	79.8
Other non-current assets	217.1	110.0
	<b>5,383.0</b>	<b>3,746.7</b>
<b>Current assets</b>		
Cash and cash equivalents	625.9	600.8
Pledged deposits	12.0	-
Available-for-sale assets	56.9	24.1
Accounts receivable, other receivables and prepayments	435.5	355.5
Inventories	557.4	494.0
	<b>1,687.7</b>	<b>1,474.4</b>
Assets of a disposal group classified as held for sale	128.3	-
	<b>1,816.0</b>	<b>1,474.4</b>
<b>Current liabilities</b>		
Accounts payable, other payables and accruals	667.4	485.6
Short-term borrowings	1,207.0	1,000.1
Provision for taxation	55.8	52.9
Current portion of deferred liabilities and provisions	39.4	17.4
	<b>1,969.6</b>	<b>1,556.0</b>
Liabilities directly associated with the assets classified as held for sale	106.1	-
	<b>2,075.7</b>	<b>1,556.0</b>
<b>Net current liabilities</b>	<b>(259.7)</b>	<b>(81.6)</b>
<b>Total assets less current liabilities</b>	<b>5,123.3</b>	<b>3,665.1</b>
<b>Equity</b>		
Issued share capital	32.1	32.2
Other reserves	902.0	1,048.6
Retained earnings	196.0	50.5
Equity attributable to equity holders of the parent	1,130.1	1,131.3
Minority interest	1,245.1	991.7
<b>Total equity</b>	<b>2,375.2</b>	<b>2,123.0</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,951.7	1,044.5
Deferred liabilities and provisions	432.4	180.5
Deferred tax liabilities	364.0	310.8
Derivative liability	-	6.3
	<b>2,748.1</b>	<b>1,542.1</b>
	<b>5,123.3</b>	<b>3,665.1</b>

**FIRST PACIFIC COMPANY LIMITED  
CONTRIBUTION SUMMARY**

For the year ended 31 December US\$ millions	Turnover		Contribution to Group profit <sup>(i)</sup>	
	2008	2007 (Restated) <sup>(ii)</sup>	2008	2007 (Restated) <sup>(ii)</sup>
PLDT <sup>(iii)</sup>	-	-	211.0	177.5
MPIC <sup>(iv)</sup>	112.8	0.5	7.4	1.8
Indofood	3,992.5	3,040.3	87.6	65.5
Philex <sup>(iii)</sup>	-	-	(1.6)	-
<b>From operations</b>	<b>4,105.3</b>	<b>3,040.8</b>	<b>304.4</b>	<b>244.8</b>
Head Office items:				
- Corporate overhead			(15.9)	(15.0)
- Net interest expense			(29.9)	(36.3)
- Other expenses			(19.4)	(6.8)
<b>Recurring profit</b>			<b>239.2</b>	<b>186.7</b>
Foreign exchange and derivative (losses)/gains <sup>(v)</sup>			(46.9)	25.0
(Loss)/gain on changes in the fair value of plantations <sup>(ii)</sup>			(16.0)	6.5
Non-recurring items <sup>(vi)</sup>			24.5	286.6
<b>Profit attributable to equity holders of the parent</b>			<b>200.8</b>	<b>504.8</b>

(i) After taxation and minority interest, where appropriate

(ii) The Group has restated its 2007 profit attributable to equity holders of the parent from US\$510.4 million to US\$504.8 million following the adoption of HK(IFRIC)-Int 12 "Service Concession Arrangements" issued by the HKICPA which became effective for annual periods beginning on or after 1 January 2008. Details of the restatements are set out in Note 1 to the Financial Statements. In addition, to better illustrate the underlying operational results and recurring profit contributions, the Group has separately presented the changes in fair value of Indofood's plantations from its recurring profit. As a result, the Group has also restated its 2007 contribution from Indofood from US\$72.0 million to US\$65.5 million.

(iii) Associated companies

(iv) MPIC's 2007 contribution includes US\$1.2 million contribution from Landco Pacific Corporation (Landco). Landco is presented as a disposal group classified as held for sale in this year in the Financial Statements.

(v) 2008's foreign exchange and derivative losses include a loss of US\$43.0 million (2007: US\$2.7 million) on foreign exchange translation differences on the Group's unhedged foreign currency denominated borrowings and payables and the changes in the fair values of derivatives and a loss of US\$3.9 million (2007: a gain of US\$27.7 million) on changes in the fair value of certain PLDT shares designated as financial assets at fair value through profit or loss.

(vi) 2008's net non-recurring gain amounts to US\$24.5 million. The principal components were (i) a gain on dilution of the Group's investment in Indofood of US\$18.9 million, (ii) a gain on divestment and dilution of the Group's interest in PLDT of US\$9.8 million, (iii) MPIC's gains arising from increase in interests in Maynilad and MDI totaling US\$13.4 million, (iv) a gain of US\$10.5 million from a reduction in Indofood's deferred tax liabilities due to reduction in future tax rates and (v) MPIC's gain on sale of assets of US\$3.9 million, partly offset by a Group's impairment provision of US\$36.4 million in respect of its investment in Philex. 2007's non-recurring gains of US\$286.6 million mainly comprise a gain on divestment of the Group's interest in PLDT of US\$174.7 million on settlement of certain Head Office's Exchangeable Notes with PLDT shares and a gain on dilution of the Group's effective interest in Indofood's oils and plantations businesses of US\$75.9 million.