FIRST
PACIFIC

First Pacific Company Limited

Stock Code: 142

Interim Report 2018

Creating
Long-term Value
in Asia

Corporate Profile

First Pacific is a Hong Kong-based investment management and holding company with operations located in Asia-Pacific. Our principal business investments relate to consumer food products, infrastructure, natural resources and telecommunications.

Within these sectors, our **mission** is to unlock value in our investee companies by:
- Delivering dividend/distribution returns to shareholders;
- Delivering share price/value appreciation of First Pacific and the investee companies; and
- Making further investment in value-enhancing businesses, taking into consideration all relevant criteria, including Environmental, Social and Governance ("ESG") factors to better manage risk and generate sustainable long-term returns.

Our **investment criteria** are clear:
- Investments must be located in or trading with the fast-growing economies of emerging Asia;
- They must be related to our areas of expertise and experience (consumer food products, infrastructure, natural resources and telecommunications);
- Investee companies must have a strong or dominant market position in their sectors;
- They must possess the potential for significant cash flows; and
- We must obtain management control or significant influence to ensure our goals can be met.

Our **strategies** are threefold:
- Identify undervalued or underperforming assets with strong growth potential and possible synergies;
- Manage investments by setting strategic direction, developing business plans and defining targets; and
- Raise reporting and ESG standards to world-class levels at First Pacific and the investee companies.

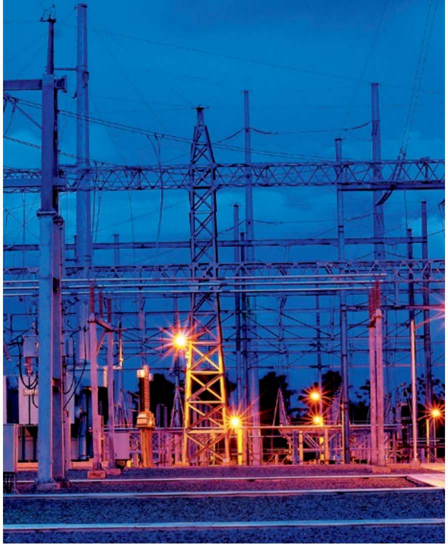
First Pacific's portfolio has a balance of assets in our core industries and markets in PT Indofood Sukses Makmur Tbk ("Indofood"), PLDT Inc. ("PLDT"), Metro Pacific Investments Corporation ("MPIC"), Goodman Fielder Pty Limited ("Goodman Fielder"), Philex Mining Corporation ("Philex"), PacificLight Power Pte. Ltd. ("PLP") and Roxas Holdings, Inc. ("RHI"). Indofood is the largest vertically integrated food company in Indonesia and PLDT is the dominant telecommunications and digital services provider in the Philippines with the largest fixed broadband network and the most modern and sophisticated wireless network in the country. MPIC is the largest infrastructure investment management and holding company in the Philippines, with investments in the country's largest electricity distributor, hospital group, toll road operator and water distributor. MPIC also holds substantial investments in major logistics and light rail operations, and in the largest electricity generator in the Visayas region of the Philippines. Goodman Fielder is a leading food company in Australasia. Philex is one of the largest metal mining companies in the Philippines, producing gold, copper and silver. PLP is the operator of one of Singapore's most efficient gas-fired power plants and RHI runs an integrated sugar and ethanol business in the Philippines.

Listed in Hong Kong, First Pacific's shares are also available for trading in the United States through American Depositary Receipts.

As at 29 August 2018, First Pacific's economic interest in Indofood is 50.1%, in PLDT 25.6%, in MPIC 42.0%, in FPW Singapore Holdings Pte. Ltd. ("FPW") 50.0%, in Philex 31.2%[(1)], in FPM Power Holdings Limited ("FPM Power") 67.6%[(2)] and in FP Natural Resources Limited ("FP Natural Resources") 79.4%[(3)].

(1) Two Rivers Pacific Holdings Corporation ("Two Rivers"), a Philippine affiliate of First Pacific, holds an additional 15.0% economic interest in Philex.
(2) Includes a 7.6% effective economic interest in FPM Power held through First Pacific's indirect interests in Manila Electric Company ("Meralco").
(3) Includes a 9.4% effective economic interest in FP Natural Resources held through First Pacific's indirect interests in Indofood Agri Resources Ltd. ("IndoAgri"). FP Natural Resources holds 32.7% in RHI, and its Philippine affiliate First Agri Holdings Corporation ("FAHC") holds an additional 30.2% economic interest in RHI.

First Pacific's principal investments are summarized on pages 83 to 84.



Contents

Half-year Financial Highlights

US$3.8b
Turnover ↑ 8%

US$133.8m
Reported net profit ↑ 1%

US$161.0m
Recurring profit ↓ 5%

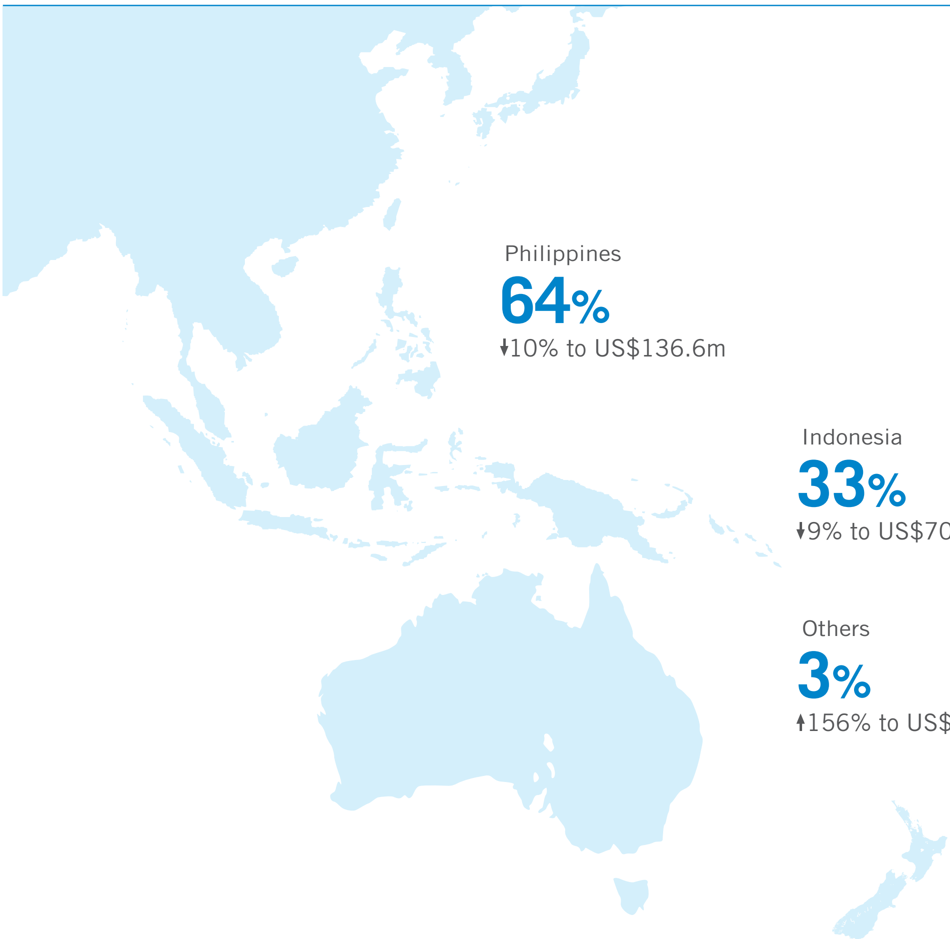
US$19.9b
Total assets ↓ 3%

US$3.1b
Equity attributable to owners of the parent ↓ 4%

US$2.1b
Market capitalization ↓ 28%

Profit Contribution from Operations at US$213.8m

By country



Philippines
64%
↓10% to US$136.6m

Indonesia
33%
↓9% to US$70.3m

Others
3%
↑156% to US$6.9m

By sector

Consumer food products
38%
↓4% to US$81.3m

Telecommunications
29%
↓19% to US$62.7m

Infrastructure
31%
↑4% to US$65.7m

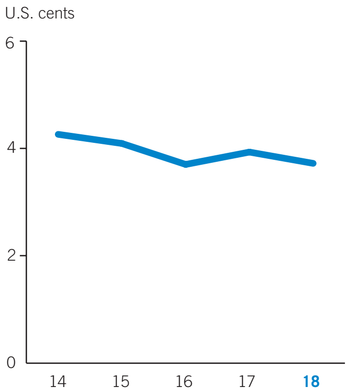
Natural resources
2%
↓33% to US$4.1m

- Interim distribution payout in cash terms at US$44.5 million
- Head Office dividend and fee income from operating companies up 11% to US$137.6 million
- Head Office net interest expense down 12% to US$38.0 million
- Interim distribution payout at 28% of recurring profit
- Bought back and cancelled US$219.8 million principal amount of bonds
- Head Office gross debt at approximately US$1.6 billion

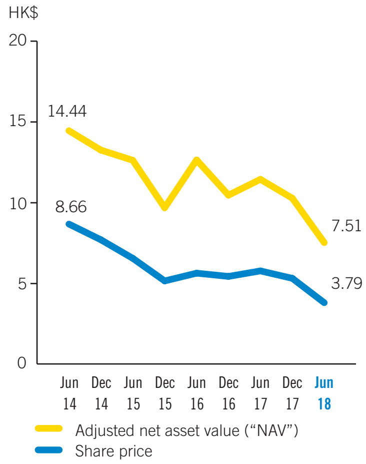
Five-year Data

(Per share)

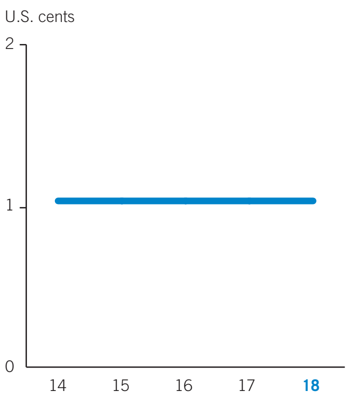
Half-year Basic Recurring Earnings



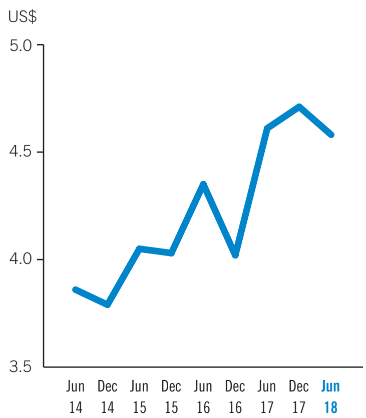
Share Price vs Adjusted NAV



Interim Dividends/Distributions

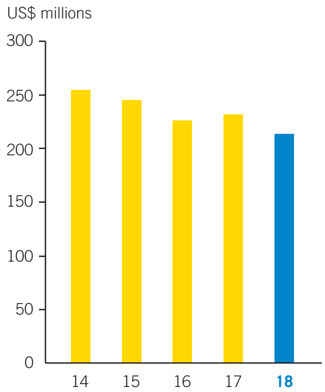


Total Assets

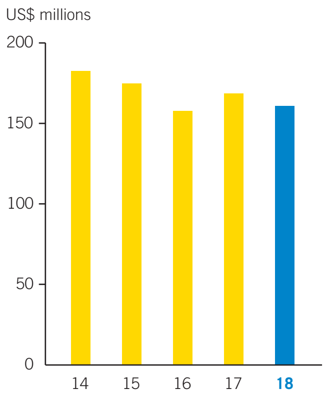


Review of Operations

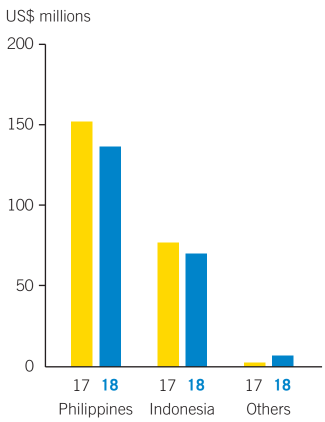
Contribution from Operations



Recurring Profit



Contribution by Country



Below is an analysis of results.

Contribution and Profit Summary

	Turnover		Contribution to Group profit[i]	
For the six months ended 30 June US$ millions	**2018**	2017	**2018**	2017
Indofood	**2,596.8**	2,675.4	**70.3**	77.2
PLDT[ii]	**–**	–	**62.7**	77.7
MPIC	**767.7**	481.4	**69.1**	66.9
FPW[iii]	**–**	–	**10.3**	6.6
Philex[ii]	**–**	–	**4.1**	6.1
FPM Power	**347.8**	277.6	**(3.4)**	(3.9)
FP Natural Resources	**132.6**	138.1	**0.7**	1.2
Contribution from Operations[iv]	**3,844.9**	3,572.5	**213.8**	231.8
Head Office items:				
– Corporate overhead			**(12.1)**	(13.0)
– Net interest expense			**(38.0)**	(43.2)
– Other expenses			**(2.7)**	(6.9)
Recurring Profit[v]			**161.0**	168.7
Foreign exchange and derivative (losses)/gains, net[vi]			**(5.4)**	7.8
Loss on changes in fair value of biological assets			**(0.1)**	(0.6)
Non-recurring items[vii]			**(21.7)**	(42.8)
Profit Attributable to Owners of the Parent			**133.8**	133.1

(i) After taxation and non-controlling interests, where appropriate.
(ii) Associated companies.
(iii) Joint venture.
(iv) Contribution from operations represents the recurring profit contributed to the Group by its operating companies.
(v) Recurring profit represents the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative (losses)/gains, loss on changes in fair value of biological assets and non-recurring items.
(vi) Foreign exchange and derivative (losses)/gains, net represent the net (losses)/gains on foreign exchange translation differences on the Group's unhedged foreign currency denominated net assets/liabilities and the changes in the fair values of derivatives.
(vii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 1H18's non-recurring losses of US$21.7 million mainly represent PLDT's non-core accelerated depreciation for its wireless network assets (US$12.3 million) and Head Office's bond tender and debt refinancing costs (US$10.7 million). 1H17's non-recurring losses of US$42.8 million mainly represent Head Office's bond tender and debt refinancing costs (US$13.8 million), Goodman Fielder's manufacturing network optimization costs (US$10.5 million), MPIC's loss on remeasurement of its previously held 75% interest in Beacon Electric Asset Holdings, Inc. (US$9.5 million), impairment provision for investment in AF Payments, Inc. (US$6.7 million), PLDT's impairment provision for investment in Rocket Internet shares (US$2.8 million) and Maynilad Water Services, Inc.'s manpower reduction costs (US$1.2 million), partly offset by MPIC's gain on divestment of a 4.5% direct interest in Meralco (US$6.1 million).

Turnover up 8% to US$3.8 billion from US$3.6 billion	■ reflecting higher revenues at FPM Power and MPIC with the consolidation of Global Business Power Corporation ("GBPC") ■ slightly offset by weakness of the Indonesian rupiah reducing the US dollar value of revenue growth at Indofood
Recurring profit down 5% to US$161.0 million from US$168.7 million	■ reflecting lower contributions from PLDT, Indofood, Philex and FP Natural Resources due to lower core net incomes and the depreciation of the average peso and rupiah exchange rates against the US dollar ■ partly offset by higher contributions from MPIC and FPW, and lower losses at FPM Power ■ lower Head Office net interest expense, other expenses and corporate overhead
Non-recurring losses down 49% to US$21.7 million from US$42.8 million	■ the losses mainly reflecting PLDT's accelerated depreciation of wireless network assets in the period ■ Head Office's bond tender and debt refinancing costs
Reported profit up 1% to US$133.8 million from US$133.1 million	■ reflecting lower non-recurring losses ■ partly offset by lower recurring profit ■ lower foreign exchange and derivative gains at the operating units

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

Closing exchange rates against the US dollar	**At 30 June 2018**	At 31 December 2017	Six months change	At 30 June 2017	One year change
Rupiah	**14,404**	13,548	-5.9%	13,319	-7.5%
Peso	**53.34**	49.93	-6.4%	50.47	-5.4%
A$	**1.350**	1.281	-5.1%	1.301	-3.6%
S$	**1.362**	1.336	-1.9%	1.376	+1.0%

Average exchange rates against the US dollar	**Six months ended 30 June 2018**	12 months ended 31 December 2017	Six months change	Six months ended 30 June 2017	One year change
Rupiah	**13,863**	13,401	-3.3%	13,326	-3.9%
Peso	**52.19**	50.38	-3.5%	50.05	-4.1%
A$	**1.305**	1.301	-0.3%	1.320	+1.1%
S$	**1.329**	1.374	+3.4%	1.394	+4.9%

During the period, the Group recorded net foreign exchange and derivative losses of US$5.4 million (1H17: gains of US$7.8 million), which can be further analyzed as follows:

For the six months ended 30 June US$ millions	**2018**	2017
Head Office	**(7.4)**	(3.0)
Indofood	**(2.4)**	1.5
PLDT	**0.6**	(0.3)
MPIC	**4.7**	1.7
FPW	**1.1**	0.1
Philex	**(0.7)**	(0.4)
FPM Power	**(1.3)**	8.2
Total	**(5.4)**	7.8

Capital Management

Interim Distribution

First Pacific's Board of Directors, taking into consideration cash flow trends and following consistent prudent risk management practices, declared an interim distribution of 8 HK cents (US 1.03 cents) (1H17: 8 HK cents (US 1.03 cents)) per share, representing a payout ratio of approximately 28% (1H17: 26%) of recurring profit.

Debt Profile

In May 2018, FPC Capital Limited, a wholly-owned subsidiary of First Pacific, issued US$175.0 million of 7-year unsecured guaranteed bonds at a 5.75% coupon ("the Bonds") as part of the Head Office's liability management program.

The net proceeds from the Bonds together with a US$70.0 million partial drawn down from a new US$200.0 million medium-term banking facility were used to fund acceptances of bond tenders for the Company's guaranteed bonds maturing in 2019 and 2020. As a result of this liability management program, the Company bought back and cancelled principal amounts of approximately US$159.5 million of the 2019 bonds and US$60.3 million of the 2020 bonds. The next debt maturity for First Pacific is of the residual US$215 million bonds remaining from a US$400 million bond issue in 2012 due in June 2019. First Pacific has secured committed banking facilities to finance redemption of all the remaining issue.

The issuance of the Bonds along with the new medium-term bank loan extended First Pacific's debt maturity profile. The average debt maturity extended to 3.8 years while the blended average borrowing cost was lowered to 4.6%.

At 30 June 2018, net debt at the Head Office stood at approximately US$1.57 billion while gross debt stood at approximately US$1.64 billion. Approximately 39% of the Head Office borrowings were floating rate bank loans while fixed rate bonds comprised the remainder. Unsecured debts accounted for approximately 85% of Head Office borrowings.

As at 29 August 2018, the principal amount of the following bonds remains outstanding:

- US$214.9 million 7-year at 6.0% coupon with maturity on 28 June 2019
- US$251.9 million 10-year at 6.375% coupon with maturity on 28 September 2020
- US$358.8 million 10-year at 4.5% coupon with maturity on 16 April 2023
- US$175.0 million 7-year at 5.75% coupon with maturity on 30 May 2025

There is no Head Office recourse for subsidiaries or affiliate companies' borrowings.

Interest Cover

For the first half of 2018, Head Office recurring operating cash inflow before interest expense was US$55.8 million. Net cash interest expense declined 17% to US$33.9 million reflecting a lower average debt balance arising from bond repurchases and redemption, and a lower average interest bill resulting from debt refinancing. For the 12 months ended 30 June 2018, the cash interest cover was approximately 2.6 times.

Foreign Currency Hedging

The Company actively reviews the potential benefits of hedging based on forecast dividend income and enters into hedging arrangements for managing its foreign currency exposures in respect of dividend income and payments in foreign currencies on a transactional basis.

2018 Outlook

MPIC is again likely to show stronger earnings for the full year, while Indofood will likely be restrained only by lower palm oil prices and PLDT's cellular and fixed broadband data offerings are delivering strong growth, showing that this company's best days lie ahead of it. These companies are the core holdings of First Pacific. We remain intent on launching a meaningful share repurchase program as we review our investment portfolio for potential disposal of assets that are missing our return targets. Proceeds from any asset disposal will go towards debt reduction and share repurchases to boost investor returns.

Indofood
THE SYMBOL OF QUALITY FOODS

Indofood's contribution to the Group decreased 9% to US$70.3 million (1H17: US$77.2 million) principally reflecting lower core profit and a 3.9% depreciation of the average rupiah exchange rate against the US dollar.

Core profit down 11% to 2.0 trillion rupiah (US$142.8 million) from 2.2 trillion rupiah (US$167.1 million) (restated)	■ reflecting weaker performance of the Agribusiness group arising from lower crude palm oil ("CPO") prices and timing of sales of CPO stocks ■ partly offset by a stronger performance by the Consumer Branded Products ("CBP") group
Net income down 13% to 2.0 trillion rupiah (US$141.1 million) from 2.2 trillion rupiah (US$168.1 million) (restated)	■ reflecting the decline in core profit ■ foreign exchange losses resulting from a 5.9% depreciation of the closing rupiah exchange rate against the US dollar
Consolidated net sales up 1% to 36.0 trillion rupiah (US$2.6 billion) from 35.7 trillion rupiah (US$2.7 billion)	■ driven by higher sales of the CBP, Bogasari and Distribution groups ■ partly offset by lower sales of the Agribusiness group
Gross profit margin to 28.2% from 28.5% (restated)	■ gross profit margin remained stable
Consolidated operating expenses down 1% to 5.6 trillion rupiah (US$404.0 million) from 5.7 trillion rupiah (US$427.7 million) (restated)	■ mainly due to higher net other operating income in relation to higher operational foreign exchange gains ■ partly offset by higher selling, distribution, and general and administrative expenses
EBIT margin to 12.6% from 12.5% (restated)	■ EBIT margin remained stable
Net gearing at 0.25 times from 0.23 times at the end of 2017	

Debt Profile

As at 30 June 2018, Indofood recorded gross debt of 25.8 trillion rupiah (US$1.8 billion), up 6% from 24.3 trillion rupiah (US$1.8 billion) as at 31 December 2017. Of this total, 65% matures within one year and the remainder matures between July 2019 and December 2027, while 70% was denominated in rupiah and the remaining 30% was denominated in foreign currencies.

Additional Investments

On 19 February 2018, IndoAgri announced its wholly-owned Brazilian subsidiary IndoAgri Brazil Participações Ltda. partnered with JF Investimentos S.A. to jointly invest in Canápolis Holding S.A. and its subsidiaries ("Canápolis Group"). Canápolis Group has invested in a Minas Gerais sugar mill in Brazil with annual sugar cane crushing capacity of 1.8 million tonnes and acreage of 6,048 hectares for a consideration of 137.8 million Brazilian Real (US$42.0 million). Operation of its sugar mill is expected to commence in 2020.

On 29 March 2018, Indofood's subsidiary PT Indofood CBP Sukses Makmur Tbk ("Indofood CBP") completed the acquisition from Asahi Group Holdings, Ltd. ("Asahi") of approximately 51% of PT Asahi Indofood Beverage Makmur (subsequently renamed PT Anugerah Indofood Barokah Makmur) ("AIBM")and approximately 49% of PT Indofood Asahi Sukses Beverage (subsequently renamed PT Indofood Anugerah Sukses Barokah ("IASB")) for a total consideration of US$20.0 million.

On 1 July 2018, IndoAgri's 50%-owned Brazilian joint venture Companhia Mineira de Açúcar e Álcool Participações ("CMAA") entered into an agreement with JFLIM Participações S.A. ("JFLIM") to acquire JFLIM's 100% interest in Vale do Pontal Açúcar e Álcool Ltda. ("UVP"), by issuing new shares of CMAA at an agreed share value of 75.9 million Brazilian Real (US$19.7 million). Upon the completion of the transaction, IndoAgri's interest in CMAA will be diluted to 35% and JFLIM will own 30% of CMAA. UVP is principally engaged in the cultivation and processing of sugar cane for the production and marketing of sugar and ethanol.

CBP

The CBP group produces and markets a wide range of consumer branded products, offering everyday solutions for consumers of all ages across different market segments with around 40 leading product brands. This business group comprises the Noodles, Dairy, Snack Foods, Food Seasonings, Nutrition & Special Foods, and Beverages divisions. With over 50 plants located in key markets across Indonesia, CBP's products are available across the country and are exported to more than 60 countries around the world.

Indofood's Noodles division is one of the world's largest producers of instant wheat noodles and is the market leader in Indonesia. Its annual production capacity is around 18 billion packs, assorted in a broad range of instant noodles in various brands and formats, as well as egg noodles.

The Dairy division has an annual production capacity of more than 600,000 tonnes and is one of the largest dairy manufacturers in Indonesia. It produces and markets UHT milk, sterilized bottled milk, sweetened condensed milk, creamer, pasteurized liquid milk, milk flavored drinks, cereal milk drinks, powdered milk, ice cream and butter.

The Snack Foods division comprises two business units: snack foods and biscuits. It has an annual production capacity of over 50,000 tonnes, producing western and traditional snacks made from potato, cassava, soybean, sweet potato and corn, as well as various extruded snacks and a wide range of biscuits.

The Food Seasonings division has an annual production capacity of around 135,000 tonnes, manufacturing a wide range of culinary products, including soy sauces, chilli sauces, tomato sauces, instant seasonings, as well as cordial syrups and instant porridge.

Indofood's Nutrition & Special Foods division is one of the market leaders in Indonesia's baby food industry. It produces and markets specialty foods for infants, toddlers and older children, as well as for expectant and lactating mothers. This division has an annual production capacity of around 25,000 tonnes, producing cereals, biscuits, puddings and rice puffs for infants and toddlers, cereal snacks for children, cereal drinks for children and the whole family, as well as milk products for expectant and lactating mothers.

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

Sales by the CBP group rose 7% to 19.5 trillion rupiah (US$1.4 billion), with sales growth of noodles, dairy, nutrition & special foods and beverages businesses partly offset by lower sales at the food seasonings business. The EBIT margin was stable at 14.7%.

There was an increase in demand for fast moving consumer goods in the second quarter of this year, and CBP continued with its strategy of product innovation and extending offers from its major product divisions, which further strengthened its market position in most product categories. During the period, CBP group launched almost 40 new products including a new innovation in ice cream, MaxSwich, and a new category for biscuits, Wonderland Wafer, as well as new flavor extensions.

Bogasari

Bogasari is the largest integrated flour miller in Indonesia. It operates four flour mills in Indonesia with a total annual production capacity of approximately 3.9 million tonnes. Bogasari produces a wide range of wheat flour products and pasta for domestic and international markets.

Its sales rose 8% to 10.0 trillion rupiah (US$720.3 million) reflecting a 2% growth in sales volume and improved average selling prices. The EBIT margin declined to 5.5% from 6.5% due to higher wheat costs.

Growth in Indonesia's flour industry remains steady, with the country's expanding middle class and growing appetite among younger consumers' for more varieties of flour-based products supporting a positive outlook for the industry.

Agribusiness

The diversified and vertically integrated Agribusiness group is one of Indonesia's largest palm oil producers with a leading market share in branded edible oils and fats. It consists of two divisions: Plantations and Edible Oils & Fats ("EOF"), which operate through IndoAgri and its main operating subsidiaries, PT Salim Ivomas Pratama Tbk ("SIMP") and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk ("Lonsum") in Indonesia. In Brazil, IndoAgri has equity investments in sugar and ethanol operations in CMAA and Canápolis Group. It is also invested in RHI in the Philippines.

During the period, in Indonesia, the completion of a new refinery in Surabaya increased the group's annual CPO refinery capacity by 300,000 tonnes. IndoAgri is expanding its milling capacity of fresh fruit bunches ("FFB") in Kalimantan by 45 tonnes per hour. In Brazil, the investment in Canápolis Group in February 2018 and in UVP in July 2018 more than doubled CMAA's combined annual sugar cane crushing capacity to 8.3 million tonnes from 4.0 million tonnes.

Sales declined 23% to 6.5 trillion rupiah (US$470.5 million), reflecting mainly weaker commodity prices and lower sales from CPO and palm kernel products. Sales volume of CPO fell 18% to approximately 355,000 tonnes, palm kernel products declined 23% to 79,000 tonnes, and rubber sales decreased by 32% to 4,300 tonnes, while sugar sales volumes rose 1% to approximately 20,400 tonnes, sales of oil palm seeds rose 23% to 5.4 million seeds. The EBIT margin fell to 6.6% from 10.6% (restated) due to weaker commodity prices and lower CPO sales volumes.

Plantations

In Indonesia, total planted area rose to 301,624 hectares of which oil palm accounted for 82% while sugar cane, rubber, timber, cocoa and tea accounted for the remaining 18%. IndoAgri's oil palms have an average age of approximately 16 years, while around 16% of its oil palms are younger than seven years, the age at which oil palms begin entering their high-yield, peak maturity years. This division has a total annual processing capacity of 6.8 million tonnes of FFB.

In the first half of 2018, FFB nucleus production rose 1% to 1,449,000 tonnes despite a slight decline in yield to 6.8 tonnes per hectare, while CPO production fell 2% to 385,000 tonnes with yield of 1.5 tonnes per hectare, reflecting lower purchases of FFB from external partners.

In Indonesia, total planted area of rubber fell 1% to 19,729 hectares from end-2017 while that of sugar cane rose 3% to 12,977 hectares from end-2017. Sugar production declined 20% period-on-period to 16,000 tonnes due to a later start of harvesting this year.

In Brazil, the sugar cane planted area increased 10% from end-2017 to 54,227 hectares amid replanting. IndoAgri's 50% share of CMAA contributed a profit of 11 billion rupiah (US$0.8 million), 58% lower than the first half of 2017, owing to lower average selling prices and sales volume of raw sugar. In the first half of 2018, CMAA harvested a total of 1.82 million tonnes of sugar cane, up 10% from 1.66 million tonnes in the same period of 2017.

EOF

This division manufactures cooking oils, margarines and shortenings with an annual refinery capacity of 1.7 million tonnes of CPO. Approximately 71% of this division's input need is sourced from the Plantations division's CPO production, up from 53% for the same period last year.

In the first half of 2018, the EOF division recorded a 5% decline in sales due to lower average selling prices arising from lower CPO prices.

With the positive economic outlook in Indonesia and strong and increasing domestic demand for palm oil and its products, the agribusiness continues its facilities expansion plan. The expansion of milling facilities in Kalimantan with additional capacity of 45 tonnes per hour of FFB is expected to be completed in 2019. Replanting of 3,000 hectares of older palms in North Sumatra and Riau this year is progressing as planned. A chocolate factory being built by a 49%/51% joint venture between IndoAgri and Japan's Daitocacao Co., Ltd. ("Daitocacao") is on schedule for commercial production in 2019.

Distribution

The Distribution group is a major component of Indofood's Total Food Solutions chain of vertically integrated operations as it has one of the most extensive nationwide distribution networks in Indonesia. It has approximately 1,300 distribution and stock points in densely populated areas, and is well connected to both traditional and modern grocery outlets to ensure the ready availability of Indofood products.

The Distribution group's sales rose 8% to 3.0 trillion rupiah (US$215.6 million) partly because of higher sales by the CBP group through its channels. The EBIT margin declined to 3.5% from 4.5%.

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

2018 Outlook

The Indonesian economy is expected to continue growing strongly through 2018 mainly supported by domestic private consumption and investments. However further depreciation of the rupiah may translate into higher inflation.

PLDT's contribution to the Group declined 19% to US$62.7 million (1H17: US$77.7 million), reflecting lower core income and a 4.1% depreciation of the average peso exchange rate against the US dollar in the period.

Consolidated core net income down 25% to 13.1 billion pesos (US$251.7 million) from 17.4 billion pesos (US$348.2 million)	■ reflecting a lower gain from the sale of 6.8 million shares of Rocket Internet in the first half of 2018 compared with the gain on sale of a 25% interest in Beacon Electric Asset Holdings, Inc. ("Beacon Electric") in June 2017 ■ lack of equity earnings from Beacon Electric and SPi Global due to the sale of these assets in 2017 ■ a higher loss at Voyager Innovations Holdings Pte. Ltd. ("Voyager") ■ core income from pure telco operations (excluding the impact of Voyager and the gain from asset sales) rose 6% to 13.0 billion pesos (US$249.1 million)
Reported net income down 29% to 11.8 billion pesos (US$225.4 million) from 16.5 billion pesos (US$330.0 million)	■ reflecting lower core net income ■ significant non-core accelerated depreciation due to shortened estimated useful life of wireless network assets ■ partly offset by a revaluation gain of 1.5 billion pesos (US$28.1 million) on PLDT's remaining 2.1% interest in Rocket Internet
Consolidated service revenues up 1% to 76.4 billion pesos (US$1.5 billion) from 75.4 billion pesos (US$1.5 billion)	■ reflecting higher data and broadband revenues, together representing 54% (1H17: 46%) of consolidated service revenues ■ by business unit (on pro-forma basis using International Accounting Standard 18), Home, Enterprise and Individual service revenues (net of interconnection costs) rose 14%, 9% and 2% respectively; while International and Carrier service revenues were down 15% ■ data and broadband remained the growth drivers, accounting for 71% of fixed line service revenues and 37% of wireless service revenues. Revenues from mobile internet, fixed line home broadband, and corporate data and data center rose 29%, 58% and 13%, respectively ■ partly offset by lower revenues from cellular SMS and international and domestic voice services
EBITDA up 4% to 33.2 billion pesos (US$636.1 million) from 32.0 billion pesos (US$639.4 million)	■ reflecting higher service revenues and lower subsidies and provisions ■ partly offset by higher cash operating expenses, and higher cost of services
EBITDA margin to 43% from 42%	■ mainly due to higher EBITDA ■ both wireless and fixed line EBITDA margin improved to 41% from 38%

Capital Expenditures

PLDT plans to invest approximately 260 billion pesos (US$5 billion) in capital expenditures from 2016 to 2020 to improve the quality, capability, capacity and coverage of its mobile and fixed broadband networks. Goals include: building infrastructure to support growing demand for data services, meeting unserved broadband demand, further improving the overall customer experience and making PLDT's networks 5G-ready. During the period, PLDT signed multi-year agreements with Huawei and Amdocs to upgrade both network- and customer-facing platforms and operating systems as part of PLDT's digital transformation.

In the first half of 2018, capital expenditures amounted to 21.8 billion pesos (US$417.7 million) of which 61% was deployed for the wireless business and the remainder for fixed broadband networks. The accelerated rollout aims to enable quality services for surging growth in data usage fed in part by a 75% increase in the number of LTE devices on the PLDT group network and a 27% rise in the number of mobile internet and broadband users. The full-year capital expenditure budget is 58 billion pesos.

Smart Communications, Inc. ("Smart") offers the fastest LTE speeds in the Philippines, with its industry-leading network quality recognized in independent surveys conducted by Open Signal and Ookla.

PLDT reached over 5 million homes passed by its fiber network as at 30 June 2018, with its port capacity expanded to 1.9 million. The number of LTE base stations rose 45% to over 12,600 from the end of 2017, with an end-year target of 17,700 LTE base stations. Base station numbers for 3G rose 6% to 10,400 in the same period, towards a goal of 12,500 3G base stations by year-end. PLDT group's fiber footprint expanded to about 204,000 kilometers during the period.

Debt Profile

As at 30 June 2018, PLDT's consolidated net debt was US$2.4 billion (1H17: US$2.8 billion), while total gross debt stood at US$3.5 billion (1H17: US$3.5 billion), of which 16% (1H17: 23%) was denominated in US dollars. Only 7% of the total debt was unhedged after taking into account the available US dollar cash on hand and currency hedges allocated for debt. 96% of the total debts are due to mature after 2018. Post interest rate swaps, 89% of the total debt are fixed-rate borrowings. The average pre-tax interest cost rose to 4.4% for the first half of 2018 from 4.2% for the full year of 2017.

As at the end of June 2018, PLDT's credit ratings remained at investment grade at the three leading credit rating agencies, Fitch, Moody's and S&P.

Capital Management

Interim Dividend

PLDT's dividend policy is to pay 60% of core net income as regular dividends. On 9 August 2018, the PLDT Board of Directors approved an interim dividend of 36 pesos (US$0.67) per share payable on 11 September 2018 to shareholders on record as of 28 August 2018.

Asset Divestment

On 9 May 2018, PLDT Online Investments Pte. Ltd. ("PLDT Online") sold 6.8 million of its shares of Rocket Internet for a total consideration of €163.2 million (US$192.7 million) through Rocket Internet's public share purchase offer for up to 15.5 million shares at €24 (US$28.1) per share. The transaction reduced PLDT Online's equity interest in Rocket Internet to 2.1% from 6.1%.

On 9 August 2018, PLDT announced that it had signed a non-binding term sheet with a group of foreign investors for their potential acquisition of a majority equity interest in Voyager, currently wholly-owned by PLDT. It is anticipated that the potential strategic partners would have significant Board and management participation at Voyager. The transaction is subject to the completion of due diligence and execution of definitive transaction documents.

Service Revenues by Business Unit

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

Enterprise service revenues rose 6% to 18.2 billion pesos (US$348.7 million), representing 25% (1H17: 24%) of consolidated service revenues (net of interconnection). Growth was driven by a 14% revenue increase in mobile data and a 12% rise in corporate data and data center revenues. Data and broadband accounted for 64% of Enterprise service revenues.

PLDT Enterprise continued to fortify its market leadership. Of total corporate data industry revenue growth in the first half of 2018, PLDT accounted for 68%, up from 67% in the first half of 2017.

Home service revenues rose 14% to 18.0 billion pesos (US$344.9 million), representing 25% (1H17: 22%) of consolidated service revenues (net of interconnection). Data revenues increased 21% to 13.5 billion pesos (US$258.7 million) while voice revenues fell 4% to 4.5 billion pesos (US$86.2 million). ARPU reached a new high of 1,389 pesos (US$26.6) driven by subscribers buying higher value plans resulting from upselling efforts.

Growth in data and broadband revenues was boosted by the accelerated rollout of fiber to over 5 million homes passed and with port capacity expanded to a further 1.9 million homes. The number of homes served rose 9% to an all-time-high of 2.2 million.

During the period, Ookla recognized PLDT's fixed line internet speed as the fastest in the Philippines.

Individual service revenues, accounting for 40% of consolidated service revenues, fell 2% to 28.6 billion pesos (US$548.0 million) reflecting a continuing shift from traditional SMS and voice services to data services during the period. The decrease in revenues slowed during the period mainly due to declines in SMS and voice revenues, offset by higher mobile data revenues. Approximately 60% of PLDT's mobile subscribers own smartphones and close to 60% of these use paid data services. Mobile data traffic volume increased 78% compared with the first half of 2017.

The PLDT group's combined wireless individual subscriber base stood at 58.5 million as at the end of June 2018, up by nearly 217,000 from the end of 2017.

Service revenues from digital platforms including Voyager declined by 10% to 573 million pesos (US$11.0 million). Voyager is a market pioneer in technology innovation, offering efficient and easily adopted digital and cashless business solutions, especially for the unbanked and uncarded population of the Philippines.

2018 Outlook

Recurring core income excluding the Voyager business is expected to rise by 1-2 billion pesos in 2018 to 23-24 billion pesos as a result of higher consolidated service revenues feeding into higher EBITDA. The main driver of higher revenues will continue to be surging demand for data/broadband services leading to sustained growth in Home and Enterprise, and the continued recovery of Individual revenues. Capital expenditures budgeted at 58 billion pesos for the full year will result in higher depreciation and financing costs while building a foundation for further growth in data/broadband service revenues. The dividend payout is expected to remain at 60% of core income, considering PLDT's expected capital expenditure requirements and cash and gearing levels.

MPIC's infrastructure portfolio as at 29 August 2018 comprises the following assets offering a wide range of services:

Power distribution and generation

- 45.5% of Meralco through direct interest and its wholly-owned subsidiary Beacon Electric
- 62.4% of GBPC through Beacon Electric and Meralco which in turn owns:
  - 100.0% of Toledo Power Company ("TPC")
  - 100.0% of GBH Power Resource, Inc. ("GPRI")
  - 100.0% of Global Energy Supply Corporation ("GESC")
  - 89.3% of Panay Power Corporation ("PPC")
  - 89.3% of Panay Energy Development Corporation ("PEDC")
  - 52.2% of Cebu Energy Development Corporation ("CEDC")
  - 50.0% of Alsons Thermal Energy Corporation ("ATEC")

Toll roads

- 99.9% of Metro Pacific Tollways Corporation ("MPTC") which in turn owns:
  - 75.3% of NLEX Corporation (formerly Manila North Tollways Corporation)
  - 72.6% of Tollways Management Corporation ("TMC")
  - 66.0% of Easytrip Services Corporation ("ESC")
  - 100.0% of Cavitex Infrastructure Corporation ("CIC")
  - 100.0% of MPCALA Holdings, Inc. ("MPCALA")
  - 100.0% of Cebu Cordova Link Expressway Corporation ("CCLEC")
  - 53.3% of PT Nusantara Infrastructure Tbk ("PT Nusantara") in Indonesia
  - 44.9% of CII Bridges and Roads Investment Joint Stock Company ("CII B&R") in Vietnam
  - 29.5% of Don Muang Tollway Public Company Limited ("DMT") in Thailand

Water production, distribution and sewage management

- 52.8% of Maynilad Water Services, Inc. ("Maynilad")
- 100.0% of MetroPac Water Investments Corporation ("MPW") which in turn owns:
  - 95.0% of Cagayan de Oro Bulk Water Inc. ("COBWI")
  - 80.0% of Metro Iloilo Bulk Water Supply Corporation ("MIBWSC")
  - 65.0% of Eco-System Technologies International, Inc. ("ESTII")
  - 49.0% of Watergy Business Solutions, Inc. ("WBSI")
  - 27.0% of Laguna Water District Aquatech Resources Corporation ("LARC")
  - 19.9% of Cebu Manila Water Development, Inc. ("CMWD")
  - 49.0% of Tuan Loc Water Resources Investment Joint Stock Company ("TLW") in Vietnam
  - 45.0% of BOO Phu Ninh Water Treatment Plant Joint Stock Company ("PNW") in Vietnam

Hospitals

- 60.1% interest in Metro Pacific Hospital Holdings, Inc. ("MPHHI") which in turn owns:
  - 100.0% of Colinas Verdes Hospital Managers Corporation, the operator of Cardinal Santos Medical Center ("CSMC")
  - 100.0% of East Manila Hospital Managers Corporation, the operator of Our Lady of Lourdes Hospital ("OLLH")
  - 100.0% of Metro Pacific Zamboanga Hospital Corporation, the operator of West Metro Medical Center ("WMMC")
  - 93.1% of Marikina Valley Medical Center Inc. ("MVMC")

- 85.6% of Asian Hospital, Inc. (“AHI”), the operator of Asian Hospital and Medical Center (“AHMC”)
- 80.0% of St. Elizabeth Hospital, Inc. (“SEHI”)
- 78.0% of Riverside Medical Center, Inc. (“RMCI”)
- 65.0% of Delgado Clinic Inc. (“DCI”), the owner and operator of the Dr. Jesus C. Delgado Memorial Hospital (“JDMH”)
- 51.0% of Central Luzon Doctors’ Hospital Inc. (“CLDH”)
- 51.0% of De Los Santos Medical Center Inc. (“DLSMC”)
- 51.0% of Sacred Heart Hospital of Malolos Inc. (“SHHM”)
- 50.0% of Metro Sanitas Corporation, the owner of 51.0% of The Megaclinic, Inc. (“Megaclinic”), 80.0% of TopHealth Medical Clinics (“TopHealth”) and 100.0% of Keralty Manila, Inc. (“Keralty”)
- 35.2% of Davao Doctors Hospital, Inc. (“DDH”)
- 32.8% of Medical Doctors, Inc. (“MDI”), the owner and operator of Makati Medical Center (“MMC”)
- 20.0% of Manila Medical Services Inc. (“MMSI”), the owner and operator of Manila Doctors Hospital (“MDH”)

Rail

- 100.0% of Metro Pacific Light Rail Corporation which in turn owns 55.0% of Light Rail Manila Corporation (“LRMC”), the operator of Light Rail Transit 1 (“LRT1”)

Logistics

- 100.0% of MetroPac Logistics Company, Inc. (“MLCI”) which owns 100.0% of MetroPac Movers, Inc. (“MMI”) which in turns owns 90.0% of PremierLogistics, Inc. (“PLI”)

MPIC’s contribution to the Group increased 3% to US$69.1 million (1H17: US$66.9 million), reflecting a higher contribution from the power, water and toll road businesses, partly offset by a higher net interest expenses at MPIC head office level and a 4.1% depreciation of the average peso exchange rate against the US dollar.

Consolidated core net income up 10% to 8.6 billion pesos (US$164.8 million) from 7.8 billion pesos (US$155.8 million)	■ reflecting higher average ownership of and higher energy sales at the power businesses, strong volume growth at all toll roads in the Philippines, and steady volume growth and inflationary tariff increases in the water business as well as earnings growth in the hospitals group ■ partly offset by a higher net interest expense at MPIC head office level due to a higher average debt level and higher interest costs in relation to the acquisition of a 25% interest in Beacon Electric in June 2017 ■ power, toll roads, water, and hospitals and others accounted for 55%, 21%, 20% and 4%, respectively, of MPIC’s consolidated profit contribution from operations ■ a 10% increase in contribution from the power business to 5.8 billion pesos (US$111.6 million) resulting from higher average shareholdings in and higher energy sales at Meralco and GBPC ■ a 12% rise in contribution from the toll roads business to 2.3 billion pesos (US$43.7 million) reflecting strong traffic growth at all toll roads in the Philippines and a higher toll rate charged by the North Luzon Expressway (“NLEX”) effective from November 2017 ■ a 15% increase in contribution from the water businesses to 2.1 billion pesos (US$40.5 million) reflecting an increase in billed volumes and inflationary tariff increases effective from April 2017 and January 2018 ■ a 10% increase in contribution from the hospitals business to 338 million pesos (US$6.5 million) reflecting organic growth of patient revenues and contribution from the newly acquired SEHI, partly offset by higher cost of supplies and start-up costs for new service centers ■ a 67% rise in contribution from the rail business to 205 million pesos (US$3.9 million) reflecting higher average daily ridership and advertising income, lower repairs and maintenance expenses, and lower provision for income tax associated with an income tax holiday ■ lower MPIC head office expenses in relation to lower taxes on long-term employee benefits plans ■ partly offset by a start-up loss at the logistics business and a higher MPIC head office interest expense

Consolidated reported net income up 14% to 8.9 billion pesos (US$171.3 million) from 7.8 billion pesos (US$156.3 million)	■ reflecting higher core net income and non-core income ■ non-core income in the first half of 2018 mainly related to foreign exchange gains at the Meralco level, partly offset by higher project costs at the MPIC level
Revenues up 66% to 40.1 billion pesos (US$767.7 million) from 24.1 billion pesos (US$481.4 million)	■ reflecting consolidation of GBPC and revenue growth at all operating companies

Debt Profile

As at 30 June 2018, MPIC reported consolidated debt of 192.1 billion pesos (US$3.6 billion), up 2% from 189.1 billion pesos (US$3.8 billion) as at 31 December 2017, reflecting financing for various projects. Of the total, 96% was denominated in pesos. Fixed-rate loans accounted for 96% of the total and the average interest cost was approximately 6.1%.

Capital Management

Interim Dividend

MPIC's Board of Directors declared an interim dividend of 0.0345 Peso (U.S. 0.06 cent) per share payable on 25 September 2018 to shareholders on record as at 31 August 2018, unchanged from the interim dividend paid in 2017. This interim dividend represents a payout ratio of 13% of core net income, while it was 14% for the same period in 2017.

Additional Investments

On 28 February 2018, MPIC's wholly-owned subsidiary MLCI completed the acquisition of the remaining 24% interest in MMI from Yellowbear Holdings, Inc. for a consideration of 739 million pesos (US$14.2 million).

On 14 May 2018, MPW completed the acquisition of a 45% interest in PNW for a consideration of 272.4 billion Vietnamese dong (US$11.9 million). PNW has a license to supply water in the Chu Lai Open Economic Zone and adjacent areas in Quang Nam province in Vietnam.

On 16 May 2018, MPW officially received from Dumaguete City Water District a Notice of Award for the rehabilitation, operation, maintenance, and expansion of its existing water distribution system and development of wastewater treatment facilities. The estimated project cost for the duration of the 25-year concession is 1.6 billion pesos (US$30.0 million) with an initial equity investment of 700 million pesos (US$13.1 million) in 2018.

On 11 June 2018, MPW completed the acquisition of a 49% interest in TLW for a consideration of 865.6 billion Vietnamese dong (US$38.3 million). TLW is one of the largest water companies in Vietnam, with 310 million liters per day ("MLD") of installed capacity and a billed volume of approximately 103 MLD for the six-month period ended 30 June 2018. TLW has two 50-year build-own-operate concessions (2015-2064 and 2017-2066) for water treatment plants and one 50-year build-own-operate concession (2017-2066) for a sewage treatment plant in Vietnam.

On 14 June 2018, MMI agreed to buy land with an aggregate area of approximately 20 hectares for a consideration of 1.0 billion pesos (US$19.4 million) from The Property Company of Friends, Inc., located in Lancaster Estate, Cavite for development into a distribution facility to support the growth of MMI's logistics business.

On 2 July 2018, MPTC acquired an additional 4.99% interest in PT Nusantara for a consideration of 597 million pesos (US$11.2 million). This transaction increased MPTC's aggregate interest in PT Nusantara to approximately 53.3%. As a result, MPTC is required to conduct a mandatory tender offer in favor of the minority shareholders of PT Nusantara who collectively hold approximately 44.2% of PT Nusantara with the remaining approximately 2.5% held as treasury stock by PT Nusantara. The tender offer price of 211 rupiah per share was approved by the Indonesian Financial Services Authority. The offer period is from 1 August 2018 to 30 August 2018.

Power

Revenues at Meralco increased 7% to 150.5 billion pesos (US$2.9 billion), reflecting 7% growth of both volume of energy sold and pass-through generation charges, and a 5% increase in the number of customers. The volume of electricity sold rose to 21,665 gigawatt hours, led by an increase of approximately 8% in industrial power demand, and 6% growth in each of residential and commercial demand.

Capital expenditure rose 25% to 6.6 billion pesos (US$126.5 million) for capacity expansion and upgrading critical loading of existing facilities. This resulted in improved system reliability, service and infrastructure resilience measurements to levels well above statutory and regulatory benchmarks.

As at 30 June 2018, GBPC and Meralco PowerGen Corporation ("Meralco PowerGen") had a combined power generating capacity of 1,759 megawatts. Meralco PowerGen and GBPC are currently developing several power projects in the Philippines with a total planned capacity of approximately 3,693 megawatts through San Buenaventura Power, Atimonan One Energy, Redondo Peninsula Energy, St. Raphael Power, Mariveles Power Generation Corporation, and ATEC with the first projects coming online in 2019.

Toll Roads

MPTC operates NLEX, the Manila-Cavitex Toll Expressway ("CAVITEX") and the Subic Clark Tarlac Expressway ("SCTEX") in the Philippines, and is a shareholder in PT Nusantara in Indonesia, CII B&R in Vietnam and DMT in Thailand.

In the first half of 2018, revenues rose 14% to 7.4 billion pesos (US$141.6 million) driven by strong traffic growth on all toll roads in the Philippines. Growth in NLEX and SCTEX volumes reflected the integration of these two roads and the opening of additional lanes at NLEX, while the higher traffic volume at CAVITEX was driven by organic growth and tourism in Batangas. As a result, core net income rose 12% to 2.3 billion pesos (US$44.0 million).

Capital expenditure amounted to 3.0 billion pesos (US$58.4 million) mainly reflecting construction of new road projects and expansion of existing roads for NLEX, CAVITEX, NLEX Citi Link, the Cavite-Laguna Expressway and the Cebu Cordova Link Expressway during the period. MPTC plans to spend 122.7 billion pesos (US$2.3 billion) in the Philippines over the next five years to expand existing roads and build new roads in the Philippines, with expected completion between 2019 and 2023.

Tariff adjustments for NLEX, CAVITEX and SCTEX ranging from 20% to 48% under the terms of these road concessions have been delayed since 2012 even as talks continue with the Philippine government's Toll Regulatory Board to resolve these enduring tariff issues. The delay is threatening planned long-term capital expenditure.

Water

Maynilad is the biggest water utility in the Philippines. It operates a concession that runs until 2037 for water distribution and sewerage services for the West Zone of Metro Manila.

In the first half of 2018, Maynilad's average non-revenue water measured at the District Metered Area declined to 31.1% from 32.2% due to continuous leak repairs. Revenues rose 7% to 11.0 billion pesos (US$210.0 million), reflecting a 3% increase in billed water volumes to 261 million cubic meters, and inflationary tariff increases of 1.9% in April 2017 and 2.8% in January 2018.

MPW provides bulk water supplies to water districts in Cebu and Iloilo, and delivers treated water to customers in Laguna. The combined installed capacity reached 179 MLD while the billed volume is 143 MLD.

Maynilad's Tariffs Arbitration

Maynilad is currently in discussions with its regulator, the Metropolitan Waterworks and Sewerage System ("MWSS"), for agreement on Maynilad's business plan for the five-year period of 2018-2022 even as talks with MWSS continue on resolution of a dispute over tariffs for the 2013-2017 period. Maynilad won arbitration of this dispute on 29 December 2014 in Philippine. Next, on 24 July 2017, a three-person Arbitral Tribunal unanimously upheld Maynilad's victory and ordered the Philippine government to pay reimbursement for losses incurred by Maynilad. The Philippine government subsequently applied to the High Court of Singapore to set aside the Arbitration Tribunal's ruling and the court's decision on this matter is expected before the end of 2018.

Despite the delay in the tariff increase it is entitled to, Maynilad remains committed to improving its services to customers. Capital expenditure rose 28% in the first half of 2018 to 6.3 billion pesos (US$120.7 million) to finance building and upgrading reservoirs and pumping stations, pipe laying, and construction of wastewater treatment facilities. Maynilad is building six such sewage treatment facilities for its approximately 1.4 million customers.

Hospitals

MPIC has the largest network of private hospitals in the Philippines with 3,197 beds and 8,243 accredited doctors as at 30 June 2018. The Hospital business comprises 14 full-service hospitals across the Philippines, three primary care clinics, and one cancer center, as well as indirect ownership of two healthcare colleges.

Revenues rose 15% to 12.2 billion pesos (US$233.5 million) in the first half of 2018, reflecting organic growth across all hospitals and contribution from the newly acquired SEHI. The number of inpatients rose 15% to 91,295 and outpatient numbers rose 12% to 1.6 million.

MPHHI is concentrating its growth initiatives on improving and expanding healthcare services and expanding across the Philippines. The initial rollout costs of related programs will lead to higher revenues over the long term and improved cost efficiencies stemming from the resulting synergies created across the hospital network.

Rail

LRMC operates LRT1 in a concession which runs until 2047. In the first half of 2018, revenues rose 4% to 1.6 billion pesos (US$30.5 million) reflecting growth of 4% in average daily ridership to 447,432 and an 8% increase in light rail vehicles to 112 period-on-period.

LRMC has budgeted capital expenditure of 750 million pesos (US$14.4 million) for rail replacement, lining and leveling in a 21-station program expected to be completed by mid-2019. Major improvements have already been seen in passenger safety and LRT1's operational efficiency, resulting in quicker, safer and more comfortable journeys. LRMC is continuing preparations for the LRT1 Cavite Extension, although the schedule for on-site construction will depend on progress in resolving long-overdue tariff increases.

Logistics

This business contributed a loss of 148 million pesos (US$2.8 million) due to higher financing charges, build-up of its head office and support services, and higher depreciation charges relating to increase of its truck fleet. MMI is focusing on expanding its logistics business by increasing its transportation, warehousing and order fulfillment capacity for fast-moving consumer goods clients across the Philippines.

2018 Outlook

Continuing strong economic growth in the Philippines will underpin steady volume growth in water and electricity consumption, rail ridership, toll road traffic and demand in the hospitals and logistics businesses. Progress is hoped for in the various discussions with regulators regarding tariffs and tolls.

FPW / goodman fielder
our homegrown food company

FPW's contribution to the Group increased 56% to US$10.3 million (1H17: US$6.6 million) driven by higher core net income at Goodman Fielder of A$27.8 million (1H17: A$17.8 million), reflecting gains on property sales and higher contributions from the Fiji and Papua New Guinea divisions, partly offset by weaker performances of the Australian and New Zealand divisions.

Sales increased 1% to A$1.0 billion (US$792.3 million) and normalized EBIT was up 31% to A$56.5 million (US$43.3 million). Capital expenditure was down 23% to A$47.7 million (US$36.6 million).

International Business

Goodman Fielder offers a wide range of leading branded consumer food products to consumers in China, Fiji, Indonesia, New Caledonia, Papua New Guinea, the Philippines, Vietnam and other emerging markets in Asia-Pacific under popular brands including Praise, Olive Grove, Meadow Fresh, Meadow Lea, Flame, Tuckers, Crest, White Wings and Pilot.

Sales from the International division rose 11% on healthy growth in most markets, partly offset by a weaker performance in China. Papua New Guinea operations showed significant top-line growth during the period with a 28% increase in sales, followed by sales growth of 15% in Asian emerging markets, 10% in Fiji and 2% in New Caledonia.

In Papua New Guinea, Goodman Fielder improved the flour volumes from last year. The Papua New Guinea business has added a rice category with a new rice processing plant now fully operational in Lae. The business is focusing on cost reduction and efficiency improvements to drive margin growth.

Sales growth of UHT milk and whipping cream to the food service and retail markets across Southeast Asia and Pacific Islands remained strong, particularly in Vietnam.

In Fiji, efficiency gains, higher sales of poultry products and higher operating capacity drove this market's stronger performance.

New Zealand Business

Goodman Fielder has 11 manufacturing facilities in New Zealand producing a broad range of high-quality dairy, baking and grocery products. It also exports Meadow Fresh UHT milk and other dairy products to its International markets.

In the first half of 2018, New Zealand's sales declined 2% mainly reflecting lower sales of baking loaf and in-store bakery and private label dairy products, partly offset by higher sales of oils and dressings. Branded fresh milk market share continues to perform strongly.

New products launched in the first half of 2018 included Yoghurt Pouches, Specialty Cheese overseas range, Edmonds Donut Bites and Puhoi Authentic Greek Yoghurt.

During the period, Goodman Fielder spent approximately A$12 million (US$9.2 million) on production consolidation and expansion, and efficiency improvements at its Quality Bakers Auckland and Meadow Fresh Christchurch sites under a wider optimization strategy for its manufacturing network. The project involved the relocation of pie production from the Irvines facility at Wiri to the Palmerston North facility, and the transfer of production of garlic bread and other baked goods from the Hot Plate bakery at East Tamaki to Quality Bakers in Auckland. This project was completed in July 2018.

Australia Business

In Australia, Goodman Fielder's branded products under Meadow Lea, Praise, White Wings, Pampas, Helga's and Wonder White labels remained popular with strong market shares.

However, sales in both the baking and grocery businesses weakened slightly as a result of increased competition in branded products in addition to a reduction in private label loaf sales. Goodman Fielder is continuing to focus on network optimization to increase efficiencies in its daily fresh and grocery products businesses. It also launched a diverse range of new products in the first half of 2018 including a new range of gluten-free loaf and rolls products, and new products in the dressings and mayonnaise range. Goodman Fielder also expanded its product portfolio in the Mexican category and in ingredients.

Goodman Fielder's bread manufacturing optimization program in Southeast Queensland and Western Australia has been completed, reducing its number of bakeries in Australia to nine from 14 in 2017.

Debt Profile

As at 30 June 2018, Goodman Fielder's net debt stood at A$585.3 million (US$433.6 million) with maturities ranging from September 2018 to December 2022. 54% of borrowings are fixed as at 30 June 2018. A US dollar-denominated loan of US$143.0 million was hedged to A$167.9 million and an Australian dollar-denominated loan of A$50.0 million was hedged to NZ$54.4 million. Borrowings are funded by a range of domestic and international banks and debt investors. Interest expense in the first half of 2018 rose 17% to A$19.0 million (US$14.6 million).

2018 Outlook

In the International business, strong sales growth is expected to continue in most markets, led by Fiji and Papua New Guinea. In New Zealand, sales are expected to improve in the second half of 2018 owing to favorable seasonal impacts (Christmas phasing), although margins in the Baking and Dairy operations will be impacted by higher wheat and milk costs. In Australia, efficiency projects, enhanced production capabilities and grocery product launches are expected to improve operating margins and competitiveness.

Increases in the cost of wheat, energy and farm gate milk have had a material impact on 2018 earnings in all markets compared to the previous year.

PHILEX MINING CORPORATION

Philex's natural resources portfolio as at 29 August 2018 comprises:

Philex for metal-related assets

- 100.0% of Padcal mine
- 100.0% of Silangan Mindanao Exploration Co., Inc. ("SMECI")
- 100.0% of Silangan Mindanao Mining Co., Inc. ("Silangan project")
- 100.0% of Philex Gold Philippines, Inc.
- 99.0% of Lascogon Mining Corporation
- 5.0% of Kalayaan Copper Gold Resources, Inc.

PXP Energy Corporation ("PXP")* for energy- and hydrocarbon-related assets

- 75.9%† of Forum Energy Limited ("Forum") which owns 70.0% of Service Contract ("SC") 72 and a 2.3% interest in the Galoc oil field (SC 14C-1), both assets are located in the West Philippine Sea, and a 66.7% interest in SC 40 is located in North Cebu Island
- 53.4% of Pitkin Petroleum Limited which owns 25.0% of Peru Block Z-38, an oil and gas exploration asset located in offshore Peru
- 50.0% of SC 75 and 70.0% of SC 74, both located in Northwest Palawan Island

* 19.8% held by Philex, 25.0% held by First Pacific and 7.7% held by Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific.

† 72.2% held directly by PXP and 6.8% held by PXP's 55.0%-owned subsidiary FEC Resources, Inc., for a total effective interest of 75.9% held by PXP.

Philex's contribution to the Group declined 33% to US$4.1 million (1H17: US$6.1 million), reflecting lower metal production partly offset by higher realized metal prices. The average realized price of copper rose 17% to US$3.11 per pound and of gold 4% to US$1,314 per ounce.

Total ore milled increased 6% to 4.4 million tonnes, reflecting the recovery from production difficulties associated with premature wear and tear on equipment last year. During the period under review, the gold grade at Padcal averaged 0.321 grams per tonne (1H17: 0.399 grams per tonne), while the average copper grade was 0.186% (1H17: 0.199%). Metal volume resulting from higher tonnage milled fell from a year earlier owing to lower grades as well as lower metal recoveries. Accordingly, gold production fell 20% to 34,583 ounces and copper production declined 6% to 14.1 million pounds.

Core net income down 14% to 646 million pesos (US$12.4 million) from 748 million pesos (US$14.9 million)	■ reflecting lower metal production, higher depreciation and amortization and increased excise tax rate to 4% from 2% of net revenues ■ partly offset by higher tonnage and metal prices, and lower cash production cost
Net income down 23% to 552 million pesos (US$10.6 million) from 719 million pesos (US$14.4 million)	■ reflecting lower core net income ■ higher foreign exchange losses
Revenue down 2% to 4.6 billion pesos (US$89.0 million) from 4.8 billion pesos (US$95.1 million)	■ reflecting lower metal output due to lower ore grades and recoveries ■ partly offset by higher tonnage, higher realized metal prices and strengthening of the US dollar versus the Philippine peso ■ revenues from gold, copper and silver contributed 51%, 48% and 1% of the total, respectively

EBITDA down 5% to 1.7 billion pesos (US$33.2 million) from 1.8 billion pesos (US$36.0 million)	■ reflecting lower revenue and higher excise tax rate ■ partly offset by lower cash production cost resulting from renegotiated power rates
Operating cost per tonne of ore milled down 4% to 817 pesos (US$15.7) from 851 pesos (US$17.0)	■ due to lower cash production cost ■ partly offset by higher depreciation and amortization arising from the 6% increase in tonnage
Capital expenditure (including exploration costs) down 20% to 898 million pesos (US$17.2 million) from 1.1 billion pesos (US$22.0 million)	■ reflecting lower capital expenditures for the Silangan project ■ partly offset by the increase in mineral exploration costs within the vicinity of Padcal mine

The mine life of Philex's major operating metal asset Padcal mine was extended to 2022 in October 2015 with the declaration of additional reserves.

Debt Profile

During the period, Philex repaid US$10 million of outstanding short-term bank debts. As at 30 June 2018, it had 843 million pesos (US$15.8 million) of cash and cash equivalents, and 9.2 billion pesos (US$172.6 million) of borrowings, comprising bonds and short-term bank loans. Short-term bank debt declined 15% from year-end 2017 to 2.1 billion pesos (US$39.0 million).

Capital Management

Interim Dividend

Philex's Board of Directors declared on 25 July 2018 an interim cash dividend of 0.035 peso (US 0.066 cent) per share payable on 24 August 2018 to shareholders on record as at 8 August 2018.

Silangan Project

The gold and copper project is located in Surigao del Norte, Northeastern Mindanao in the Philippines. The project has secured and currently maintains all major permits from the Department of Environment and Natural Resources ("DENR") including environmental compliance certificate, a tree-cutting permit and approved Declaration of Mining Project Feasibility.

The DENR Administrative Order ("DAO") 2017-10 banning the use of open-cast mining in the Philippines remains in effect. Under the Philippine Mining Act of 1995, surface mining such as open-cast mining is allowed in the Philippines.

Philex is studying new options for developing this project including underground mining, and is expected to complete a prefeasibility study by the last quarter of 2018.

PXP

During the period, petroleum revenues rose 27% to 67 million pesos (US$1.3 million) as a result of higher crude oil prices. Costs and expenses increased 42% to 110 million pesos (US$2.1 million) reflecting higher depletion charges in SC 14C-1 Galoc and plugging and decommissioning of old SC 14 production wells was partly offset by lower overhead from cost control initiatives. Reported net loss rose 91% to 33 million pesos (US$0.6 million), reflecting decommissioning costs and higher depletion of SC 14C-1, partly offset by higher petroleum revenues.

SC 72

The property covered by SC 72 is located in the Reed Bank (Recto Bank) which lies within the Philippines' Exclusive Economic Zone ("EEZ"). Its second sub-phase of exploration activities is currently suspended due to a force majeure imposed since 15 December 2014.

On 12 July 2016, the Permanent Court of Arbitration made a favorable decision confirming that PXP's service contracts, particularly SC 72, are within the Philippine's EEZ. PXP, through Forum, will take guidance from the Philippine Government in respect of any future activity in SC 72 and other areas covered by the court's decision. Upon the lifting of the force majeure, Forum will have 20 months to drill two wells as required by its license for SC 72.

In Manila on 13 February 2018, the Philippines and China held their second Bilateral Consultation Meeting on their territorial dispute over the West Philippine Sea. The two countries have agreed to set up a special panel to discuss joint exploration for oil and gas in the disputed waters while sidestepping the question of sovereignty. In addition, they reaffirmed the importance of maintaining and promoting peace and stability, freedom of navigation in and over the territory, freedom of international commerce, and other peaceful uses of the sea. Finally, the two countries agreed to address territorial and jurisdictional disputes via peaceful means, without resorting to the threat or use of force, through friendly consultations and negotiations by the sovereign states directly concerned, in accordance with universally recognized principles of international law, including the Charter of the United Nations and the 1982 UN Convention on the Law of the Seas.

The third Bilateral Consultation Meeting is planned for the second half of 2018 in China.

SC 75

The property covered by SC 75 is located in Northwest Palawan. It has been under force majeure since 27 December 2015. Upon the lifting of the force majeure, PXP will have 18 months to obtain 1,000 square kilometers of 3D seismic data for sub-phase 2 of its service contract.

PXP will continue to coordinate with the Philippine Department of Energy on the lifting of force majeure for both SC 72 and SC 75.

Others

In April 2018, SC 40 North Cebu completed a detailed land gravity survey in the towns of Medellin and Daanbantayan in northern Cebu with a total of 94 stations acquired. The survey was composed of two parts: (1) an east-west traverse across Cebu Island aimed at acquiring more information on the structural geology of northern Cebu; and (2) a gridded survey in the Dalingding area to further delineate a gravity high identified in previous gravity surveys. Processing and interpretation of the gravity data are underway and will be completed by the end of 2018.

In 2018, SC 14C-1 Galoc Field plans to produce approximately 1.3 million barrels of oil through four liftings. A total of 1,066,075 barrels have been lifted as of August 2018 following completion of three liftings in January, May and August 2018.

Philodrill Corporation, the SC 14C-2 West Linapacan operator, continues to analyze 3D seismic data that were reprocessed in 2014. A drilling engineer was recently contracted to study the viability of re-opening the old West Linapacan wells to gather reservoir data and to perform extended well tests. These wells were closed in 1996.

At SC 74 Linapacan Block, the gravity model was completed and will be reviewed by the technical contractor. Fieldwork in the Calamian Islands was conducted in June 2018, while engineering and economic studies of the Linapacan A and B Fields continue. The reprocessing of selected 2D seismic lines is being considered for the third quarter of 2018.

Peru Block Z-38 has been under force majeure since 1 September 2013. Upon the lifting of the force majeure, the joint venture composed of Pitkin and Karoon Gas Australia Ltd. ("Karoon") will have 22 months to complete the required work for the third exploration period of this project. In January 2018, Karoon agreed on the financial participation of Tullow Oil Plc. (UK) ("Tullow") for drilling the Marina-1 well while Karoon remains the project's operator. Upon Peruvian government approval of this arrangement, the economic interests of Pitkin, Tullow and Karoon in Marina-1 will be 25%, 35% and 40%, respectively. The drilling of Marina-1 is expected in 2019. Pitkin is no longer required to share the costs of Marina-1 and the second well under a separate farm-in agreement signed with the Karoon in 2009.

2018 Outlook

Engineers at the Padcal mine are working to improve recoveries of gold and copper in the milling process while inside the mine work continues to improve grades of mined ore. Exploration in the environs of Padcal continue with drilling activity to the north, south and northwest of the current mine while preparations continue for mining ore at new mine level 634 ML going forward. Outside the mine, engineers are examining expansion of two tailings storage facilities to extend Padcal's mine life beyond its currently scheduled expiration of 2022. In Mindanao at the Silangan project, studies are underway to explore the feasibility of developing the project as an underground mine using a different method compared to what was conceptualized at the start.

FPM Power / PacificLight

First Pacific holds a 70% interest in PLP through a 60/40-owned entity with Meralco PowerGen. PLP is the first power plant in Singapore fueled solely by liquefied natural gas and is equipped with some of the most modern and efficient facilities for power generation. The plant's fuel is provided by Shell Gas under a long-term agreement through the SLNG Terminal developed by the Singaporean Government.

First Pacific's share of FPM Power's loss narrowed 13% to US$3.4 million in the first half of 2018, reflecting a lower core loss at PLP, partly offset by a 4.9% appreciation of the average Singapore dollar exchange rate against the US dollar.

In the first half of 2018, the plant's system availability remained high at 91.9% and the heat rate exceeded its target level by 0.4%. Unit 10 has operated without a single incident of forced outage for 24 months and Unit 20, 16 months.

During the period, the volume of electricity sold increased 4% to 2,504 gigawatt hours, of which 90% was for retail, vesting contracts, futures and contracts for difference sales, and the remaining 10% was for pool market sales. PLP's generation market share for the period was approximately 9.6%.

Core net loss down 38% to S$21.9 million (US$16.5 million) from S$35.6 million (US$25.5 million)	■ reflecting higher contribution from an improved non-fuel margin for pool market sales following an increase in pool prices ■ lower interest expense on shareholder loans ■ partly offset by higher maintenance expenses related to a major overhaul of Unit 20 in March and April 2018
Net loss up 27% to S$36.7 million (US$27.6 million) from S$28.9 million (US$20.7 million)	■ reflecting foreign exchange losses on US dollar-denominated shareholder loans versus gains in 2017 ■ higher provision for onerous contracts ■ partly offset by a lower core net loss
Revenues up 19% to S$462.1 million (US$347.7 million) from S$386.9 million (US$277.5 million)	■ reflecting a higher average selling price per unit of electricity sold due to higher fuel costs ■ higher sales volume in the retail market
Operating expenses up 3% to S$11.1 million (US8.4 million) from S$10.8 million (US$7.7 million)	■ reflecting higher marketing and distribution expenses ■ partly offset by lower staff costs
EBITDA down 26% to S$10.4 million (US$7.8 million) from S$14.0 million (US$10.0 million)	■ reflecting higher maintenance expenses related to the major overhaul of Unit 20 in March and April 2018 ■ higher provision for onerous contracts ■ partly offset by higher revenues

Debt Profile

As at 30 June 2018, FPM Power's net debt stood at US$491.0 million while gross debt stood at US$553.4 million with 20% maturing within one year and the remaining borrowings maturing up to 2021. All of the borrowings were floating-rate bank loans, with 46% effectively hedged to fixed-rate borrowings through interest rate swap arrangements.

2018 Outlook

Though the first half witnessed demand growth of 2.8% from the same period of last year, there remains meaningful oversupply in the electricity market and competition will continue to be robust. PLP will leverage its efficiency advantage, high reliability and operational flexibility to defend its market position while it seeks to keep costs down.

FP Natural Resources / RHI

ROXAS HOLDINGS, INC.

First Pacific and its indirect agribusiness subsidiary IndoAgri, through a 70/30-owned entity FP Natural Resources and a Philippine affiliate, have an aggregate 62.9% interest in RHI.

In the first half of 2018, First Pacific's share of FP Natural Resources' contribution to the Group decreased 42% to US$0.7 million (1H17: US$1.2 million). RHI recorded a profit contribution of US$0.7 million (1H17: US$2.2 million), reflecting lower core net income arising from higher fuel costs and lower sales volumes of premium raw sugar and raw sugar, partly offset by higher sales volumes of refined sugar and ethanol.

Together with its associate Hawaiian-Philippine Company, Inc. ("HPC"), RHI is one of the largest integrated sugar producers in the Philippines, accounting for 17% of domestic sugar production. Its three sugar mills in Batangas and Negros Occidental have combined milling capacity of 36,000 tonnes of sugar cane per day, and the refinery facility in Batangas has capacity of 18,000 LKg per day (one LKg is equal to one 50-kilogram bag of sugar). RHI also has two ethanol plants in Negros Occidental with daily production capacity of 285,000 liters.

RHI's sugar business milled 2.1 million tonnes of cane in the first six months of 2018, down 22% from a year earlier. During the period, RHI sold from inventory and current production: 1.7 million LKg (1H17: 1.3 million LKg) of refined sugar; 0.9 million LKg (1H17: 1.2 million LKg) of raw sugar; and 22,000 LKg (1H17: 111,757 LKg) of premium raw sugar. Ethanol sales rose 19% to 41.2 million liters (1H17: 34.7 million liters) owing to improved production efficiency.

Core/reported net income down 61% to 113 million pesos (US$2.2 million) from 287 million pesos (US$5.7 million)	■ reflecting higher fuel costs ■ lower sales volumes of premium raw sugar and raw sugar ■ partly offset by higher sales volumes of refined sugar and ethanol, and higher average selling prices of sugar products
Revenue up 7% to 6.9 billion pesos (US$132.6 million) from 6.5 billion pesos (US$129.4 million)	■ driven by higher sales volumes of refined sugar and ethanol ■ higher average selling prices of sugar products ■ partly offset by lower sales volumes of raw sugar and premium raw sugar
Operating expenses up 3% to 456 million pesos (US$8.7 million) from 444 million pesos (US$8.9 million)	■ reflecting higher staff costs
EBITDA down 15% to 877 million pesos (US$16.8 million) from 1.0 billion pesos (US$20.0 million)	■ reflecting decline in gross margins due to higher fuel costs ■ partly offset by higher revenue
EBITDA margin to 12.7% from 15.9%	■ reflecting lower EBITDA

Debt Profile

As at 30 June 2018, long-term debt of RHI stood at 5.1 billion pesos (US$96.0 million) with maturities up until August 2024 at an annual interest rate of approximately 4.5%. Short-term debt stood at 5.7 billion pesos (US$106.2 million) with an average interest rate of approximately 4.0%.

2018 Outlook

RHI expects stronger results in its ethanol business owing to improved production efficiencies.

Financial Review

Liquidity and Financial Resources

Net Debt and Gearing

(A) Head Office Net Debt

The increase in net debt mainly reflects the payments for additional investments in Goodman Fielder and PLP as well as additional borrowings to finance the premium and costs for bond tender and debt refinancing. The Head Office's borrowings at 30 June 2018 comprise bonds of US$996.0 million (with an aggregated face value of US$1,000.7 million) which are due for redemption between June 2019 and May 2025 and bank loans of US$642.2 million (with a principal amount of US$650.0 million) which are due for repayment between March 2021 and June 2024.

Changes in Head Office Net Debt

US$ millions	Borrowings	Cash and cash equivalents[i]	Net debt
At 1 January 2018	1,612.5	(90.7)	1,521.8
Movement	25.7	26.0	51.7
At 30 June 2018	**1,638.2**	**(64.7)**	**1,573.5**

(i) Includes restricted cash as at 30 June 2018 of US$0.1 million (31 December 2017: US$0.1 million)

Head Office Free Cash Flow[ii]

For the six months ended 30 June US$ millions	**2018**	2017
Dividend and fee income[iii]	**137.6**	123.6
Less: Indofood dividend received on 5 July 2018/6 July 2017[iii]	**(70.1)**	(68.6)
Cash dividend and fee income	**67.5**	55.0
Head Office overhead expense	**(11.7)**	(12.6)
Net cash interest expense	**(33.9)**	(40.7)
Tax paid	**(3.5)**	–
Net Cash Inflow from Operating Activities	**18.4**	1.7
Net investments[iv]	**(20.7)**	(10.1)
Financing activities		
– Distributions paid	**(30.4)**	(30.5)
– New borrowings/(repayments of loans), net	**8.7**	(173.7)
– Others[v]	**(2.0)**	34.5
Decrease in Cash and Cash Equivalents	**(26.0)**	(178.1)
Cash and cash equivalents at 1 January	**90.6**	236.5
Cash and Cash Equivalents at 30 June	**64.6**	58.4

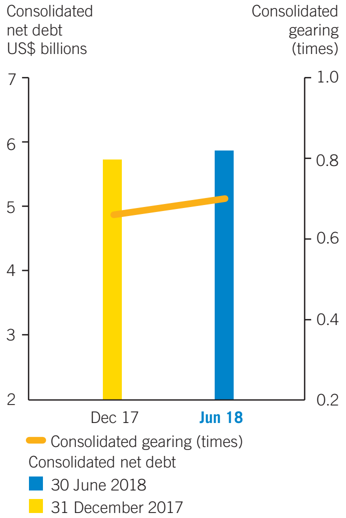
(ii) Excludes restricted cash and pledged deposits as at 30 June 2018 and 1 January 2018 of US$0.1 million (30 June 2017: US$9.1 million and 1 January 2017: US$11.7 million)

(iii) 1H18's dividend and fee income includes Indofood's 2017 final dividend of US$70.1 million which was received on 5 July 2018 (1H17: 2016 final dividend of US$68.6 million received on 6 July 2017).

(iv) 1H18's net investments principally represents the investments in Goodman Fielder and PLP.

(v) Mainly payments to the trustee for share purchase scheme in 1H18 (1H17: mainly proceeds from issuance of shares upon the exercise of share options)

Consolidated Net Debt and Gearing



(B) Group Net Debt and Gearing

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

Consolidated

US$ millions	At 30 June 2018 Net debt(i)	Total equity	Gearing(ii) (times)	At 31 December 2017 Net debt(i)	Total equity	Gearing(ii) (times)
Head Office	**1,573.5**	**1,800.6**	**0.87x**	1,521.8	1,837.7	0.83x
Indofood	**809.5**	**3,289.4**	**0.25x**	784.6	3,485.2	0.23x
MPIC	**2,803.6**	**4,220.4**	**0.66x**	2,717.4	4,302.5	0.63x
FPM Power	**491.0**	**403.1**	**1.22x**	509.1	398.1	1.28x
FP Natural Resources	**193.4**	**185.7**	**1.04x**	198.5	197.2	1.01x
Group adjustments(iii)	**–**	**(1,456.3)**	**–**	–	(1,478.2)	–
Total	**5,871.0**	**8,442.9**	**0.70x**	5,731.4	8,742.5	0.66x

Associated Companies and Joint Venture

US$ millions	At 30 June 2018 Net debt(i)	Total equity	Gearing(ii) (times)	At 31 December 2017 Net debt(i)	Total equity	Gearing(ii) (times)
PLDT	**2,464.3**	**2,203.9**	**1.12x**	2,798.0	2,223.1	1.26x
FPW	**433.2**	**994.0**	**0.44x**	457.9	1,005.0	0.46x
Philex	**156.8**	**471.0**	**0.33x**	176.5	495.3	0.36x

(i) Includes short-term deposits and restricted cash
(ii) Calculated as net debt divided by total equity
(iii) Group adjustments mainly represent elimination of goodwill arising from acquisitions prior to 1 January 2001 against the Group's retained earnings and other standard consolidation adjustments to present the Group as a single economic entity.

Head Office's gearing increased mainly because of an increase in its net debt reflecting the payments for additional investments in Goodman Fielder and PLP as well as additional borrowings to finance the premium and cost for bond tender and debt refinancing, coupled with a decrease in its equity reflecting its payment for the Company's 2017 final distributions.

Indofood's gearing increased because of a decrease in its equity reflecting its 2017 final dividend declared and a depreciation of the rupiah against U.S. dollar, partly offset by its profit recorded during the period, coupled with an increase in its net debt as a result of its consolidation of AIBM and payments for capital expenditure, partly offset by its operating cash inflow and a depreciation of the rupiah against U.S. dollar during the period.

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

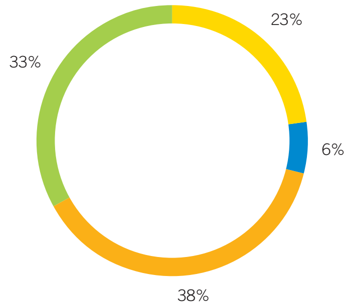
FPM Power's gearing decreased mainly because of a decrease in its net debt as a result of the depreciation of the S$ against the U.S. dollar during the period, coupled with an increase in PLP's equity reflecting the capital injections from shareholders.

FP Natural Resources' gearing increased because of a decrease in its equity as a result of the depreciation of the peso against U.S. dollar during the period, partly offset by a decrease in its net debt as a result of the depreciation of the peso against U.S. dollar during the period, despite RHI's operating cash outflow and payments for capital expenditure.

The Group's gearing increased to 0.70 times which reflects a decrease in the Group's equity as a result of the depreciation of the rupiah and peso against U.S. dollar during the period, despite the Group's profit recorded during the period, coupled with a higher net debt level mainly as a result of Indofood's consolidation of AIBM and MPIC's and Indofood's payments for capital expenditure.

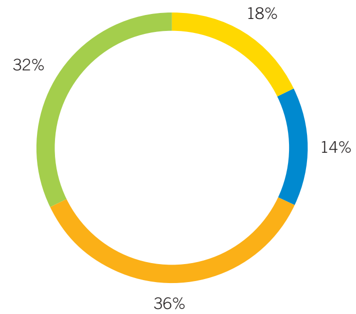
PLDT's gearing decreased because of a decrease in its net debt mainly reflecting the proceeds from sale of Rocket Internet shares and discounted receivables from MPIC for its disposal of 50% interest in Beacon Electric, partly offset by a decrease in equity as a result of dividends paid and a deprecation of the peso against U.S. dollar, despite its profit recorded during the period. FPW's gearing decreased mainly because of a decrease in its net debt reflecting its operating cash inflow and capital injections from shareholders, partly offset by its payments for capital expenditure. Philex's gearing decreased mainly because of a decrease in its net debt reflecting its operating cash inflow, partly offset by its payments for capital expenditure.

Maturity Profile of Consolidated Debt 30 June 2018



US$ millions	
Within one year	1,832.2
One to two years	432.7
Two to five years	2,961.1
Over five years	2,562.0
Total	**7,788.0**

Maturity Profile of Consolidated Debt 31 December 2017



US$ millions	
Within one year	1,460.4
One to two years	1,086.5
Two to five years	2,845.2
Over five years	2,577.6
Total	**7,969.7**

Maturity Profile

The maturity profile of debt of consolidated and associated companies and joint venture follows.

Consolidated

	Carrying amounts		Nominal values	
US$ millions	**At 30 June 2018**	At 31 December 2017	**At 30 June 2018**	At 31 December 2017
Within one year	**1,832.2**	1,460.4	**1,830.0**	1,448.2
One to two years	**432.7**	1,086.5	**430.8**	1,076.9
Two to five years	**2,961.1**	2,845.2	**2,975.5**	2,849.5
Over five years	**2,562.0**	2,577.6	**2,569.2**	2,586.2
Total	**7,788.0**	7,969.7	**7,805.5**	7,960.8

The change in the Group's debt maturity profile from 31 December 2017 to 30 June 2018 mainly reflects a shift in long-term borrowings among the different maturity periods for Head Office, Indofood and MPIC, Head Office's repurchase of bonds and net new bank borrowings, Indofood's consolidation of AIBM and MPIC's new long-term borrowings and repayments of short-term borrowings.

Associated Companies and Joint Venture

US$ millions	PLDT Carrying amounts At 30 June 2018	PLDT Carrying amounts At 31 December 2017	PLDT Nominal values At 30 June 2018	PLDT Nominal values At 31 December 2017	FPW Carrying amounts At 30 June 2018	FPW Carrying amounts At 31 December 2017	FPW Nominal values At 30 June 2018	FPW Nominal values At 31 December 2017	Philex Carrying amounts At 30 June 2018	Philex Carrying amounts At 31 December 2017	Philex Nominal values At 30 June 2018	Philex Nominal values At 31 December 2017
Within one year	**205.3**	299.5	**207.8**	302.5	**183.0**	345.2	**183.0**	345.5	**39.0**	49.0	**39.0**	49.0
One to two years	**384.6**	400.7	**386.4**	402.7	**–**	0.3	**–**	0.3	**–**	–	**–**	–
Two to five years	**1,058.8**	1,142.2	**1,061.9**	1,146.0	**406.4**	222.6	**408.2**	224.5	**133.6**	139.2	**135.0**	144.2
Over five years	**1,797.3**	1,614.6	**1,799.1**	1,616.4	**–**	–	**–**	–	**–**	–	**–**	–
Total	**3,446.0**	3,457.0	**3,455.2**	3,467.6	**589.4**	568.1	**591.2**	570.3	**172.6**	188.2	**174.0**	193.2

The change in PLDT's debt maturity profile from 31 December 2017 to 30 June 2018 mainly reflects new borrowings arranged to finance capital expenditure and/or refinance its loan obligations which were utilized for service improvements and expansion programs and loan repayments. The increase in FPW's debt mainly reflects its new long-term borrowings to finance its capital expenditure and refinance its short-term borrowings. The decrease in Philex's debt mainly reflects loan repayments.

Charges on Group Assets

At 30 June 2018, certain bank and other borrowings were secured by the Group's property, plant and equipment, accounts receivable, cash and cash equivalents and inventories amounting to a net book value of US$2,163.0 million (31 December 2017: US$2,172.9 million), receipts from future toll collections and funds in the related accounts of CIC and the interests of the Group's 12% (31 December 2017: 12%) in PLDT, 56% (31 December 2017: 56%) in GBPC, 5% (31 December 2017: 13.1%) in Meralco, 100% (31 December 2017: 100%) in CIC, 100% (31 December 2017: 100%) in AIF Toll Road Holdings (Thailand) Limited, 29.5% (31 December 2017: 29.5%) in DMT, 70% (31 December 2017: 70%) in PLP, 93.7% (31 December 2017: 93.7%) in San Carlos Bioenergy, Inc. and 45.1% (31 December 2017: 45.1%) in HPC.

Financial Risk Management

Foreign Currency Risk

(A) Company Risk

As the Head Office debts are currently denominated in U.S. dollars, foreign currency risk relates mainly to the receipt of cash dividends and to the translation of non-U.S. dollar denominated investments in subsidiary and associated companies and joint ventures.

The Company actively reviews the potential benefits of hedging based on forecast dividend flows and enters into hedging arrangements (including the use of forward exchange contracts) for managing its foreign currency exposure in respect of dividend income and payments in foreign currency on a transactional basis. However, the Company does not actively seek to hedge risks arising on the translation of foreign currency denominated investments due to (i) the non-cash nature of such exposure until the values of the investments are realized and (ii) the high costs associated with such hedging. Accordingly, the Company is exposed to the impact of foreign currency fluctuations on the translated U.S. dollar value of its foreign currency denominated investments.

With the exception of the Head Office, the principal components of the Group's NAV mainly relate to investments denominated in the rupiah and the peso. Accordingly, any change in these currencies, against their respective 30 June 2018 exchange rates, would have an effect on the Group's NAV in U.S. dollar terms.

The following table illustrates the estimated effect on the Group's adjusted NAV for a one per cent change of the rupiah and peso exchange rates against the U.S. dollar.

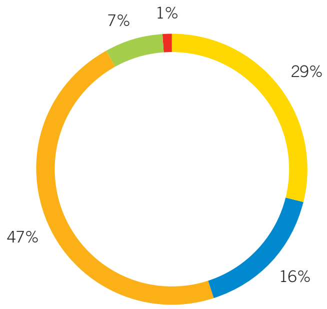
Company	Basis	Effect on adjusted NAV US$ millions	Effect on adjusted NAV per share HK cents
Indofood	(i)	20.3	3.65
PLDT	(i)	13.4	2.40
MPIC	(i)	11.4	2.05
Philex	(i)	1.9	0.35
PXP	(i)	1.1	0.21
FP Natural Resources	(ii)	0.4	0.08
Head Office – Other assets	(iii)	0.9	0.17
Total		**49.4**	**8.91**

(i) Based on quoted share prices at 30 June 2018 applied to the Group's economic interests
(ii) Based on quoted share price of RHI at 30 June 2018 applied to the Group's economic interest
(iii) Represents the carrying amount of SMECI's convertible notes ("SMECI's notes")

(B) Group Risk

The results of the Group's operating entities are denominated in local currencies, principally the rupiah, the peso, A$ and S$, which are translated and consolidated to give the Group's results in U.S. dollars.

Analysis of Consolidated Total Borrowings by Currency



	US$ millions
US$	2,259.8
Rupiah	1,254.4
Peso	3,659.6
S$	553.4
Others	60.8
Total	**7,788.0**

Net Debt by Currency

It is often necessary for operating entities to borrow in U.S. dollars, which results in the risk of a translation impact on local currency results. A summary of consolidated and associated companies' and joint venture's net debt by currency follows.

Consolidated

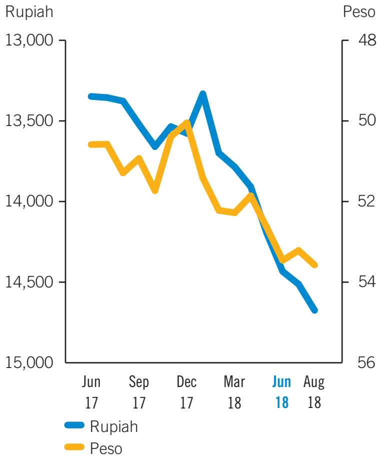
US$ millions	US$	Rupiah	Peso	S$	Others	Total
Total borrowings	2,259.8	1,254.4	3,659.6	553.4	60.8	**7,788.0**
Cash and cash equivalents[(i)]	(362.7)	(729.1)	(738.5)	(71.2)	(15.5)	**(1,917.0)**
Net Debt	1,897.1	525.3	2,921.1	482.2	45.3	**5,871.0**
Representing:						
Head Office	1,587.8	–	(11.9)	–	(2.4)	**1,573.5**
Indofood	242.9	561.1	–	(10.0)	15.5	**809.5**
MPIC	70.7	(35.8)	2,736.5	–	32.2	**2,803.6**
FPM Power	(1.2)	–	–	492.2	–	**491.0**
FP Natural Resources	(3.1)	–	196.5	–	–	**193.4**
Net Debt	1,897.1	525.3	2,921.1	482.2	45.3	**5,871.0**

Associated Companies and Joint Venture

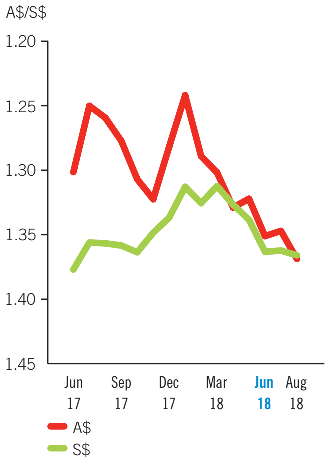
US$ millions	US$	Peso	A$	NZ$	Others	Total
Net Debt/(Cash)						
PLDT	(77.8)	2,594.5	–	–	(52.4)	**2,464.3**
FPW	140.9	(0.6)	235.1	115.6	(57.8)	**433.2**
Philex	28.5	128.3	–	–	–	**156.8**

(i) Includes short-term deposits and restricted cash

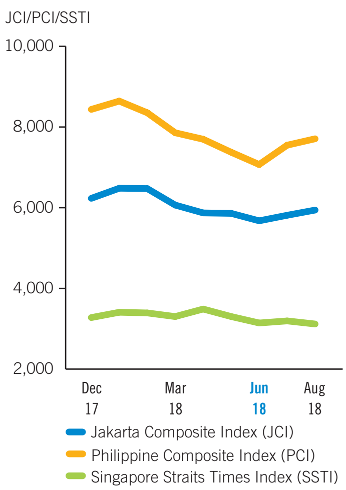
Rupiah and Peso Closing Rates against the U.S. Dollars



Australian Dollars and Singapore Dollars Closing Rates against the U.S. Dollars



Stock Market Indices



As a result of unhedged U.S. dollar net debt/(cash), the Group's results are sensitive to fluctuations in U.S. dollar exchange rates. The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in the principal operating currencies of subsidiary and associated companies and joint venture. This does not reflect the indirect effect of fluctuating exchange rates on revenues and input costs at the operating company level.

US$ millions	Total US$ exposure	Hedged amount	Unhedged amount	Profit effect of 1% change in currency	**Group net profit effect**
Head Office[i]	1,587.8	–	1,587.8	–	**–**
Indofood	242.9	–	242.9	2.4	**0.9**
MPIC	70.7	–	70.7	0.7	**0.2**
FPM Power	(1.2)	–	(1.2)	–	**–**
FP Natural Resources	(3.1)	–	(3.1)	–	**–**
PLDT	(77.8)	(48.0)	(125.8)	(1.3)	**(0.2)**
FPW	140.9	(143.0)	(2.1)	–	**–**
Philex	28.5	–	28.5	0.3	**0.1**
Total	**1,988.7**	**(191.0)**	**1,797.7**	**2.1**	**1.0**

(i) As the Group reports its results in U.S. dollars, unhedged U.S. dollar net debt at Head Office does not give rise to any significant exchange exposure.

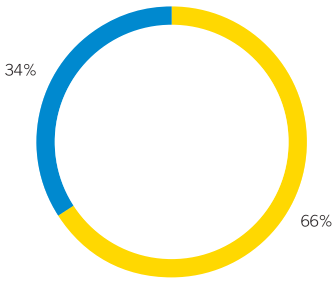
Equity Market Risk

As the majority of the Company's investments are listed, the Company is exposed to fluctuations in the equity market values of such investments. In addition, the value of the Company's investments may be impacted by sentiment towards specific countries.

First Pacific's listed investments are located in Indonesia, the Philippines and Singapore. 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 these countries. Changes in the stock market indices of Indonesia, the Philippines and Singapore are summarized as follows:

	Jakarta Composite Index	**Philippine Composite Index**	**Singapore Straits Times Index**
At 31 December 2017	6,335	8,558	3,403
At 30 June 2018	**5,799**	**7,194**	**3,269**
Decrease during the first half of 2018	-8.5%	-15.9%	-3.9%

Interest Rate Profile



	US$ millions
Fixed	5,133.0
Variable	2,655.0
Total	**7,788.0**

Interest Rate Risk

The Company and its operating entities are exposed to changes in interest rates to the extent that they impact the cost of variable interest rate borrowings. An analysis of this for consolidated and associated companies and joint venture follows.

Consolidated

US$ millions	Fixed interest rate borrowings[i]	Variable interest rate borrowings[i]	Cash and cash equivalents[ii]	**Net debt**
Head Office	996.0	642.2	(64.7)	**1,573.5**
Indofood	277.0	1,515.4	(982.9)	**809.5**
MPIC	3,457.4	144.4	(798.2)	**2,803.6**
FPM Power	254.9	298.5	(62.4)	**491.0**
FP Natural Resources	147.7	54.5	(8.8)	**193.4**
Total	5,133.0	2,655.0	(1,917.0)	**5,871.0**

Associated Companies and Joint Venture

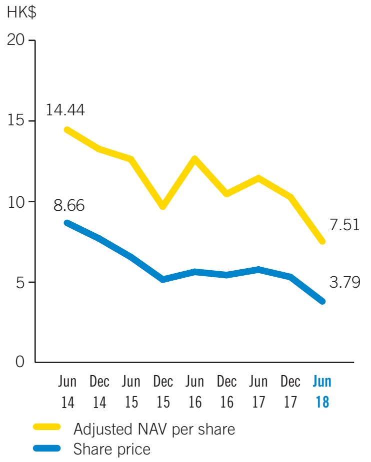
US$ millions	Fixed interest rate borrowings[i]	Variable interest rate borrowings[i]	Cash and cash equivalents[ii]	**Net debt**
PLDT	3,072.5	373.5	(981.7)	**2,464.3**
FPW	317.2	272.2	(156.2)	**433.2**
Philex	133.6	39.0	(15.8)	**156.8**

(i) Reflects certain interest rate swap agreements which effectively changed variable interest rate borrowings to fixed interest rate borrowings at FPM Power, PLDT and FPW
(ii) Includes short-term deposits and restricted cash

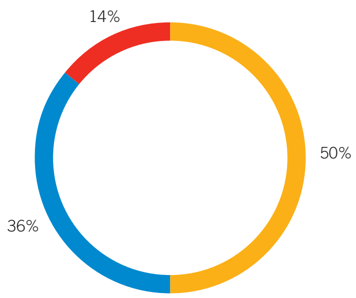
The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in average annual interest rates in respect of the variable interest rate borrowings.

US$ millions	Variable interest rate borrowings	Profit effect of 1% change in interest rates	**Group net profit effect**
Head Office	642.2	6.4	**6.4**
Indofood	1,515.4	15.2	**5.7**
MPIC	144.4	1.4	**0.4**
FPM Power	298.5	3.0	**1.0**
FP Natural Resources	54.5	0.5	**0.2**
PLDT	373.5	3.7	**0.7**
FPW	272.2	2.7	**1.0**
Philex	39.0	0.4	**0.1**
Total	**3,339.7**	**33.3**	**15.5**

Share Price vs Adjusted NAV Per Share



Adjusted NAV by Country 30 June 2018



	US$ millions
Philippines	2,827.9
Indonesia	2,029.6
Others	804.1
Total	**5,661.6**

Adjusted NAV Per Share

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

US$ millions	Basis	**At 30 June 2018**	At 31 December 2017
Indofood	(i)	**2,029.6**	2,474.2
PLDT	(i)	**1,336.1**	1,637.5
MPIC	(i)	**1,140.3**	1,814.1
Philex	(i)	**192.5**	276.9
PXP	(i)	**114.2**	88.6
FPW	(ii)	**574.1**	554.0
FPM Power	(iii)	**230.0**	230.0
FP Natural Resources	(iv)	**44.8**	58.5
Head Office – Other assets	(v)	**94.5**	100.9
– Net debt		**(1,573.5)**	(1,521.8)
Total Valuation		**4,182.6**	5,712.9
Number of Ordinary Shares in Issue (millions)		**4,342.0**	4,342.0
Value per share – U.S. dollars		**0.96**	1.32
– HK dollars		**7.51**	10.26
Company's closing share price (HK$)		**3.79**	5.30
Share price discount to HK$ value per share (%)		**49.5**	48.3

(i) Based on quoted share prices applied to the Group's economic interests
(ii) Represents investment costs
(iii) Represents carrying amounts
(iv) Mainly represents RHI (based on quoted share price applied to the Group's economic interest)
(v) Represents the carrying amount of SMECI's notes

Employee Information

The following information relates to the Head Office and its subsidiary companies.

For the six months ended 30 June US$ millions	**2018**	2017
Employee Remuneration (including Directors' Remuneration)		
Basic salaries	**244.5**	223.6
Bonuses	**82.8**	80.0
Benefits in kind	**56.6**	54.4
Pension contributions	**26.0**	24.1
Retirement and severance allowances	**0.6**	5.7
Share-based compensation benefit expenses	**2.4**	6.3
Total	**412.9**	394.1

	2018	2017
Number of Employees		
– At 30 June	**105,968**	98,716
– Average for the period	**104,427**	96,298

For details regarding the Group's remuneration policies for Directors and senior executives, please refer to page 100 of the Company's 2017 Annual Report.

Condensed Interim Consolidated Financial Statements

Condensed Consolidated Income Statement

For the six months ended 30 June US$ millions	Notes	(Unaudited) **2018**	 2017
Turnover	2	**3,844.9**	3,572.5
Cost of sales		**(2,725.3)**	(2,505.8)
Gross Profit		**1,119.6**	1,066.7
Selling and distribution expenses		**(291.5)**	(288.8)
Administrative expenses		**(288.3)**	(279.9)
Other operating (expenses)/income, net		**(16.9)**	48.2
Interest income		**29.1**	26.3
Finance costs	3	**(195.4)**	(169.0)
Share of profits less losses of associated companies and joint ventures		**189.0**	132.7
Profit Before Taxation	4	**545.6**	536.2
Taxation	5	**(136.7)**	(141.3)
Profit for the Period		**408.9**	394.9
Attributable to:			
Owners of the Parent	6	**133.8**	133.1
Non-controlling Interests		**275.1**	261.8
		408.9	394.9
Earnings Per Share Attributable to Owners of the Parent (U.S. cents)	7		
Basic		**3.09**	3.10
Diluted		**3.08**	3.10

Details of the interim distribution declared for the period are disclosed in Note 8 to the Condensed Interim Consolidated Financial Statements.

The Notes on pages 39 to 74 form an integral part of the Condensed Interim Consolidated Financial Statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June US$ millions	(Unaudited) **2018**	2017
Profit for the Period	**408.9**	394.9
Other Comprehensive (Loss)/Income		
Items that will be Reclassified Subsequently to Profit or Loss:		
Exchange differences on translating foreign operations	**(553.5)**	(24.6)
Unrealized losses on debt investments at fair value through other comprehensive income	**(0.7)**	–
Unrealized gains on available-for-sale assets	**–**	17.7
Unrealized gains/(losses) on cash flow hedges	**27.7**	(34.7)
Realized losses on cash flow hedges	**0.5**	–
Income tax related to cash flow hedges	**(4.6)**	6.0
Share of other comprehensive income of associated companies and joint ventures	**7.7**	13.1
Items that will not be Reclassified to Profit or Loss:		
Unrealized gains on equity investments at fair value through other comprehensive income	**23.3**	–
Actuarial gains/(losses) on defined benefit pension plans	**0.8**	(0.1)
Share of other comprehensive loss of associated companies and joint ventures	**(22.3)**	(6.5)
Other Comprehensive Loss for the Period, Net of Tax	**(521.1)**	(29.1)
Total Comprehensive (Loss)/Income for the Period	**(112.2)**	365.8
Attributable to:		
Owners of the parent	**(82.6)**	139.2
Non-controlling interests	**(29.6)**	226.6
	(112.2)	365.8

Condensed Consolidated Statement of Financial Position

US$ millions	Notes	At 30 June 2018 (Unaudited)	At 31 December 2017 (Audited)
Non-current Assets			
Property, plant and equipment	9	**5,127.1**	5,321.1
Biological assets		**22.0**	23.1
Associated companies and joint ventures	10	**4,950.1**	5,203.2
Goodwill		**1,034.6**	1,095.1
Other intangible assets	11	**3,656.7**	3,659.4
Investment properties		**9.5**	10.1
Accounts receivable, other receivables and prepayments		**13.9**	7.0
Financial assets at fair value through other comprehensive income		**287.7**	–
Available-for-sale assets		**–**	173.6
Deferred tax assets		**180.4**	208.9
Other non-current assets		**465.5**	456.0
		15,747.5	16,157.5
Current Assets			
Cash and cash equivalents and short-term deposits		**1,856.4**	2,157.2
Restricted cash	12	**60.6**	81.1
Financial assets at fair value through other comprehensive income		**78.5**	–
Available-for-sale assets		**–**	60.2
Accounts receivable, other receivables and prepayments	13	**1,245.1**	1,084.4
Inventories		**828.2**	874.3
Biological assets		**38.2**	39.8
		4,107.0	4,297.0
Assets classified as held for sale		**23.4**	–
		4,130.4	4,297.0
Current Liabilities			
Accounts payable, other payables and accruals	14	**1,388.9**	1,333.9
Short-term borrowings		**1,832.2**	1,460.4
Provision for taxation		**104.5**	65.3
Current portion of deferred liabilities, provisions and payables	15	**375.0**	396.4
		3,700.6	3,256.0
Net Current Assets		**429.8**	1,041.0
Total Assets Less Current Liabilities		**16,177.3**	17,198.5
Equity			
Issued share capital		**43.4**	43.4
Shares held for share award scheme	16	**(4.2)**	(8.9)
Retained earnings		**1,587.3**	1,429.2
Other components of equity		**1,478.5**	1,763.4
Equity attributable to owners of the parent		**3,105.0**	3,227.1
Non-controlling interests		**5,337.9**	5,515.4
Total Equity		**8,442.9**	8,742.5
Non-current Liabilities			
Long-term borrowings		**5,955.8**	6,509.3
Deferred liabilities, provisions and payables	15	**1,486.8**	1,630.8
Deferred tax liabilities		**291.8**	315.9
		7,734.4	8,456.0
		16,177.3	17,198.5

The Notes on pages 39 to 74 form an integral part of the Condensed Interim Consolidated Financial Statements.

On behalf of the Board of Directors

CHRISTOPHER H. YOUNG
Executive Director and Chief Financial Officer
29 August 2018

Condensed Consolidated Statement of Changes in Equity

US$ millions	Note	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive (loss)/income (Note 17)	Differences arising from changes in equities of subsidiary companies	Capital and other reserves	Contributed surplus	Retained earnings	Total	Non-controlling interests	(Unaudited) Total equity
		Equity attributable to owners of the parent											
At 1 January 2017		42.8	(10.9)	5.3	72.3	(690.2)	459.6	12.6	1,915.0	1,305.5	3,112.0	4,922.3	8,034.3
Profit for the period		–	–	–	–	–	–	–	–	133.1	133.1	261.8	394.9
Other comprehensive income/(loss) for the period		–	–	–	–	3.1	–	–	–	3.0	6.1	(35.2)	(29.1)
Total comprehensive income for the period		–	–	–	–	3.1	–	–	–	136.1	139.2	226.6	365.8
Issue of shares upon the exercise of share options		0.6	–	51.0	(17.1)	–	–	–	–	–	34.5	–	34.5
Issue of shares under share award scheme		–	(0.1)	0.1	–	–	–	–	–	–	–	–	–
Shares vested under share award scheme		–	6.0	–	(5.3)	–	–	–	–	(0.7)	–	–	–
Forfeiture of share options		–	–	–	(0.7)	–	–	–	–	0.7	–	–	–
Employee share-based compensation benefits		–	–	–	5.2	–	–	–	–	–	5.2	–	5.2
Acquisition, divestment and dilution of interests in subsidiary companies		–	–	–	–	–	13.4	–	–	–	13.4	(11.5)	1.9
2016 final distribution paid		–	–	–	–	–	–	–	(30.5)	–	(30.5)	–	(30.5)
Acquisition of subsidiary companies		–	–	–	–	–	–	–	–	–	–	414.1	414.1
Disposal of subsidiary companies		–	–	–	–	–	–	–	–	–	–	(0.7)	(0.7)
Capital contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	3.3	3.3
Dividends paid and declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	(185.5)	(185.5)
At 30 June 2017		43.4	(5.0)	56.4	54.4	(687.1)	473.0	12.6	1,884.5	1,441.6	3,273.8	5,368.6	8,642.4
At 1 January 2018		43.4	(8.9)	62.0	60.9	(668.4)	456.1	12.6	1,840.2	1,429.2	3,227.1	5,515.4	**8,742.5**
Impact on initial application of HKFRS 9	1(B)	–	–	–	–	(18.7)	–	–	–	12.1	(6.6)	5.8	**(0.8)**
Impact on initial application of HKFRS 15	1(B)	–	–	–	–	–	–	–	–	13.1	13.1	–	**13.1**
At 1 January 2018 (As adjusted)		43.4	(8.9)	62.0	60.9	(687.1)	456.1	12.6	1,840.2	1,454.4	3,233.6	5,521.2	**8,754.8**
Profit for the period		–	–	–	–	–	–	–	–	133.8	133.8	275.1	**408.9**
Other comprehensive loss for the period		–	–	–	–	(216.4)	–	–	–	–	(216.4)	(304.7)	**(521.1)**
Total comprehensive loss for the period		–	–	–	–	(216.4)	–	–	–	133.8	(82.6)	(29.6)	**(112.2)**
Purchase of shares under share award scheme		–	(2.0)	–	–	–	–	–	–	–	(2.0)	–	**(2.0)**
Shares vested under share award scheme		–	6.7	–	(5.4)	–	–	–	–	(1.3)	–	–	**–**
Forfeiture of share options		–	–	–	(0.4)	–	–	–	–	0.4	–	–	**–**
Employee share-based compensation benefits		–	–	–	1.5	–	–	–	–	–	1.5	–	**1.5**
Acquisition of interests in subsidiary companies		–	–	–	–	–	(15.1)	–	–	–	(15.1)	(12.0)	**(27.1)**
2017 final distribution paid		–	–	–	–	–	–	–	(30.4)	–	(30.4)	–	**(30.4)**
Acquisition of a subsidiary company		–	–	–	–	–	–	–	–	–	–	3.0	**3.0**
Capital contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	35.0	**35.0**
Dividends paid and declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	(179.7)	**(179.7)**
At 30 June 2018		**43.4**	**(4.2)**	**62.0**	**56.6**	**(903.5)**	**441.0**	**12.6**	**1,809.8**	**1,587.3**	**3,105.0**	**5,337.9**	**8,442.9**

The Notes on pages 39 to 74 form an integral part of the Condensed Interim Consolidated Financial Statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June US$ millions	Notes	(Unaudited) 2018	2017
Profit Before Taxation		**545.6**	536.2
Adjustments for:			
Finance costs		**195.4**	169.0
Depreciation	4	**159.7**	131.2
Amortization of intangible assets	4	**49.5**	46.3
Provision/(reversal of provision) for onerous contracts, net	4	**3.7**	(3.5)
Employee share-based compensation benefit expenses		**2.4**	6.3
Provision for impairment losses	4	**1.7**	21.7
Loss on changes in fair value of biological assets	4	**0.8**	6.4
Loss/(gain) on divestment of an interest in an associated company	4	**0.2**	(14.6)
Share of profits less losses of associated companies and joint ventures		**(189.0)**	(132.7)
Interest income		**(29.1)**	(26.3)
Gain on remeasurement of a previously held interest in an associated company	4	**(4.3)**	(27.8)
Gain on disposal of property, plant and equipment	4	**(1.1)**	(0.6)
Loss on remeasurement of a previously held interest in a joint venture	4	**–**	22.5
Preferred share dividend income from a joint venture	4	**–**	(50.8)
Others		**6.8**	11.2
		742.3	694.5
Increase in working capital		**(69.7)**	(129.2)
Net cash generated from operations		**672.6**	565.3
Interest received		**32.9**	25.2
Interest paid		**(180.6)**	(152.2)
Taxes paid		**(126.4)**	(142.7)
Net Cash Flows From Operating Activities		**398.5**	295.6
Decrease/(increase) in short-term deposits and time deposits with original maturity of more than three months		**149.3**	(16.6)
Dividends received from associated companies		**136.8**	82.2
Decrease in restricted cash		**20.5**	12.1
Proceeds from disposal of property, plant and equipment		**19.0**	10.2
Dividends received from financial assets at fair value through other comprehensive income/available-for-sale assets		**3.3**	3.0
Proceeds from divestment of interests in associated companies	18(A)	**2.5**	248.2
Proceeds from disposal of financial assets at fair value through other comprehensive income/available-for-sale assets		**1.5**	59.5
Investments in intangible assets		**(241.1)**	(150.9)
Purchase of property, plant and equipment		**(202.1)**	(319.6)
Increased investments in joint ventures	18(B)	**(59.0)**	(42.1)
Investments in associated companies	18(C)	**(50.9)**	(8.3)
Installment payment for acquisition of a subsidiary company	18(D)	**(46.9)**	–
Acquisition of financial assets at fair value through other comprehensive income/available-for-sale assets		**(23.8)**	(14.1)
Acquisition of subsidiary companies	18(E)	**(16.2)**	(117.5)
Increased investments in associated companies		**(8.7)**	(3.1)
Investment in a joint venture		**(7.1)**	–
Advances to a joint venture		**(2.3)**	(3.8)
Investments in biological assets		**(0.3)**	(1.4)
Proceeds from redemption of preferred shares issued by a joint venture	18(F)	**–**	69.9
Preferred share dividends received from a joint venture		**–**	31.7
Disposal of a subsidiary company		**–**	0.4
Acquisition of a business	18(E)	**–**	(3.8)
Net Cash Flows Used in Investing Activities		**(325.5)**	(164.0)

continued/...

Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June US$ millions	(Unaudited) **2018**	2017
Proceeds from new borrowings	**2,070.5**	1,386.0
Capital contributions from non-controlling shareholders	**35.0**	3.3
Proceeds from issue of shares to non-controlling shareholders by subsidiary companies	**0.2**	1.1
Borrowings repaid	**(2,043.0)**	(1,219.3)
Dividends paid to non-controlling shareholders by subsidiary companies	**(108.4)**	(67.1)
Distributions paid to shareholders	**(30.4)**	(30.5)
Increased investments in subsidiary companies	**(27.1)**	–
Payments for concession fees payable	**(13.4)**	(14.0)
Payments for purchase of shares under a long-term incentive plan	**(2.0)**	–
Proceeds from issue of shares under a long-term incentive plan	**–**	34.5
Net Cash Flows (Used in)/From Financing Activities	**(118.6)**	94.0
Net (Decrease)/Increase in Cash and Cash Equivalents	**(45.6)**	225.6
Cash and cash equivalents at 1 January	**1,987.3**	1,611.2
Exchange translation	**(105.9)**	0.4
Cash and Cash Equivalents at 30 June	**1,835.8**	1,837.2
Representing		
Cash and cash equivalents and short-term deposits as stated in the condensed consolidated statement of financial position	**1,856.4**	2,145.4
Less short-term deposits and time deposits with original maturity of more than three months	**(20.6)**	(308.2)
Cash and Cash Equivalents at 30 June	**1,835.8**	1,837.2

The Notes on pages 39 to 74 form an integral part of the Condensed Interim Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements

1. Basis of Preparation and Changes to the Group's Accounting Policies

(A) Basis of Preparation

The Condensed Interim Consolidated Financial Statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited ("SEHK"). The Condensed Interim Consolidated Financial Statements have been prepared on a basis consistent with the accounting policies adopted in the 2017 annual financial statements of First Pacific Company Limited ("First Pacific" or the "Company") and its subsidiary companies (the "Group"), except for the adoption of new standards effective as of 1 January 2018. Details of any changes in accounting policies are set out in Note 1(B).

(B) New Standards, Interpretations and Amendments Adopted by the Group

During 2018, the Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, HKASs and Hong Kong (International Financial Reporting Interpretations Committee) – Interpretations ("HK(IFRIC)-Int")) effective for annual periods commencing on or after 1 January 2018 issued by the HKICPA:

HKAS 40 Amendments	"Transfers of Investment Property"
HKFRS 2 Amendments	"Classification and Measurement of Share-based Payment Transactions"
HKFRS 4 Amendments	"Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts"
HKFRS 9	"Financial Instruments"
HKFRS 15	"Revenue from Contracts with Customers"
HKFRS 15 Amendments	"Clarifications to HKFRS 15 Revenue from Contracts with Customers"
HK(IFRIC)-Int 22	"Foreign Currency Transactions and Advance Consideration"
Annual improvements to HKFRSs 2014-2016	HKAS 28 Amendments "Investments in Associates and Joint Ventures"

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group's adoption of the above pronouncements, except for HKFRS 9 and HKFRS 15, has had no effect on both the profit attributable to owners of the parent for the six months ended 30 June 2018 and 2017 and the equity attributable to owners of the parent at 30 June 2018 and 31 December 2017. The Group adopted HKFRS 9 and HKFRS 15 using the modified retrospective approach with the cumulative effect arising from the transition recognized as an adjustment to the opening balance of equity without restating comparative information. The following table summarizes the adjustments recognized for each individual line item affected:

Condensed consolidated statement of financial position (extract) US$ millions	At 31 December 2017	Impact of HKFRS 9	Impact of HKFRS 15	At 1 January 2018 (As adjusted)
Non-current Assets				
Associated companies and joint ventures	5,203.2	(111.7)	13.1	5,104.6
Available-for-sale assets	173.6	(173.6)	–	–
Financial assets at fair value through other comprehensive income	–	284.5	–	284.5
	5,376.8	(0.8)	13.1	5,389.1
Current Assets				
Available-for-sale assets	60.2	(60.2)	–	–
Financial assets at fair value through other comprehensive income	–	60.2	–	60.2
	60.2	–	–	60.2
Equity				
Retained earnings	1,429.2	12.1	13.1	1,454.4
Other components of equity	1,763.4	(18.7)	–	1,744.7
Non-controlling interests	5,515.4	5.8	–	5,521.2
	8,708.0	(0.8)	13.1	8,720.3

Details of the changes in accounting policies are disclosed below.

(a) HKFRS 9 "Financial Instruments"

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (i) classification and measurement; (ii) impairment; and (iii) hedge accounting.

The Group has applied HKFRS 9 using the modified retrospective approach, with the initial application date of 1 January 2018 and recognizing the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 39.

Further details of the nature and effect of the changes to previous accounting policies are set out below:

(i) Classification and measurement

HKFRS 9 categorizes financial assets into three principal classification categories: measured at amortized cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of loans and receivables, available-for-sale financial assets, held-to-maturity investments and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

- FVOCI, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in the fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

- FVPL, if the investment does not meet the criteria for being measured at amortized cost or FVOCI. Changes in the fair value of the investment (including interest) are recognized in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis. Where such an election is made, the amount accumulated in other comprehensive income remains in the revaluation reserve until the investment is disposed of. At the time of disposal, the amount accumulated in the revaluation reserve is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other operating income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The accounting policy for the Group's financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognized in profit or loss.

(ii) *Impairment*

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. It is no longer necessary for a loss event to occur before an impairment loss is recognized under the new approach. Under the new ECL approach, the Group assesses on a forward-looking basis the ECLs associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

HKFRS 9 requires the Group to record an allowance for ECLs for all financial assets measured at amortized cost (including cash and cash equivalents and short-term deposits, and restricted cash) and debt financial assets not held at FVPL.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed rate financial assets and accounts and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

- variable rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

For accounts receivable, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established provision matrices for accounts receivable arising from its consumer food products business and infrastructure business that are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group's other debt financial assets at amortized cost and FVOCI are considered to have low credit risk and the loss allowance recognized during the period was therefore limited to the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial asset that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

(iii) *Hedge accounting*

The Group applied hedge accounting prospectively. At the date of the initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. As such, the adoption of HKFRS 9 had no significant impact on the Group's accounting for its hedging relationships.

The main effects resulting from any changes in the classification and measurement and the impairment methodology upon the adoption of HKFRS 9 are summarized as follows:

US$ millions	Associated companies and joint ventures	Available-for-sale assets	Financial assets at FVOCI
At 31 December 2017	5,203.2	233.8	–
Reclassification of unlisted debt investments measured at cost from associated companies and joint ventures to financial assets at FVOCI	(100.9)	–	100.9
Reclassification of listed and unlisted debt investments measured at fair value from available-for-sale assets to financial assets at FVOCI	–	(86.7)	86.7
Reclassification of listed and unlisted equity investments measured at fair value from available-for-sale assets to financial assets at FVOCI	–	(133.7)	133.7
Reclassification of unlisted equity investments measured at cost from available-for-sale assets to financial assets at FVOCI	–	(13.4)	13.4
Fair value adjustments on unlisted equity investments that were originally measured at cost	–	–	10.0
Additional ECLs on financial assets of an associated company	(10.8)	–	–
At 1 January 2018 (As adjusted)	5,091.5*	–	344.7

US$ millions	Retained earnings	Other components of equity	Non-controlling interests
At 31 December 2017	1,429.2	1,763.4	5,515.4
Fair value adjustments on unlisted equity investments that were originally measured at cost	–	4.2	5.8
Reclassification of a listed equity investment of an associated company measured at fair value from available-for-sale asset to financial asset at FVPL	22.9	(22.9)	–
Additional ECLs on financial assets of an associated company	(10.8)	–	–
At 1 January 2018 (As adjusted)	1,441.3*	1,744.7	5,521.2

* Before the adoption of HKFRS 15 (Note 1(B)(b))

(b) HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 supersedes HKAS 11 “Construction Contracts”, HKAS 18 “Revenue” and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has elected to use the modified retrospective approach and has recognized the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18 and related interpretations. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

Further details of the nature and effect of the changes to previous accounting policies are set out below:

(i) *Timing of revenue recognition*

Previously, turnover from the rendering of services and the sale of electricity was recognized over time, whereas turnover from the sale of goods was generally recognized at a point in time when the risks and rewards of ownership of the goods had passed to the customers. Under HKFRS 15, revenue is recognized when the customer obtains control of the promised goods or services in the contract. This may be at a single point in time or over time.

The Group has concluded that turnover from the sale of goods is recognized when control of the goods has been transferred, being when the goods are delivered to the customers, the customers has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the customers' acceptance of the goods. Delivery occurs when the goods have been shipped to the location specified by the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Turnover from the rendering of services is recognized when the said services are rendered. Customers are charged upon the completion of services or on a regular basis. Turnover from the sale of electricity is recognized upon supply. Therefore, no material impact is identified upon the adoption of HKFRS 15 in relation to the Group's timing of revenue recognition with the exception of the Group's telecommunications business operated by PLDT.

Under HKFRS 15, for revenue recognition involving bundled sales of non-service component and service component, PLDT recognizes revenue for the non-service component when control of the non-service component has been transferred, being when the non-service component is delivered to and has been accepted at the customers' premises, while previously revenue for some contracts' non-service components was recognized over the contract period. As such, the Group has made adjustments to opening balances at 1 January 2018 which increased retained earnings and the investments in associated companies by US$13.1 million respectively.

(ii) *Presentation and disclosure requirements*

As required for the Condensed Interim Consolidated Financial Statements, the Group disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to Note 2 for the disclosure on disaggregated revenue.

2. Turnover and Operating Segmental Information

For the six months ended 30 June US$ millions	**2018**	2017
Turnover		
Sale of goods	**2,714.6**	2,800.0
Sale of electricity	**602.3**	277.6
Rendering of services	**528.0**	494.9
Total	**3,844.9**	3,572.5

Operating Segmental Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose operating results are regularly reviewed by the Group's chief operating decision maker who makes decisions about how resources are to be allocated to the segment and assesses its performance, and for which discrete financial information is available to him.

The Board of Directors considers the business of the Group from both product or service and geographical perspectives. From the product or service perspective, the Group's business interests are divided into four main segments, which are consumer food products, telecommunications, infrastructure and natural resources. Geographically, the Board of Directors considers the businesses of the Group are operating in the Indonesia, Philippines, Australasia and Singapore and the turnover information is based on the locations of the customers. Details of the Group's principal investments are provided on pages 83 and 84.

The Board of Directors assesses the performance of the operating segments based on a measure of recurring profit. This basis measures the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains/losses, gain/loss on changes in fair value of biological assets and non-recurring items. Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. The amounts provided to the Board of Directors with respect to total assets and total liabilities are measured in a manner consistent with that of the Condensed Interim Consolidated Financial Statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the assets.

The revenue, results and other information for the six months ended 30 June 2018 and 2017, and total assets and total liabilities at 30 June 2018 and 31 December 2017 regarding the Group's operating segments are as follows:

By Principal Business Activity – 2018

For the six months ended/at 30 June US$ millions	Consumer Food Products	Telecom-munications	Infrastructure	Natural Resources	Head Office	**2018 Total**
Revenue						
Turnover						
– Point in time	2,686.2	–	28.4	–	–	**2,714.6**
– Over time	43.2	–	1,087.1	–	–	**1,130.3**
Total	2,729.4	–	1,115.5	–	–	**3,844.9**
Results						
Recurring profit	81.3	62.7	65.7	4.1	(52.8)	**161.0**
Assets and Liabilities						
Non-current assets (other than financial instruments and deferred tax assets)						
– Associated companies and joint ventures	629.1	1,162.7	2,864.2	294.1	–	**4,950.1**
– Others	3,971.8	–	6,247.2	–	1.1	**10,220.1**
	4,600.9	1,162.7	9,111.4	294.1	1.1	**15,170.2**
Other assets	2,988.2	–	1,556.6	–	162.9	**4,707.7**
Total assets	7,589.1	1,162.7	10,668.0	294.1	164.0	**19,877.9**
Borrowings	1,994.6	–	4,155.2	–	1,638.2	**7,788.0**
Other liabilities	1,474.6	–	2,052.8	–	119.6	**3,647.0**
Total liabilities	3,469.2	–	6,208.0	–	1,757.8	**11,435.0**
Other Information						
Depreciation and amortization	(111.8)	–	(98.0)	–	(1.8)	**(211.6)**
Loss on changes in fair value of biological assets	(0.8)	–	–	–	–	**(0.8)**
Impairment losses	(0.4)	–	(1.3)	–	–	**(1.7)**
Interest income	16.1	–	10.1	–	2.9	**29.1**
Finance costs	(54.4)	–	(101.6)	–	(39.4)	**(195.4)**
Share of profits less losses of associated companies and joint ventures	4.5	60.6	121.7	2.2	–	**189.0**
Taxation	(76.9)	–	(64.4)	–	4.6	**(136.7)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	215.7	–	458.0	–	0.1	**673.8**

By Geographical Market – 2018

For the six months ended/at 30 June US$ millions	Indonesia	The Philippines	Australasia	Singapore	Others	**2018 Total**
Revenue						
Turnover	2,384.3	909.0	15.0	361.4	175.2	**3,844.9**
Assets						
Non-current assets (other than financial instruments and deferred tax assets)	3,392.6	10,083.1	532.9	1,100.9	60.7	**15,170.2**

By Principal Business Activity – 2017

For the six months ended 30 June/at 31 December US$ millions	Consumer Food Products	Telecom-munications	Infrastructure	Natural Resources	Head Office	2017 Total
Revenue						
Turnover	2,813.5	–	759.0	–	–	3,572.5
Results						
Recurring profit	85.0	77.7	63.0	6.1	(63.1)	168.7
Assets and Liabilities						
Non-current assets (other than financial instruments and deferred tax assets)						
– Associated companies and joint ventures	651.1	1,163.9	2,969.9	418.3	–	5,203.2
– Others	4,066.6	–	6,392.7	–	11.1	10,470.4
	4,717.7	1,163.9	9,362.6	418.3	11.1	15,673.6
Other assets	2,947.2	–	1,738.1	–	95.6	4,780.9
Total assets	7,664.9	1,163.9	11,100.7	418.3	106.7	20,454.5
Borrowings	2,004.1	–	4,353.1	–	1,612.5	7,969.7
Other liabilities	1,395.5	–	2,213.2	–	133.6	3,742.3
Total liabilities	3,399.6	–	6,566.3	–	1,746.1	11,712.0
Other Information						
Depreciation and amortization	(112.3)	–	(66.5)	–	(5.0)	(183.8)
Loss on changes in fair value of biological assets	(6.4)	–	–	–	–	(6.4)
Impairment losses	(3.2)	–	(15.9)	(2.6)	–	(21.7)
Interest income	20.0	–	3.4	–	2.9	26.3
Finance costs	(55.0)	–	(69.5)	–	(44.5)	(169.0)
Share of profits less losses of associated companies and joint ventures	(6.7)	79.7	54.7	5.0	–	132.7
Taxation	(81.1)	–	(48.7)	–	(11.5)	(141.3)
Additions to non-current assets (other than financial instruments and deferred tax assets)	305.9	–	1,890.5	–	–	2,196.4

By Geographical Market – 2017

For the six months ended 30 June/at 31 December US$ millions	Indonesia	The Philippines	Australasia	Singapore	Others	2017 Total
Revenue						
Turnover	2,473.4	626.7	7.0	290.4	175.0	3,572.5
Assets						
Non-current assets (other than financial instruments and deferred tax assets)	3,431.0	10,459.5	543.5	1,175.5	64.1	15,673.6

A reconciliation between profit before taxation as shown in the condensed consolidated income statement and recurring profit is as follows:

For the six months ended 30 June US$ millions	**2018**	2017
Profit before taxation	**545.6**	536.2
Exclusion of:		
– Foreign exchange and derivative losses/(gains), net (Note 6)	**8.9**	(21.2)
– Loss on changes in fair value of biological assets (Note 4)	**0.8**	6.4
– Non-recurring items	**41.6**	56.5
Deduction of attributable taxation and non-controlling interests	**(435.9)**	(409.2)
Recurring Profit	**161.0**	168.7

3. Finance Costs

For the six months ended 30 June US$ millions	**2018**	2017
Finance costs on bank loans and other loans	**227.9**	194.1
Less: Finance costs capitalized in		
– Other intangible assets	**(28.9)**	(21.0)
– Property, plant and equipment	**(3.6)**	(4.1)
Total	**195.4**	169.0

4. Profit Before Taxation

For the six months ended 30 June US$ millions	**2018**	2017
Profit Before Taxation is Stated after (Charging)/Crediting		
Cost of inventories sold	**(1,396.7)**	(1,450.4)
Employees' remuneration	**(412.9)**	(394.1)
Cost of services rendered	**(366.2)**	(173.3)
Depreciation	**(159.7)**	(131.2)
Amortization of other intangible assets	**(49.5)**	(46.3)
Impairment losses		
– Accounts receivable[(i)]	**(1.5)**	(0.1)
– Inventories[(ii)]	**(0.2)**	(3.7)
– Associated companies and joint ventures[(iii)]	**–**	(11.4)
– Goodwill[(iii)]	**–**	(6.5)
Foreign exchange and derivative (losses)/gains, net	**(19.4)**	17.5
(Provision)/reversal of provision for onerous contracts, net	**(3.7)**	3.5
Loss on changes in fair value of biological assets (Note 2)	**(0.8)**	(6.4)
(Loss)/gain on divestment of an interest in an associated company	**(0.2)**	14.6
Gain on remeasurement of a previously held interest in an associated company	**4.3**	27.8
Dividend income from financial assets at FVOCI/available-for-sale assets	**3.3**	1.9
Gain on disposal of property, plant and equipment	**1.1**	0.6
Preferred share dividend income from a joint venture	**–**	50.8
Loss on remeasurement of a previously held interest in a joint venture	**–**	(22.5)

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

5. Taxation

No Hong Kong profits tax (2017: Nil) has been provided as the Group had no estimated assessable profits (2017: Nil) arising in Hong Kong for the period. Taxation on assessable profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the countries in which the Company's subsidiary companies operate.

For the six months ended 30 June US$ millions	**2018**	2017
Subsidiary Companies – Overseas		
Current taxation	**142.5**	131.5
Deferred taxation	**(5.8)**	9.8
Total	**136.7**	141.3

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$58.4 million (2017: US$67.2 million) which is analyzed as follows:

For the six months ended 30 June US$ millions	**2018**	2017
Associated Companies and Joint Ventures – Overseas		
Current taxation	**63.7**	66.7
Deferred taxation	**(5.3)**	0.5
Total	**58.4**	67.2

6. Profit Attributable to Owners of the Parent

The profit attributable to owners of the parent includes US$5.4 million of net foreign exchange and derivative losses (2017: US$7.8 million of gains), which represent the foreign exchange translation differences on the Group's unhedged foreign currency denominated net assets/liabilities and the changes in the fair values of derivatives, US$0.1 million (2017: US$0.6 million) of loss on changes in fair value of biological assets and US$21.7 million (2017: US$42.8 million) of net non-recurring losses.

Analysis of Foreign Exchange and Derivative (Losses)/Gains, Net

For the six months ended 30 June US$ millions	**2018**	2017
Foreign exchange and derivative (losses)/gains, net		
– Subsidiary companies	**(19.4)**	17.5
– Associated companies and joint ventures	**10.5**	3.7
Subtotal (Note 2)	**(8.9)**	21.2
Attributable to taxation and non-controlling interests	**3.5**	(13.4)
Total	**(5.4)**	7.8

The non-recurring losses represent certain items, through occurrence or size, which are not considered as usual operating items. For the six months ended 30 June 2018, non-recurring losses of US$21.7 million mainly represent PLDT's non-core accelerated depreciation for its wireless network assets (US$12.3 million) and Head Office's bond tender and debt refinancing costs (US$10.7 million).

7. Earnings Per Share Attributable to Owners of the Parent

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 4,342.0 million (2017: 4,298.6 million) in issue less the weighted average number of ordinary shares held for a share award scheme of 9.8 million (2017: 11.0 million) during the period.

The calculation of the diluted earnings per share is based on the profit for the period attributable to owners of the parent, adjusted to reflect the dilutive impact in respect of the exercise of share options issued by the Group's subsidiary and associated companies and the restricted stock unit plan of a subsidiary company, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

For the six months ended 30 June US$ millions	**2018**	2017
Earnings		
Profit attributable to owners of the parent used in the basic earnings per share calculation	**133.8**	133.1
Less: Dilutive impact in respect of the exercise of share options issued by the Group's subsidiary companies and the restricted stock unit plan of a subsidiary company	**(0.1)**	(0.1)
Profit attributable to owners of the parent used in the diluted earnings per share calculation	**133.7**	133.0

For the six months ended 30 June Millions	**Number of shares** **2018**	 2017
Shares		
Weighted average number of ordinary shares issued during the period	**4,342.0**	4,298.6
Less: Weighted average number of ordinary shares held for a share award scheme	**(9.8)**	(11.0)
Weighted average number of ordinary shares used in the basic earnings per share calculation	**4,332.2**	4,287.6
Add: Dilutive impact of share options and awarded shares on the weighted average number of ordinary shares	**6.3**	1.4
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**4,338.5**	4,289.0

8. Ordinary Share Interim Distribution

At a meeting held on 29 August 2018, the Directors declared an interim cash distribution of U.S. 1.03 cents (2017: U.S. 1.03 cents) per ordinary share, equivalent to a total amount of US$44.5 million (2017: US$44.3 million).

9. Property, Plant and Equipment

The movements in property, plant and equipment are set out below:

US$ millions	**2018**	2017
At 1 January	**5,321.1**	3,870.5
Exchange translation	**(300.0)**	49.5
Additions	**197.3**	212.3
Acquisition of subsidiary companies and a business (Note 18(E))	**105.4**	1,073.8
Depreciation	**(159.7)**	(131.2)
Disposals	**(17.9)**	(9.6)
Disposal of subsidiary companies	**–**	(0.6)
Reclassification to assets classified as held for sale	**(19.1)**	–
At 30 June	**5,127.1**	5,064.7

10. Associated Companies and Joint Ventures

US$ millions	At 30 June 2018	At 31 December 2017
MPIC[(i)]	**2,864.2**	2,969.9
PLDT	**1,162.7**	1,163.9
Philex[(ii)]	**294.1**	418.3
FPW	**532.9**	543.5
Indofood[(iii)]	**79.9**	89.6
FP Natural Resources[(iv)]	**16.3**	18.0
Total	**4,950.1**	5,203.2

(i) Principally represents MPIC's investments in Meralco
(ii) Included the Group's investment in SMECI's notes at 31 December 2017
(iii) Principally represents Indofood's investments in CMAA
(iv) Represents RHI's investments in HPC

11. Other Intangible Assets

US$ millions	At 30 June 2018	At 31 December 2017
Concession assets – Water distribution	**1,826.0**	1,856.0
Concession assets – Toll roads	**1,312.3**	1,339.1
Concession assets – Rail	**234.6**	185.3
Brands – Dairy	**140.8**	157.2
Brand, networks and licenses – Packaged drinking water	**57.3**	28.5
Customer list and licenses – Wastewater and sewage treatment	**9.4**	10.0
Bilateral and vesting contracts – Power	**69.6**	76.4
Software and others	**6.7**	6.9
Total	**3,656.7**	3,659.4

Concession assets – Water distribution represents the exclusive right granted to Maynilad, Philippine Hydro, Inc., a subsidiary company of MPIC, and MIBWSC to provide water distribution, sewerage services and water production and charge users for these services during their concession periods.

Concession assets – Toll roads represents the concession comprising of the rights, interests and privileges to finance, design, construct, operate and maintain toll roads, toll facilities and other facilities generating toll-related and non-toll related income held by (a) NLEX Corporation in respect of NLEX, SCTEX and the NLEX-SLEX Connector Road ("Connector Road"), (b) CIC in respect of CAVITEX, (c) MPCALA in respect of Cavite-Laguna Expressway ("CALAX") and (d) CCLEC in respect of Cebu Cordova Link Expressway ("CCLEX") during their concession periods.

Concession assets – Rail represents concession comprising of the exclusive right during the concession period to operate and maintain the current LRT1 system, collect farebox revenue and construct the LRT1 Extension.

Brands – Dairy represents the brands with a useful life of 20 years held by PT Indolakto, a subsidiary company of Indofood, for its various milk-related products, which include Indomilk, Cap Enaak, Tiga Sapi, Crima, Kremer and Indoeskrim.

Brands, networks and licenses – Packaged drinking water represents (i) the registered brand name, CLUB, (ii) the distribution and customer networks, and (iii) the water licenses of Indofood's packaged drinking water business.

Customer list and licenses – Wastewater and sewage treatment represents ESTII's customer relationship, contracts and licenses for intellectual property rights over patents and utility models.

Bilateral and vesting contracts – Power represents (i) GBPC's contracts for its supply of electricity to customers, and (ii) an agreement entered into between PLP and a Singapore government agency, which requires PLP to sell electricity at a specified volume and a specific price to the agency over a period of 10 years from November 2013 to November 2023.

12. Restricted Cash

At 30 June 2018, the Group had cash of US$54.6 million (31 December 2017: US$74.7 million) set aside mainly to cover principal and interest payments of certain borrowings in compliance with loan agreements, and cash of US$6.0 million (31 December 2017: US$6.4 million) held in an escrow account in relation to a construction contract which is restricted as to use.

13. Accounts Receivable, Other Receivables and Prepayments

Included in accounts receivable, other receivables and prepayments are accounts receivable of US$744.0 million (31 December 2017: US$656.2 million) with an aging profile based on the invoice date as follows:

US$ millions	**At 30 June 2018**	At 31 December 2017
0 to 30 days	**662.7**	559.5
31 to 60 days	**41.7**	44.5
61 to 90 days	**12.0**	15.2
Over 90 days	**27.6**	37.0
Total	**744.0**	656.2

Indofood generally allows customers 30 to 60 days of credit. MPIC generally allows 15 to 30 days of credit for its power generation customers, 14 to 60 days of credit for its water and sewerage service customers, 45 to 60 days of credit for its bulk water supply customers and collects charges when services are rendered to its hospital customers, except for certain corporate customers which are allowed an average of 30 days of credit. PLP generally allows customers 30 days of credit.

14. Accounts Payable, Other Payables and Accruals

Included in accounts payable, other payables and accruals are accounts payable of US$485.0 million (31 December 2017: US$462.5 million) with an aging profile based on the invoice date as follows:

US$ millions	**At 30 June 2018**	At 31 December 2017
0 to 30 days	**401.9**	410.9
31 to 60 days	**25.5**	12.3
61 to 90 days	**11.4**	7.4
Over 90 days	**46.2**	31.9
Total	**485.0**	462.5

15. Deferred Liabilities, Provisions and Payables

US$ millions	Long-term liabilities	Pension	Loans from non-controlling shareholders	Others	**2018**	2017
At 1 January	927.5	520.4	192.5	386.8	**2,027.2**	1,670.2
Exchange translation	(48.8)	(32.1)	(1.8)	(21.0)	**(103.7)**	(7.4)
Additions	25.0	36.9	12.1	18.0	**92.0**	274.5
Acquisition of subsidiary companies (Note 18(E))	–	6.3	–	3.8	**10.1**	117.6
Disposal of subsidiary companies	–	–	–	–	**–**	(0.1)
Payment and utilization	(99.6)	(18.5)	(5.1)	(40.6)	**(163.8)**	(69.7)
At 30 June	804.1	513.0	197.7	347.0	**1,861.8**	1,985.1
Presented as:						
Non-current Portion	711.1	513.0	84.2	178.5	**1,486.8**	1,636.8
Current Portion	93.0	–	113.5	168.5	**375.0**	348.3
Total	804.1	513.0	197.7	347.0	**1,861.8**	1,985.1

The long-term liabilities mainly relate to (a) Maynilad's concession fees payable to MWSS, including a provision for certain additional concession fees payable and related interest amounts in dispute between Maynilad and MWSS, recognized by the Group upon its acquisition of Maynilad, (b) MPCALA's concession fees payable to the Philippine Government in respect of CALAX, (c) LRMC's concession fees payable to the Philippine Government in respect of LRT1, (d) NLEX Corporation's concession fees payable to the Philippine Government in respect of Connector Road and (e) MPIC's outstanding payable for its acquisition of 50% interest in Beacon Electric from PCEV. In respect of the disputed amounts between Maynilad and MWSS, no final resolution has been reached at 30 June 2018.

The pension relates to accrued liabilities in relation to defined benefit retirement schemes and long service payments.

The loans from non-controlling shareholders represent unsecured loans provided by non-controlling shareholders of FPM Power, PLP and IndoAgri, a subsidiary company of Indofood.

The others mainly represent (a) Maynilad's real property tax payables on certain common purpose facilities, (b) contractual obligations of NLEX Corporation and CIC to restore their service concession assets to a specified level of serviceability during their service concession periods and to maintain these assets in good condition prior to the handover of these assets to the Philippine Government at the end of their concession periods, (c) provisions for various claims and potential claims against the Group, (d) derivative liabilities arising from foreign exchange forward contracts, interest rate swaps, fuel swaps and electricity futures, (e) provision for heavy maintenance, (f) estimated liabilities to decommission or dismantle the power plants at the end of their useful lives, and (g) the Group's payables on long-term incentive plans.

At the end of the reporting period, certain Group's subsidiary companies were parties to other cases and claims arising from the ordinary course of business filed by third parties, which are either pending decisions by the courts or are subject to settlement agreements. The outcome of these claims cannot be presently determined. In the opinion of the Directors and/or legal counsels, the eventual liability from these lawsuits or claims, if any, will not have a material adverse effect on the Condensed Interim Consolidated Financial Statements.

16. Shares Held for Share Award Scheme

	Number of allocated shares held for		Number of unallocated shares held for	Shares held for Share Award Scheme
	Purchase Awards	Subscription Awards	Subscription Awards	US$ millions
At 1 January 2017	9,023,490	5,089,279	–	(10.9)
Granted and issued	–	134,342	–	(0.1)
Vested and transferred	(6,619,857)	(1,644,163)	–	6.0
At 30 June 2017	2,403,633	3,579,458	–	(5.0)
At 1 January 2018	8,149,878	3,422,668	–	**(8.9)**
Purchased	3,876,000	–	–	**(2.0)**
Vested and transferred	(7,155,704)	(1,599,824)	–	**6.7**
Forfeited	–	(223,020)	223,020	**–**
At 30 June 2018	**4,870,174**	**1,599,824**	**223,020**	**(4.2)**

For the Purchase Awards, during the six months ended 30 June 2018, the independent trustee managing the Company's share award scheme purchased 3,876,000 shares (2017: Nil) of the Company at an aggregate consideration of HK$15.8 million (US$2.0 million) (2017: Nil) from the open market at the cost of the Company.

For the Subscription Awards, during the six months ended 30 June 2018, 223,020 shares were forfeited due to the resignation of a beneficiary. The unallocated shares can be granted to eligible employees in the future.

Particulars of the share awards of the Company granted to the Directors and senior executives of the Company at 30 June 2018 are set out below:

(A) Particulars of the Company's Purchase Awards

	Shares granted and unvested shares held at 1 January 2018	Shares vested and transferred during the period	**Shares granted and unvested shares held at 30 June 2018**	Grant date	Vesting period(i)
Executive Directors					
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	2,976,920	(1,488,460)	**1,488,460**	15 April 2016	April 2017 to April 2019
Robert C. Nicholson	1,759,880	(879,940)	**879,940**	15 April 2016	April 2017 to April 2019
Christopher H. Young	2,369,560	(1,184,780)	**1,184,780**	15 April 2016	April 2017 to April 2019
Non-executive Directors					
Benny S. Santoso	297,690	(148,846)	**148,844**	15 April 2016	April 2017 to April 2019
Ambassador Albert F. del Rosario	595,380	(297,690)	**297,690**	30 June 2016	June 2017 to June 2019
Independent Non-executive Directors					
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	595,380	(297,690)	**297,690**	15 April 2016	April 2017 to April 2019
Margaret Leung Ko May Yee, *SBS, JP*	47,718	(47,718)	**–**	–	–
	595,380	(297,690)	**297,690**	15 April 2016	April 2017 to April 2019
Philip Fan Yan Hok	47,718	(47,718)	**–**	–	–
	595,380	(297,690)	**297,690**	15 April 2016	April 2017 to April 2019
Madeleine Lee Suh Shin	893,070	(535,842)	**357,228**	15 April 2016	April 2018 to April 2019
Senior Executives	172,000	–	**172,000**	12 July 2013	July 2015 to July 2018
	3,263,280	(1,631,640)	**1,631,640**	15 April 2016	April 2017 to April 2019
Total	14,209,356	(7,155,704)	**7,053,652**		

(i) The vesting periods of the awarded shares are as follows:
- (a) For the 2013 grant, the shares would be vested in five equal tranches in September 2013, September 2014, September 2015, September 2016 and September 2017, except for new recruits (Senior executives: 40% in the second year and 20% each for the third to the fifth year after the grant).
- (b) For the 2016 grants, the shares would be vested in three equal tranches from the first to the third year after the shares are granted, except for new recruits (Independent Non-executive Director: 60% in the second year and 40% in the third year after the grant).

	Shares granted and unvested shares held at 1 January 2017	Shares vested and transferred during the period	Shares granted and unvested shares held at 30 June 2017	Grant date	Vesting period[i]
Executive Directors					
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	681,668	–	681,668	12 July 2013	September 2013 to September 2017
	4,465,380	(1,488,460)	2,976,920	15 April 2016	April 2017 to April 2019
Robert C. Nicholson	443,083	–	443,083	12 July 2013	September 2013 to September 2017
	2,639,820	(879,940)	1,759,880	15 April 2016	April 2017 to April 2019
Non-executive Directors					
Benny S. Santoso	446,535	(148,845)	297,690	15 April 2016	April 2017 to April 2019
Ambassador Albert F. del Rosario	893,070	(297,690)	595,380	30 June 2016	June 2017 to June 2019
Independent Non-executive Directors					
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	95,434	–	95,434	12 July 2013	September 2013 to September 2017
	893,070	(297,690)	595,380	15 April 2016	April 2017 to April 2019
Margaret Leung Ko May Yee, *SBS, JP*	95,434	(47,716)	47,718	12 July 2013	March 2015 to March 2018
	893,070	(297,690)	595,380	15 April 2016	April 2017 to April 2019
Philip Fan Yan Hok	95,434	(47,716)	47,718	12 July 2013	March 2015 to March 2018
	893,070	(297,690)	595,380	15 April 2016	April 2017 to April 2019
Madeleine Lee Suh Shin	893,070	–	893,070	15 April 2016	April 2018 to April 2019
Senior Executives	313,570	–	313,570	12 July 2013	September 2013 to September 2017
	344,000	–	344,000	12 July 2013	July 2015 to July 2018
	8,449,260	(2,816,420)	5,632,840	15 April 2016	April 2017 to April 2019
Total	22,534,968	(6,619,857)	15,915,111		

(i) The vesting periods of the awarded shares are as follows:
- (a) For the 2013 grant, the shares would be vested in five equal tranches in September 2013, September 2014, September 2015, September 2016 and September 2017, except for new recruits (Independent Non-executive Directors: 40% in March 2015 and 20% each in March 2016, March 2017 and March 2018; Senior executives: 40% in the second year and 20% each for the third to the fifth year after the grant).
- (b) For the 2016 grants, the shares would be vested in three equal tranches from the first to the third year after the shares are granted, except for new recruits (Independent Non-executive Director: 60% in the second year and 40% in the third year after the grant).

(B) Particulars of the Company's Subscription Awards

	Shares granted and unvested shares held at 1 January 2018	Shares vested and transferred during the period	Shares forfeited during the period	**Shares granted and unvested shares held at 30 June 2018**	Grant date	Vesting period[i]
Senior Executives	344,000	(172,000)	–	**172,000**	15 July 2014	February 2016 to February 2019
	2,944,326	(1,360,653)	(223,020)	**1,360,653**	15 April 2016	April 2017 to April 2019
	134,342	(67,171)	–	**67,171**	7 June 2017	June 2018 to June 2019
Total	3,422,668	(1,599,824)	(223,020)	**1,599,824**		

(i) The vesting periods of the awarded shares are as follows:
  (a) For the 2014 grant, the shares would be vested in four tranches (40% in February 2016 and 20% each in February 2017, February 2018 and February 2019).
  (b) For the 2016 grant, the shares would be vested in three equal tranches from the first to the third year after the shares are granted.
  (c) For the 2017 grant, the shares would be vested in two equal tranches from the first and the second year after the shares are granted.

	Shares granted and unvested shares held at 1 January 2017	Shares granted during the period	Shares vested and transferred during the period	Shares granted and unvested shares held at 30 June 2017	Grant date	Vesting period[i]
Senior Executives	156,790	–	–	156,790	29 August 2013	September 2013 to September 2017
	516,000	–	(172,000)	344,000	15 July 2014	February 2016 to February 2019
	4,416,489	–	(1,472,163)	2,944,326	15 April 2016	April 2017 to April 2019
	–	134,342	–	134,342	7 June 2017	June 2018 to June 2019
Total	5,089,279	134,342	(1,644,163)	3,579,458		

(i) The vesting periods of the awarded shares are as follows:
  (a) For the 2013 grant, the shares would be vested in five equal tranches in September 2013, September 2014, September 2015, September 2016 and September 2017.
  (b) For the 2014 grant, the shares would be vested in four tranches (40% in February 2016 and 20% each in February 2017, February 2018 and February 2019).
  (c) For the 2016 grant, the shares would be vested in three equal tranches from the first to the third year after the shares are granted.
  (d) For the 2017 grant, the shares would be vested in two equal tranches from the first and the second year after the shares are granted.

Further information regarding the Company's share award scheme has been set out on pages 195 to 199 of the Company's 2017 Annual Report.

17. Other Comprehensive (Loss)/Income Attributable to Owners of the Parent

US$ millions	Exchange reserve	Unrealized gains on available-for-sale assets/ financial assets at FVOCI	Unrealized gains/ (losses) on cash flow hedges	Income tax related to cash flow hedges	Actuarial losses on defined benefit pension plans	Share of other comprehensive (loss)/income of associated companies and joint ventures	Total
At 1 January 2017	(603.7)	45.1	9.0	(2.2)	(17.5)	(120.9)	(690.2)
Other comprehensive income/(loss) for the period	4.2	8.0	(16.2)	2.9	(0.1)	7.3	6.1
Recycled to retained earnings	–	–	–	–	–	(3.0)	(3.0)
At 30 June 2017	(599.5)	53.1	(7.2)	0.7	(17.6)	(116.6)	(687.1)
At 1 January 2018	(588.6)	59.9	3.8	(1.3)	(27.3)	(114.9)	**(668.4)**
Impact on initial application of HKFRS 9 (Note 1(B)(a))	–	4.2	–	–	–	(22.9)	**(18.7)**
At 1 January 2018 (As adjusted)	(588.6)	64.1	3.8	(1.3)	(27.3)	(137.8)	**(687.1)**
Other comprehensive (loss)/income for the period	(227.0)	10.7	13.8	(2.2)	(0.2)	(11.5)	**(216.4)**
At 30 June 2018	**(815.6)**	**74.8**	**17.6**	**(3.5)**	**(27.5)**	**(149.3)**	**(903.5)**

18. Notes to the Condensed Consolidated Statement of Cash Flows

(A) Proceeds from Divestment of Interests in Associated Companies

2017's cash inflow of US$248.2 million mainly relates to MPIC's divestment of a 4.5% direct interest in Meralco in June 2017.

(B) Increased Investments in Joint Ventures

2018's cash outflow of US$59.0 million mainly relates to MPIC's installment payments to PCEV for its acquisition of a 25% interest in Beacon Electric in May 2016 and Head Office's capital injections into Goodman Fielder.

2017's cash outflow of US$42.1 million mainly relates to MPIC's installment payments to PCEV for its acquisition of a 25% interest in Beacon Electric in May 2016.

(C) Investments in Associated Companies

2018's cash outflow of US$50.9 million mainly relates to MPW's acquisition of a 45% interest in PNW and a 49% interest in TLW in May and June 2018, respectively.

(D) Installment Payment for Acquisition of a Subsidiary Company

2018's cash outflow of US$46.9 million mainly relates to MPIC's installment payments to PCEV for its acquisition of the remaining 25% interest in Beacon Electric in June 2017.

(E) Acquisition of Subsidiary Companies and a Business

US$ millions	Provisional fair value recognized on Indofood's acquisition of AIBM[i] 2018 Total	2017 Total
Consideration		
Cash and cash equivalents	**17.8**	255.1
Associated companies and joint ventures[ii]	**17.1**	1,388.2
Current portion of deferred liabilities, provisions and payables[iii]	–	46.7
Deferred liabilities, provisions and payables[iv]	–	126.0
Total	**34.9**	1,816.0
Net Assets		
Property, plant and equipment (Note 9)	**105.4**	1,073.8
Associated companies and joint ventures	–	1,691.0
Other intangible assets	**32.0**	246.4
Accounts receivable, other receivables and prepayments (Non-current)	–	4.1
Deferred tax assets	**0.7**	6.5
Other non-current assets	**3.2**	2.3
Cash and cash equivalents	**1.6**	133.8
Bank deposits of more than three months of maturity	–	212.1
Accounts receivable, other receivables and prepayments (Current)	**38.9**	139.1
Inventories	**12.4**	39.2
Accounts payable, other payables and accruals	**(30.7)**	(117.0)
Short-term borrowings	**(17.1)**	(97.1)
Provision for taxation	**(0.1)**	(4.8)
Current portion of deferred liabilities, provisions and payables (Note 15)	–	(3.5)
Long-term borrowings	**(94.6)**	(1,191.6)
Deferred liabilities, provisions and payables (Note 15)	**(10.1)**	(114.1)
Deferred tax liabilities	**(3.7)**	(66.7)
Total Net Identifiable Assets Acquired	**37.9**	1,953.5
Non-controlling interests[v]	**(3.0)**	(414.1)
Total Share of Net Identifiable Assets Acquired	**34.9**	1,539.4
Goodwill	–	276.6
Net Cash Outflow per the Condensed Consolidated Statement of Cash Flows		
– Acquisition of subsidiary companies	**(16.2)**	(117.5)
– Acquisition of a business	–	(3.8)
Total	**(16.2)**	(121.3)

(i) Provisional amounts determined based on management's best estimates of the fair values of the identifiable assets acquired, liabilities and contingent liabilities assumed, and subject to revision upon their further assessment
(ii) 1H18's amount represents the fair value of a 49% interest in AIBM previously held by Indofood (1H17: fair values of a 75% interest in Beacon Electric and a 60% interest in TMC previously held by MPIC).
(iii) Represents the present value of MPIC's installment payable due in June 2018 for its acquisition of the remaining 25% interest in Beacon Electric and its installment payable due in December 2017 for its acquisition of a logistics business, respectively
(iv) Represents the present value of MPIC's installment payables due from June 2019 till June 2021 for its acquisition of the remaining 25% interest in Beacon Electric and its installment payables due from December 2018 till December 2020 for its acquisition of a logistics business, respectively
(v) The non-controlling interests were measured at the proportionate share of their interests in the acquiree's identifiable net assets.

On 29 March 2018, Indofood CBP, a subsidiary company of Indofood, acquired the remaining 51% interest in AIBM at a consideration of US$17.8 million. Following the completion of the acquisition, Indofood CBP interest in AIBM increased to 100% from 49% and AIBM became a wholly-owned subsidiary company of Indofood. Prior to the completion of this transaction, Indofood accounted for its investment in AIBM as an associated company. The fair value and gross amount of AIBM's receivables were US$31.5 million. The transaction costs of US$0.1 million incurred for this business combination and the gain on remeasurement of a previously held 49% interest in AIBM of US$4.3 million have been recognized as administrative expenses and other operating income, respectively, in the condensed consolidated income statement.

The net assets of AIBM recognized in the Group's 2018 Condensed Interim Consolidated Financial Statements were based on provisional assessments of their fair values while the Group is still evaluating the fair values of the assets acquired and liabilities and contingent liabilities assumed. The valuation and assessment had not been completed by the date the Group's 2018 Condensed Interim Consolidated Financial Statements were approved for issue by the Board of Directors. If new information obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above provisional amounts, or any provisions that existed at the acquisition date, the accounting for the acquisition will then be revised.

Since the date of acquisition, the above acquired subsidiary company recorded a turnover of US$12.4 million and a loss for the period of US$1.2 million which were included in the condensed consolidated income statement. If the acquisition had taken place on 1 January 2018, the turnover and profit for the six months ended 30 June 2018 of the Group would have been US$3,870.6 million and US$402.4 million, respectively.

2017's net cash outflow of US$121.3 million mainly relates to MPIC's acquisition of the remaining 25% interest in Beacon Electric, an additional 7% interest in TMC and a logistics business.

(F) Proceeds from Redemption of Preferred Shares Issued by a Joint Venture

2017's cash inflow of US$69.9 million relates to Beacon Electric's redemption of preferred shares issued to MPIC in May 2017.

19. Commitments and Contingent Liabilities

(A) Capital Expenditure

US$ millions	**At 30 June 2018**	At 31 December 2017
Commitments in respect of subsidiary companies:		
Authorized, but not contracted for	**1,865.3**	1,873.5
Contracted, but not provided for	**155.8**	681.1
Total	**2,021.1**	2,554.6

The Group's capital expenditure commitments principally relate to construction of infrastructures for MPTC's toll road business, LRMC's rail business, Maynilad's water business and GBPC's power business and MPIC's, Indofood's and RHI's purchase of property, plant and equipment.

(B) Contingent Liabilities

(a) At 30 June 2018, except for guarantees of US$49.0 million (31 December 2017: US$53.1 million) given by Indofood for loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of fresh fruit bunches to Indofood, the Group had no significant contingent liabilities (31 December 2017: Nil).

(b) In Wilson P. Gamboa vs. Finance Secretary Margarito B. Teves, et. al. (G.R. No. 176579) (the "Gamboa Case"), the Supreme Court of the Philippines (the "Court") held the term "capital" in Section 11, Article XII of the 1987 Constitution refers only to "shares of stock entitled to vote in the election of directors" and thus only to voting common shares, and not to the "total outstanding capital stock (common and non-voting preferred shares)". It directed the Philippine Securities and Exchange Commission ("SEC") "to apply this definition of the term 'capital' in determining the extent of allowable foreign ownership in PLDT, and if there is a violation of Section 11, Article XII of the Constitution, to impose the appropriate sanctions under the law." On 9 October 2012, the Court issued a Resolution denying with finality all Motions for Reconsideration of the respondents. The Court decision became final and executory on 18 October 2012.

On 20 May 2013, the Philippine SEC issued SEC Memorandum Circular No. 8, Series of 2013 – Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly-Nationalized Activities, or MC No. 8, which provides that the required percentage of Filipino ownership shall be applied to BOTH (a) the total number of outstanding shares of stock entitled to vote in the election of directors; AND (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

On 10 June 2013, Jose M. Roy III filed before the Court a Petition for Certiorari against the Philippine SEC, Philippine SEC Chairman and PLDT, or the Petition, claiming: (1) that MC No. 8 violates the decision of the Court in the Gamboa Case, which according to the Petitioner required that (a) the 60-40 ownership requirement be imposed on "each class of shares" and (b) Filipinos must have full beneficial ownership of 60% of the outstanding capital stock of those corporations subject to that 60-40 Filipino-foreign ownership requirement; and (2) that the PLDT Beneficial Trust Fund is not a Filipino-owned entity and consequently, the corporations owned by PLDT Beneficial Trust Fund, including BTF Holdings, Inc., which owns 150 million voting preferred shares in PLDT, cannot be considered a Filipino-owned corporation. PLDT and Philippine SEC sought the dismissal of the Petition.

On 16 July 2013, Wilson C. Gamboa, Jr. et. al. filed a Motion for Leave to file a Petition-in-Intervention dated 16 July 2013, which the Court granted on 6 August 2013. The Petition-in-Intervention raised identical arguments and issues as those in the Petition.

The Court, in its 22 November 2016 decision, dismissed the Petition and Petition-in-Intervention and upheld the validity of MC No. 8. In the course of discussing the Petition, the Court expressly rejected petitioners' argument that the 60% Filipino ownership requirement for public utilities must be applied to each class of shares. According to the Court, the position is "simply beyond the literal text and contemplation of Section 11, Article XII of the 1987 Constitution" and that the petitioners' suggestion would "effectively and unwarrantedly amend or change" the Court's ruling in the Gamboa Case. In categorically rejecting the petitioners' claim, the Court declared and stressed that its Gamboa Case ruling "did NOT make any definitive ruling that the 60% Filipino ownership requirement was intended to apply to each class of shares." On the contrary, according to the Court, "nowhere in the discussion of the term 'capital' in Section 11, Article XII of the 1987 Constitution in the Gamboa Decision did the Court mention the 60% Filipino equity requirement to be applied to each class of shares."

In respect of ensuring Filipino ownership and control of public utilities, the Court noted that this is already achieved by the requirements under MC No. 8. According to the Court, "since Filipinos own at least 60% of the outstanding shares of stock entitled to vote directors, which is what the Constitution precisely requires, then the Filipino stockholders control the corporation – i.e., they dictate corporate actions and decisions…"

The Court further noted that the application of the Filipino ownership requirement as proposed by petitioners "fails to understand and appreciate the nature and features of stocks and financial instruments" and would "greatly erode" a corporation's "access to capital – which a stock corporation may need for expansion, debt relief/repayment, working capital requirement and other corporate pursuits." The Court reaffirmed that "stock corporations are allowed to create shares of different classes with varying features" and that this "is a flexibility that is granted, among others, for the corporation to attract and generate capital (funds) from both local and foreign capital markets" and that "this access to capital – which a stock corporation may need for expansion, debt relief/repayment, working capital requirement and other corporate pursuits – will be greatly eroded with further unwarranted limitations that are not articulated in the Constitution." The Court added that "the intricacies and delicate balance between debt instruments (liabilities) and equity (capital) that stock corporations need to calibrate to fund their business requirements and achieve their financial targets are better left to the judgment of their boards and officers, whose bounden duty is to steer their companies to financial stability and profitability and who are ultimately answerable to their shareholders."

The Court went on to say that "a too restrictive definition of 'capital', one that was never contemplated in the Gamboa Decision, will surely have a dampening effect on the business milieu by eroding the flexibility inherent in the issuance of preferred shares with varying terms and conditions. Consequently, the rights and prerogatives of the owners of the corporation will be unwarrantedly stymied." Accordingly, the Court said that the petitioners' "restrictive interpretation of the term 'capital' would have a tremendous adverse impact on the country as a whole – and to all Filipinos."

Petitioner Jose M. Roy III filed a Motion for Reconsideration of the Court Decision dated 22 November 2016. On 18 April 2017, the Court denied with finality Petitioner's Motion for Reconsideration.

20. Share Options and Restricted Stock Unit Plan

(A) Share Options

Particulars of the share options of the Company and its subsidiary companies granted to the Directors and senior executives of the Company and its subsidiary companies at 30 June 2018 are set out below:

(a) Particulars of the Company's Share Option Scheme

	Share options held at 1 January 2018	Share options forfeited during the period	**Share options held at 30 June 2018**	Share option exercise price per share[i] (HK$)	Market price per share immediately before the date of grant[i] (HK$)	Grant date	Vesting period[iii]	Exercisable period
Executive Directors								
Manuel V. Pangilinan	10,224,972	–	**10,224,972**	10.2299	10.4450	22 March 2013	September 2013 to September 2017	September 2013 to March 2023
Robert C. Nicholson	6,646,232	–	**6,646,232**	10.2299	10.4450	22 March 2013	September 2013 to September 2017	September 2013 to March 2023
	7,281,203	–	**7,281,203**	10.2729	9.7213	4 June 2013	September 2013 to September 2017	September 2013 to June 2023
Non-Executive Director								
Benny S. Santoso	715,748	–	**715,748**	10.2299	10.4450	22 March 2013	September 2013 to September 2017	September 2013 to March 2023
	1,097,139	–	**1,097,139**	10.2729	9.7213	4 June 2013	September 2013 to September 2017	September 2013 to June 2023
	715,748	–	**715,748**	10.2299	7.72	29 August 2013	September 2013 to September 2017	September 2013 to August 2023
	1,339,600	–	**1,339,600**	4.972	4.950	15 April 2016	April 2017 to April 2019	April 2017 to April 2022
Independent Non-Executive Directors								
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	1,097,139	–	**1,097,139**	10.2729	9.7213	4 June 2013	September 2013 to September 2017	September 2013 to June 2023
Margaret Leung Ko May Yee, *SBS, JP*	715,748	–	**715,748**	10.2299	10.4450	22 March 2013	March 2015 to March 2018	March 2015 to March 2023
	1,097,139	–	**1,097,139**	10.2729	9.7213	4 June 2013	March 2015 to March 2018	March 2015 to June 2023
Philip Fan Yan Hok	715,748	–	**715,748**	10.2299	10.4450	22 March 2013	March 2015 to March 2018	March 2015 to March 2023
	1,097,139	–	**1,097,139**	10.2729	9.7213	4 June 2013	March 2015 to March 2018	March 2015 to June 2023
Senior Executives	3,242,137	–	**3,242,137**	5.1932	5.2127	18 June 2010	June 2012 to June 2015	June 2012 to June 2020
	17,893,700	(408,999)	**17,484,701**	10.2299	10.4450	22 March 2013	September 2013 to September 2017	September 2013 to March 2023
	37,680,045	(734,153)	**36,945,892**	10.2729	9.7213	4 June 2013	September 2013 to September 2017	September 2013 to June 2023
	5,112,486	–	**5,112,486**	10.2299	7.72	29 August 2013	September 2013 to September 2017	September 2013 to August 2023
	14,638,000	–	**14,638,000**	10.2514	7.72	29 August 2013	July 2015 to July 2018	July 2015 to August 2023
	7,538,000	–	**7,538,000**	10.2514	9.24	15 July 2014	February 2016 to February 2019	February 2016 to July 2024
	1,184,750	–	**1,184,750**	4.972	4.950	15 April 2016	April 2017 to April 2019	April 2017 to April 2022
	403,025	–	**403,025**	6.092	5.98	7 June 2017	June 2018 to June 2019	June 2018 to April 2022
Total	120,435,698	(1,143,152)	**119,292,546**[ii]					

(i) Adjusted for the effect of the Company's rights issue completed in July 2013 for the prices prior to the trading of the Company's shares on an ex-rights basis on 6 June 2013 and the Company's rights issue completed in December 2009 for the prices prior to the trading of the Company's shares on an ex-rights basis on 29 October 2009

(ii) The number of outstanding share options vested and exercisable at 30 June 2018 was 113,814,283. These share options had a weighted average exercise price of HK$10.02.

(iii) The vesting periods of the share options are as follows:

(a) For the 2010 grant, the share options would be vested in four tranches (40% from the second year after the share options are granted and 20% each from the third to the fifth year after the grant).

(b) For the 2013 grants, the share options would be vested in five equal tranches in September 2013, September 2014, September 2015, September 2016 and September 2017, except for new recruits (Independent Non-executive Directors: 40% in March 2015 and 20% each in March 2016, March 2017 and March 2018; Senior executives: 40% in July 2015 and 20% each in July 2016, July 2017 and July 2018).

(c) For the 2014 grant, the share options would be vested in four tranches (40% in February 2016 and 20% each in February 2017, February 2018 and February 2019).

(d) For the 2016 grant, the share options would be vested in three equal tranches from the first to the third year after the share options are granted.

(e) For the 2017 grant, the share options would be vested in two equal tranches in the first and the second year after the share options are granted.

	Share options held at 1 January 2017	Share options granted during the period	Share options exercised during the period	Share options forfeited during the period	Share options held at 30 June 2017	Share option exercise price per share[i] (HK$)	Market price per share immediately before the date of grant[i] (HK$)	Grant date	Vesting period[v]	Exercisable period
Executive Directors										
Manuel V. Pangilinan	15,000,000	–	(13,000,000)	–	2,000,000	4.9457	4.9363	5 September 2007	September 2008 to September 2012	September 2008 to September 2017
	10,224,972	–	–	–	10,224,972	10.2299	10.4450	22 March 2013	September 2013 to September 2017	September 2013 to March 2023
Edward A. Tortorici[ii]	5,112,486	–	–	–	5,112,486	10.2299	10.4450	22 March 2013	September 2013 to September 2017	September 2013 to March 2023
	10,348,694	–	–	–	10,348,694	10.2729	9.7213	4 June 2013	September 2013 to September 2017	September 2013 to June 2023
	5,112,486	–	–	–	5,112,486	10.2299	7.72	29 August 2013	September 2013 to September 2017	September 2013 to August 2023
Robert C. Nicholson	13,704,933	–	(13,704,933)	–	–	4.9457	4.9363	5 September 2007	September 2008 to September 2012	September 2008 to September 2017
	6,646,232	–	–	–	6,646,232	10.2299	10.4450	22 March 2013	September 2013 to September 2017	September 2013 to March 2023
	7,281,203	–	–	–	7,281,203	10.2729	9.7213	4 June 2013	September 2013 to September 2017	September 2013 to June 2023
Non-Executive Director										
Benny S. Santoso	1,066,177	–	(1,066,177)	–	–	4.9457	4.9363	5 September 2007	September 2008	September 2008 to September 2017
	715,748	–	–	–	715,748	10.2299	10.4450	22 March 2013	September 2013 to September 2017	September 2013 to March 2023
	1,097,139	–	–	–	1,097,139	10.2729	9.7213	4 June 2013	September 2013 to September 2017	September 2013 to June 2023
	715,748	–	–	–	715,748	10.2299	7.72	29 August 2013	September 2013 to September 2017	September 2013 to August 2023
	1,339,600	–	–	–	1,339,600	4.972	4.950	15 April 2016	April 2017 to April 2019	April 2017 to April 2022
Independent Non-Executive Directors										
Prof. Edward K.Y. Chen,	3,405,651	–	(2,800,000)	–	605,651	4.9457	4.9363	5 September 2007	September 2008	September 2008 to September 2017
GBS, CBE, JP	1,097,139	–	–	–	1,097,139	10.2729	9.7213	4 June 2013	September 2013 to September 2017	September 2013 to June 2023
Margaret Leung Ko May Yee,	715,748	–	–	–	715,748	10.2299	10.4450	22 March 2013	March 2015 to March 2018	March 2015 to March 2023
SBS, JP	1,097,139	–	–	–	1,097,139	10.2729	9.7213	4 June 2013	March 2015 to March 2018	March 2015 to June 2023
Philip Fan Yan Hok	715,748	–	–	–	715,748	10.2299	10.4450	22 March 2013	March 2015 to March 2018	March 2015 to March 2023
	1,097,139	–	–	–	1,097,139	10.2729	9.7213	4 June 2013	March 2015 to March 2018	March 2015 to June 2023
Senior Executives	26,996,857	–	(23,701,343)	–	3,295,514	4.9457	4.9363	5 September 2007	September 2008 to September 2012	September 2008 to September 2017
	3,242,137	–	–	–	3,242,137	5.1932	5.2127	18 June 2010	June 2012 to June 2015	June 2012 to June 2020
	14,212,710	–	–	(1,431,496)	12,781,214	10.2299	10.4450	22 March 2013	September 2013 to September 2017	September 2013 to March 2023
	28,428,490	–	–	(1,097,139)	27,331,351	10.2729	9.7213	4 June 2013	September 2013 to September 2017	September 2013 to June 2023
	14,638,000	–	–	–	14,638,000	10.2514	7.72	29 August 2013	July 2015 to July 2018	July 2015 to August 2023
	7,538,000	–	–	–	7,538,000	10.2514	9.24	15 July 2014	February 2016 to February 2019	February 2016 to July 2024
	1,184,750	–	–	–	1,184,750	4.972	4.950	15 April 2016	April 2017 to April 2019	April 2017 to April 2022
	–	403,025	–	–	403,025	6.092	5.98	7 June 2017	June 2018 to June 2019	June 2018 to April 2022
Total	182,734,926	403,025	(54,272,453)[iii]	(2,528,635)	126,336,863[iv]					

(i) Adjusted for the effect of the Company's rights issue completed in July 2013 for the prices prior to the trading of the Company's shares on an ex-rights basis on 6 June 2013 and the Company's rights issue completed in December 2009 for the prices prior to the trading of the Company's shares on an ex-rights basis on 29 October 2009
(ii) Mr. Edward A. Tortorici resigned from the Board of Directors with effect from 30 August 2017.
(iii) The weighted average closing prices of the Company's shares immediately before and at the dates on which these share options were exercised were HK$5.85 and HK$5.85, respectively.
(iv) The number of outstanding share options vested and exercisable at 30 June 2017 was 96,962,386. These share options had a weighted average exercise price of HK$9.71.
(v) The vesting periods of the share options are as follows:
  (a) For the 2007 grant, the share options would be vested in five equal tranches from the first to the fifth year after the share options are granted, except for Non-executive Director and Independent Non-executive Director (fully vested from the first year after grant).
  (b) For the 2010 grant, the share options would be vested in four tranches (40% from the second year after the share options are granted and 20% each from the third to the fifth year after the grant).
  (c) For the 2013 grants, the share options would be vested in five equal tranches in September 2013, September 2014, September 2015, September 2016 and September 2017, except for new recruits (Independent Non-executive Directors: 40% in March 2015 and 20% each in March 2016, March 2017 and March 2018; Senior executives: 40% in July 2015 and 20% each in July 2016, July 2017 and July 2018).
  (d) For the 2014 grant, the share options would be vested in four tranches (40% in February 2016 and 20% each in February 2017, February 2018 and February 2019).
  (e) For the 2016 grant, the share options would be vested in three equal tranches from the first to the third year after the share options are granted.
  (f) For the 2017 grant, the share options would be vested in two equal tranches in the first and the second year after the share options are granted.

Further information regarding the Company's share option scheme has been set out on pages 216 to 223 of the Company's 2017 Annual Report.

(b) Particulars of MPIC's Share Option Scheme

	Share options held at 1 January 2018	Share options exercised during the period	**Share options held at 30 June 2018**	Share option exercise price per share (Peso)	Market price per share immediately before the date of grant (Peso)	Grant date	Vesting period[iii]	Exercisable period
Executive Director								
Robert C. Nicholson	5,000,000	–	**5,000,000**	4.60	4.59	14 October 2013	October 2014 to October 2015	October 2014 to October 2018
Senior Executives	64,825,000	(2,000,000)	**62,825,000**	4.60	4.59	14 October 2013	October 2014 to October 2015	October 2014 to October 2018
Total	69,825,000	(2,000,000)[i]	**67,825,000**[ii]					

(i) The closing prices of MPIC's shares immediately before and at the date on which these share options were exercised were Pesos 6.61 and Pesos 6.55, respectively.
(ii) The number of outstanding share options vested and exercisable at 30 June 2018 was 67,825,000. These share options had a weighted average exercise price of Pesos 4.60.
(iii) The share options would be vested in two equal tranches in the first and the second year after the share options are granted.

	Share options held at 1 January 2017	Share options exercised during the period	Share options held at 30 June 2017	Share option exercise price per share (Peso)	Market price per share immediately before the date of grant (Peso)	Grant date	Vesting period[iv]	Exercisable period
Executive Directors								
Manuel V. Pangilinan	2,000,000	(2,000,000)	–	4.60	4.59	–	–	–
Edward A. Tortorici[i]	5,000,000	–	5,000,000	4.60	4.59	14 October 2013	October 2014 to October 2015	October 2014 to October 2018
Robert C. Nicholson	5,000,000	–	5,000,000	4.60	4.59	14 October 2013	October 2014 to October 2015	October 2014 to October 2018
Senior Executives	64,525,000	(2,730,000)	61,795,000	4.60	4.59	14 October 2013	October 2014 to October 2015	October 2014 to October 2018
Total	76,525,000	(4,730,000)[ii]	71,795,000[iii]					

(i) Mr. Edward A. Tortorici resigned from the Board of Directors with effect from 30 August 2017.
(ii) The weighted average closing prices of MPIC's shares immediately before and at the dates on which these share options were exercised were Pesos 6.45 and Pesos 6.42, respectively.
(iii) The number of outstanding share options vested and exercisable at 30 June 2017 was 71,795,000. These share options had a weighted average exercise price of Pesos 4.60.
(iv) The share options would be vested in two equal tranches in the first and the second year after the share options are granted.

Further information regarding MPIC's share option scheme has been set out on pages 224 and 225 of the Company's 2017 Annual Report.

(c) Particulars of RHI's Share Option Scheme

	Share options held at 1 January 2018	Share options exercised during the period	Share options forfeited during the period	**Share options held at 30 June 2018**	Share option exercise price per share (Peso)	Market price per share immediately before the date of grant (Peso)	Grant date	Vesting period[iii]	Exercisable period
Executive Director									
Manuel V. Pangilinan	500,000	–	–	**500,000**	5.32	7.09	30 April 2014	April 2015 to April 2019	April 2015 to April 2019
Senior Executives	14,837,670	(980,133)	(137,267)	**13,720,270**	2.49	2.66	29 July 2013	July 2014 to July 2018	July 2014 to July 2018
	20,901,400	–	(292,751)	**20,608,649**	5.32	7.09	30 April 2014	April 2015 to April 2019	April 2015 to April 2019
Total	36,239,070	(980,133)[i]	(430,018)	**34,828,919**[ii]					

(i) The closing prices of RHI's shares immediately before and at the date on which these share options were exercised were Pesos 3.85 and Pesos 3.83, respectively.
(ii) The number of outstanding share options vested and exercisable at 30 June 2018 was 25,604,672. These share options had a weighted average exercise price of Pesos 4.18.
(iii) The share options would be vested in five equal tranches from the first to the fifth year after the share options are granted.

	Share options held at 1 January 2017	Share options forfeited during the period	Share options held at 30 June 2017	Share option exercise price per share (Peso)	Market price per share immediately before the date of grant (Peso)	Grant date	Vesting period[ii]	Exercisable period
Executive Director								
Manuel V. Pangilinan	500,000	–	500,000	5.32	7.09	30 April 2014	April 2015 to April 2019	April 2015 to April 2019
Senior Executives	15,101,376	(93,382)	15,007,994	2.49	2.66	29 July 2013	July 2014 to July 2018	July 2014 to July 2018
	23,960,832	(2,677,040)	21,283,792	5.32	7.09	30 April 2014	April 2015 to April 2019	April 2015 to April 2019
Total	39,562,208	(2,770,422)	36,791,786[i]					

(i) The number of outstanding share options vested and exercisable at 30 June 2017 was 19,558,368. These share options had a weighted average exercise price of Pesos 4.12.
(ii) The share options would be vested in five equal tranches from the first to the fifth year after the share options are granted.

Further information regarding RHI's share option scheme has been set out on pages 225 and 226 of the Company's 2017 Annual Report.

(B) Restricted Stock Unit Plan

Particulars of MPIC's Restricted Stock Unit Plan

	Shares unvested at 31 December 2017 and 30 June 2018	Grant date	Vesting period[i]
Executive Directors			
Manuel V. Pangilinan	**2,500,000**	14 July 2016	December 2018
Robert C. Nicholson	**600,000**	14 July 2016	December 2018
Non-executive Director			
Ambassador Albert F. del Rosario	**600,000**	14 July 2016	December 2018
Senior Executives	**23,700,000**	14 July 2016	December 2018
Total	**27,400,000**		

(i) The awarded shares would be fully vested in December 2018.

Further information regarding MPIC's restricted stock unit plan has been set out on page 227 of the Company's 2017 Annual Report.

21. Related Party Transactions

Significant related party transactions entered into by the Group during the period are disclosed as follows:

(A) On 22 December 2017, Indofood CBP, a subsidiary company of Indofood, entered into a conditional sale and purchase agreement with Asahi in relation to the acquisition of Asahi's entire 51% interest in AIBM and 49% interest in IASB at a total consideration of US$20.0 million. Indofood CBP would also acquire Asahi's shareholder's loans to AIBM and IASB and release Asahi from all the bank guarantees. The transaction was completed on 29 March 2018. As a result, AIBM and IASB became wholly-owned subsidiary companies of Indofood.

(B) Asia Link B.V. ("ALBV"), a wholly-owned subsidiary company of the Company, had a technical assistance agreement with Smart, a wholly-owned subsidiary company of PLDT, for ALBV to provide Smart with technical support services and assistance in the operations and maintenance of cellular mobile telecommunications services for a period of two years from 23 February 2016 and the agreement expired on 23 February 2018. The agreement provided for payments of technical service fees equivalent to 0.4% (2017: 0.4%) of the consolidated net revenue of Smart.

For the period ended 23 February 2018, the fees under the above arrangement amounted to Pesos 34 million (US$0.7 million) (Six months ended 30 June 2017: Pesos 92 million (US$1.8 million)). At 30 June 2018, the outstanding technical service fee receivable from Smart amounted to Pesos 4 million (US$0.1 million) (31 December 2017: Nil) and was included in accounts receivable, other receivables and prepayments.

(C) On 1 March 2018, First Pacific Investment Management Limited ("FPIML"), a wholly-owned subsidiary company of the Company, entered into an advisory services agreement with Smart. The agreement is for a period of one-year subject to a 12-month automatic renewal unless either party notifies the other party of its intent not to renew the agreement. FPIML provides advisory and related services in connection with the operation of Smart's business of providing mobile communications services, high-speed internet connectivity, and access to digital services and content. The agreement provides that Smart shall pay monthly service fee of US$0.3 million and any additional fee shall be mutually agreed upon by both parties on a monthly basis. The fees under this agreement amounted to US$1.0 million for the period from 1 March 2018 to 30 June 2018 (Six months ended 30 June 2017: Nil). At 30 June 2018, the outstanding receivable from Smart under this agreement amounted to US$0.3 million (31 December 2017: Nil) and was included in accounts receivable, other receivables and prepayments.

(D) In April 2018, Meralco PowerGen, through its wholly-owned subsidiary company, MPG Asia Limited ("MPG Asia"), made a pro-rata capital injection to FPM Power of US$4.4 million. There was no change in shareholdings in FPM Power following the injection.

In March 2013, MPG Asia provided a loan of US$110.0 million to FPM Power. In June 2014, MPG Asia provided an additional loan of US$3.5 million to FPM Power. The loans are unsecured, interest-free and have no fixed terms of repayment. The loans of US$113.5 million (31 December 2017: US$113.5 million) remained outstanding at 30 June 2018 and were included in the current portion of deferred liabilities, provisions and payables (Note 15).

(E) In April 2018, Petronas Power Sdn. Bhd. ("Petronas"), the 30% shareholder of PLP, made a pro-rata capital injection to PLP of S$6.1 million (US$4.6 million). There was no change in shareholdings in PLP following the injection.

At 30 June 2018, Petronas had outstanding loans due from PLP of approximately US$55.1 million (31 December 2017: US$53.1 million), which were included in the non-current portion of deferred liabilities, provisions and payables (Note 15). The loans are unsecured, subject to a variable London Interbank Offered Rate and are payable semi-annually. The tenor for each loan shall be 10 years. For the six months ended 30 June 2018, PLP accrued interest expenses of US$2.1 million (2017: US$4.4 million) to Petronas, which were compounded as part of the outstanding loans from Petronas. At 30 June 2018, PLP had approximately US$26,021 (31 December 2017: US$34,638) of outstanding interest payable due to Petronas which was included in accounts payable, other payables and accruals.

(F) FPIML has a service agreement with Goodman Fielder for FPIML to provide Goodman Fielder with management, advisory and financial services with effect from 17 March 2015 and subject to an annual review on the terms and conditions by the end of each reporting period between the parties.

For the six months ended 30 June 2018, the fees under the above arrangement amounted to A$0.6 million (US$0.4 million) (2017: A$0.9 million (US$0.7 million)). At 30 June 2018, FPIML had outstanding service fees receivable of approximately A$0.2 million (US$0.1 million) (2017: A$0.1 million (US$0.1 million)) from Goodman Fielder which was included in accounts receivable, other receivables and prepayments.

(G) In December 2014, ALBV entered into a subscription agreement with SMECI, a wholly-owned subsidiary company of Philex, in respect of the subscription for the SMECI's notes with a principal amount of Pesos 5.04 billion (US$94.5 million) (out of the total Pesos 7.2 billion (US$135.0 million) SMECI's notes), principally for financing capital expenditure of the Silangan project and repaying the advances from Philex. The SMECI's notes bear interest at a coupon rate of 1.5%, payable semi-annually every 18 June and 18 December and has a maturity of 8 years. A redemption premium, payable at a rate of 3% per annum, retroactive from the issue date and compounded semi-annually, will apply upon the maturity of the SMECI's notes. During the six months ended 30 June 2018, ALBV accrued interest income of US$2.2 million (2017: US$2.3 million) on these notes.

(H) In May 2018, the Company through a tender offer repurchased US$600,000 bonds due 2019 issued by FPC Finance Limited and US$200,000 bonds due 2020 issued by FPT Finance Limited from Mr. Robert C. Nicholson, an Executive Director of the Company, at an aggregate consideration of US$834,000. At 30 June 2018, Mr. Robert C. Nicholson did not own any bonds due 2019 issued by FPC Finance Limited (31 December 2017: US$600,000), bonds due 2020 issued by FPT Finance Limited (31 December 2017: US$200,000), nor bonds due 2023 issued by FPC Treasury Limited (31 December 2017: US$400,000), where all the issuers are wholly-owned subsidiary companies of the Company. For the six months ended 30 June 2018, Mr. Nicholson earned interest income of US$28,927 (2017: US$43,483) on these bonds.

(I) In May 2018, the Company through a tender offer repurchased US$200,000 bonds due 2019 issued by FPC Finance Limited from Ambassador Albert F. del Rosario, a Non-executive Director of the Company, at US$207,000. At 30 June 2018, Ambassador del Rosario did not own any bonds due 2019 issued by FPC Finance Limited (31 December 2017: US$200,000) but he owned bonds of US$200,000 due 2025 issued by FPC Capital Limited on 30 May 2018 (31 December 2017: Nil), where all the issuers are wholly-owned subsidiary companies of the Company. For the six months ended 30 June 2018, Ambassador del Rosario earned interest income of US$5,957 (2017: US$9,896) on these bonds.

(J) On 27 June 2017, MPIC acquired from PCEV, a subsidiary company of PLDT, the remaining 25% interest in Beacon Electric's common and preferred shares at a consideration of Pesos 21.8 billion (US$435.6 million), of which Pesos 12.0 billion (US$239.8 million) was settled in cash upfront and Pesos 2.45 billion (US$46.9 million) was settled in June 2018. The outstanding payable of Pesos 7.35 billion (US$137.8 million) will be settled in equal annual installments until June 2021. At 30 June 2018, the outstanding consideration payable due in June 2019 of Pesos 2.45 billion (US$45.9 million) (with a present value of US$43.8 million) was included in the current portion of deferred liabilities, provisions and payables (Note 15) and the remaining outstanding consideration due between June 2020 and June 2021 of Pesos 4.9 billion (US$91.9 million) (with a present value of US$80.7 million) was included in the non-current portion of deferred liabilities, provisions and payables (Note 15).

On 30 May 2016, MPIC acquired from PCEV, a 25% interest in Beacon Electric's common shares and preferred shares at a total consideration of Pesos 26.2 billion (US$549.6 million), of which Pesos 17.0 billion (US$356.6 million) was settled in cash upfront and Pesos 4.0 billion (US$78.3 million) was settled up to June 2018. The outstanding payable of Pesos 5.2 billion (US$97.4 million) will be settled in annual installments until June 2020. At 30 June 2018, the outstanding consideration payable due in June 2019 of Pesos 2.0 billion (US$37.5 million) (with a present value of US$35.9 million) was included in the current portion of deferred liabilities, provisions and payables (Note 15) and the remaining outstanding consideration due in June 2020 of Pesos 3.2 billion (US$59.9 million) (with a present value of US$54.8 million) was included in the non-current portion of deferred liabilities, provisions and payables (Note 15).

(K) Key Management Personnel Compensation

For the six months ended 30 June US$ millions	**2018**	2017
Non-performance based		
– Salaries and benefits	**40.8**	38.2
– Pension contributions	**6.7**	4.3
Performance based		
– Bonuses and long-term monetary incentive awards	**39.8**	33.0
Share-based compensation benefit expenses	**2.4**	6.3
Fees	**0.3**	0.2
Total	**90.0**	82.0

(L) Under certain framework agreements, Indofood has engaged in trade transactions in the ordinary course of business with certain of its associated companies, joint ventures and affiliated companies which are related to the Salim Family either through its control or joint control. Mr. Anthoni Salim is the Chairman and a substantial shareholder of the Company and is the President Director and Chief Executive Officer of Indofood.

All significant transactions with related parties, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the six months ended 30 June US$ millions	**2018**	2017
Income Statement Items		
Sales of finished goods		
– to associated companies and joint ventures	**24.4**	32.2
– to affiliated companies	**258.3**	243.7
Purchases of raw materials and finished goods		
– from associated companies and joint ventures	**83.2**	163.7
– from affiliated companies	**0.2**	–
Outsourcing expenses		
– to affiliated companies	**10.7**	9.2
Management and technical services fee income and royalty income		
– from associated companies and joint ventures	**1.5**	1.5
– from affiliated companies	**8.0**	6.8
Insurance expenses		
– to affiliated companies	**5.1**	3.6
Rental expenses		
– to associated companies and joint ventures	**–**	0.1
– to affiliated companies	**0.6**	2.0
Pump services expenses		
– to affiliated companies	**0.3**	0.4

Approximately 11% (2017: 10%) of Indofood's sales and 4% (2017: 9%) of its purchases were transacted with these related parties.

Nature of Balances

US$ millions	**At 30 June 2018**	At 31 December 2017
Statement of Financial Position Items		
Accounts receivable – trade		
– from associated companies and joint ventures	**2.2**	5.4
– from affiliated companies	**86.9**	75.7
Accounts receivable – non-trade		
– from associated companies and joint ventures	**4.5**	9.2
– from affiliated companies	**18.3**	19.1
Accounts payable – trade		
– to associated companies and joint ventures	**12.4**	47.1
– to affiliated companies	**5.3**	5.6
Accounts payable – non-trade		
– to affiliated companies	**29.0**	26.0

(M) In March 2018, Maynilad, a subsidiary company of MPIC, renewed the framework agreement with D.M. Consunji, Inc. ("Consunji"), a subsidiary company of DMCI Holdings, Inc. (a 27.2% shareholder of Maynilad Water Holding Company, Inc., Maynilad's parent company) for the period from 1 January 2018 to 31 December 2020 on substantially the same terms as the previous framework agreement in relation to the provision of engineering, procurement and/or construction services by Consunji to Maynilad. For the six months ended 30 June 2018, Maynilad entered into certain construction contracts with Consunji for the latter's construction of water infrastructure for Maynilad.

All significant transactions with Consunji, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the six months ended 30 June US$ millions	**2018**	2017
Capital Expenditure Item		
Construction services for water infrastructure	**12.7**	2.3

(N) MPIC, RHI and their subsidiary companies were charged for electricity expenses by Meralco, an associated company of the Group.

All significant transactions with Meralco, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the six months ended 30 June US$ millions	**2018**	2017
Income Statement Item		
Electricity expenses	**12.4**	12.5

Nature of Balances

US$ millions	**At 30 June 2018**	At 31 December 2017
Statement of Financial Position Item		
Accounts payable – trade	**1.1**	2.4

(O) MPIC, RHI and their subsidiary companies had the following transactions with PLDT, an associated company of the Group.

All significant transactions with PLDT, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the six months ended 30 June US$ millions	**2018**	2017
Income Statement Items		
Voice and data service expenses	**1.0**	1.2
Rental expenses	**0.2**	0.2
Income from advertising	**–**	0.4

Nature of Balances

US$ millions	**At 30 June 2018**	At 31 December 2017
Statement of Financial Position Items		
Accounts receivable – trade	**–**	0.7
Accounts payable – trade	**1.5**	1.8

(P) MPIC and its subsidiary companies had the following transactions with Indra Philippines Inc. ("Indra"), an associated company of the Group.

All significant transactions with Indra, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the six months ended 30 June US$ millions	**2018**	2017
Income Statement Item		
Service expenses	**3.3**	2.5

Nature of Balances

US$ millions	**At 30 June 2018**	At 31 December 2017
Statement of Financial Position Item		
Accounts payable – trade	**0.3**	0.5

(Q) MPIC and its subsidiary companies had the following balance with Landco Pacific Corporation ("Landco"), a joint venture of the Group.

All significant transactions with Landco, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Balances

US$ millions	**At 30 June 2018**	At 31 December 2017
Statement of Financial Position Item		
Associated companies and joint ventures		
– Amounts due from associated companies and joint ventures	**17.8**	16.6

(R) MPIC and its subsidiary companies had the following balance with ATEC, an associated company of the Group.

All significant transactions with ATEC, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Balances

US$ millions	**At 30 June 2018**	At 31 December 2017
Statement of Financial Position Item		
Associated companies and joint ventures		
– Amounts due from associated companies and joint ventures	**35.2**	37.7

(S) GBPC sells electricity to Meralco, an associated company of the Group.

All significant transactions with Meralco, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the six months ended 30 June US$ millions	**2018**	2017
Income Statement Item		
Sale of electricity	**22.7**	–

Nature of Balances

US$ millions	**At 30 June 2018**	At 31 December 2017
Statement of Financial Position Item		
Accounts receivable – trade	**12.0**	10.4

(T) For the six months ended 30 June 2017, Easytrip Services Corporation, a joint venture of the Group up to 10 October 2017, provided electronic toll collection services to NLEX Corporation for a consideration of US$1.0 million.

(U) On 30 June 2017, MPCALA, a subsidiary company of MPIC, entered into a construction contract with Consunji in relation to the construction of CALAX at a consideration of Pesos 7.2 billion (US$142.7 million).

(V) For the period from 1 January 2017 to 27 June 2017, MPIC was entitled to US$50.8 million of dividend income on preferred shares from Beacon Electric, a joint venture of the Group up to 27 June 2017.

In May 2017, Beacon Electric redeemed its preferred shares of Pesos 3.5 billion (US$69.9 million) issued to MPIC in May 2016 and repaid its amounts due to MPIC of Pesos 612 million (US$12.3 million). In June 2017, MPIC acquired Beacon Electric's preferred shares of Pesos 5.8 billion (US$114.9 million) (with a book value amount, which reflected the effect of discounting, of Pesos 5.5 billion (US$108.5 million)) from PCEV. At 27 June 2017, MPIC had an investment in preferred shares issued by Beacon Electric of Pesos 22.6 billion (US$447.8 million), which was eliminated at consolidation level after Beacon Electric became a subsidiary company of the Group on that date.

(W) On 21 June 2017, Indofood agreed to sell a plot of land to PT Indoagri Daitocacao, a 49%-owned associated company of SIMP, a subsidiary company of Indofood, for a consideration of Rupiah 53 billion (US$4.0 million) with reference to an independent valuation. The transaction was completed in July 2017.

(X) On 7 June 2017, PT Aston Inti Makmur ("AIM"), a subsidiary company of Indofood, agreed to acquire six plots of land from Mr. Anthoni Salim, the Chairman and a substantial shareholder of the Company, and PT Adithya Suramitra, a company wholly-owned by Mr. Anthoni Salim, at a total consideration of Rupiah 2.2 trillion (US$165.1 million) with reference to an independent valuation. The transaction was completed in August 2017.

(Y) TMC, an associated company of MPIC up to 4 April 2017, collected toll fees for NLEX Corporation, a subsidiary company of MPIC, for the period from 1 January 2017 to 4 April 2017. TMC received operator's fees and management income of US$9.0 million and US$0.3 million, respectively.

22. Financial Instruments

(A) Financial Instruments by Category

(a) Financial Assets

The following table summarizes the Group's financial assets at the end of the reporting period.

US$ millions	At 30 June 2018 Financial assets at amortized cost	Financial assets at FVOCI	Financial assets at FVPL	Total	At 31 December 2017 Loans and receivables	Available-for-sale financial assets	Financial assets at fair value	Total
Accounts and other receivables (Non-current)	3.1	–	10.8	13.9	4.0	–	3.0	7.0
Financial assets at FVOCI/available-for-sale assets (Non-current)	–	287.7	–	287.7	–	274.5	–	274.5
Other non-current assets	95.1	–	–	95.1	85.5	–	–	85.5
Cash and cash equivalents and short-term deposits	1,856.4	–	–	1,856.4	2,157.2	–	–	2,157.2
Restricted cash	60.6	–	–	60.6	81.1	–	–	81.1
Financial assets at FVOCI/available-for-sale assets (Current)	–	78.5	–	78.5	–	60.2	–	60.2
Accounts and other receivables (Current)	900.7	–	36.6	937.3	1,019.3	–	18.9	1,038.2
Total	2,915.9	366.2	47.4(i)	3,329.5	3,347.1	334.7	21.9(i)	3,703.7

(i) Represents derivative assets designated as hedge items

(b) Financial Liabilities

The following table summarizes the Group's financial liabilities at the end of the reporting period.

US$ millions	At 30 June 2018 Financial liabilities at amortized cost	Financial liabilities at fair value	Total	At 31 December 2017 Financial liabilities at amortized cost	Financial liabilities at fair value	Total
Accounts payable, other payables and accruals	1,113.5	–	1,113.5	1,063.9	–	1,063.9
Short-term borrowings	1,832.2	–	1,832.2	1,460.4	–	1,460.4
Current portion of deferred liabilities, provisions and payables	93.0	9.1	102.1	105.0	8.3	113.3
Long-term borrowings	5,955.8	–	5,955.8	6,509.3	–	6,509.3
Deferred liabilities, provisions and payables (Non-current)	795.2	0.6	795.8	896.8	2.5	899.3
Total	9,789.7	9.7(i)	9,799.4	10,035.4	10.8(i)	10,046.2

(i) Represents derivative liabilities designated as hedge items

(B) Fair Values of Financial Instruments

The fair values of the financial assets and liabilities are determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Fair values of cash and cash equivalents and short-term deposits, restricted cash, current accounts and other receivables, accounts payable, other payables and accruals, short-term borrowings and other current liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

- Fair values of non-current accounts and other receivables and other non-current assets are evaluated based on the discounted values of the expected future cash flows using the prevailing market rates for similar types of assets.

- Fair values of listed investments included in financial assets at FVOCI are derived from quoted market prices in active markets.

- Fair values of unlisted investments included in financial assets at FVOCI are measured by discounted cash flow models, by reference to the most recent transaction prices or by reference to market comparable companies.

- Long-term borrowings with fixed interest rates and other non-current financial liabilities are evaluated based on the discounted value of the expected future cash flows using the prevailing market rates for similar types of liabilities. Fair values of long-term borrowings with variable interest rates approximate to their carrying amounts because of regular repricing based on market conditions. Fair values of listed bonds are derived from quoted market prices in active markets.

- Derivative assets/liabilities in respect of derivative financial instruments, such as foreign exchange forward contracts, interest rate swaps, fuel swaps and electricity futures, are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include the use of present value calculations of future cash flows by reference to current forward exchange rates and fuel prices for contracts with similar maturity profiles and market values for similar instruments with similar maturity profiles.

The following table shows a comparison between the carrying amounts and fair values of the Group's financial instruments with carrying amounts not equal or reasonably approximating to their fair values at the end of the reporting period. The Group's financial instruments with carrying amounts equal or reasonably approximating to their fair values at 30 June 2018 and 31 December 2017 and unquoted available-for-sale assets that are measured at cost less any accumulated impairment losses at 31 December 2017 are not included in this table.

US$ millions	**At 30 June 2018** Carrying amount	**At 30 June 2018** Fair value	31 December 2017 Carrying amount	31 December 2017 Fair value
Financial Liabilities				
Long-term borrowings	**5,955.8**	**5,931.9**	6,509.3	6,568.9
Deferred liabilities, provisions and payables (Non-current)	**795.2**	**787.8**	896.8	934.8
Total	**6,751.0**	**6,719.7**	7,406.1	7,503.7

(C) Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair values that are not based on observable market data (unobservable inputs)

The Group held the following financial instruments measured at fair value at the end of the reporting period.

	30 June 2018				31 December 2017			
US$ millions	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets at FVOCI/available-for-sale assets								
– Listed equity investments	**151.5**	**–**	**–**	**151.5**	132.3	–	–	132.3
– Listed debentures	**20.1**	**–**	**–**	**20.1**	25.1	–	–	25.1
– Unlisted investments	**–**	**179.3**	**15.3**	**194.6**	–	63.0	–	63.0
Derivative assets(i)	**0.9**	**46.5**	**–**	**47.4**	–	21.9	–	21.9
Derivative liabilities(ii)	**(0.4)**	**(9.3)**	**–**	**(9.7)**	(0.1)	(10.7)	–	(10.8)
Net Amount	**172.1**	**216.5**	**15.3**	**403.9**	157.3	74.2	–	231.5

(i) Included within accounts receivable, other receivables and prepayments
(ii) Included within deferred liabilities, provisions and payables

The fair values of unlisted investments, derivative assets and derivative liabilities in Level 2 are measured by reference to the most recent transaction prices and using the discounted cash flow models as described in Note 22(B) to the Condensed Interim Consolidated Financial Statements, respectively.

The fair value of an unlisted equity investment included in unlisted investments in the above table is categorized within Level 3 and is determined using the EBITDA multiple of comparable listed companies adjusted for lack of marketability discount up to 30% and adjusted for the net debt of the investee, if applicable. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2018, it was estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have decreased/increased the Group's other comprehensive loss by US$0.2 million (2017: Nil).

The movement during the period in the balance of Level 3 fair value measurement is as follows:

An unlisted equity investment US$ millions	**2018**
At 1 January	**–**
Impact of initial application of HKFRS 9 (Note 1(B))	**16.3**
At 1 January (As adjusted)	**16.3**
Exchange translation	**(1.0)**
At 30 June	**15.3**

For financial instruments that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the period, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements.

23. Event after the Reporting Period

On 2 July 2018, MPTC, through its Indonesian subsidiary company, PT Metro Pacific Tollways Indonesia ("PT MPTI"), acquired an additional 4.99% interest in PT Nusantara at a consideration of Pesos 597 million (US$11.2 million). This transaction increased MPTC's aggregate interest in PT Nusantara to approximately 53.3% and the Group had started to consolidate PT Nusantara's financial results and financial position since then. As a result of the transaction, MPTC was required to conduct a mandatory tender offer (the "Offer") in favor of the non-controlling shareholders of PT Nusantara who collectively hold approximately 44.2% of PT Nusantara with the remaining 2.5% held as treasury stock by PT Nusantara. The Offer price of Rupiah 211 per share was approved by the Indonesian Financial Services Authority. The Offer period is from 1 August 2018 to 30 August 2018.

The financial effects of the consolidation of PT Nusantara are estimated as follows:

US$ millions	**Provisional fair value recognized on acquisition**[i]
Consideration	
Cash and cash equivalents	**11.2**
Associated companies and joint ventures[ii]	**138.8**
Current portion of deferred liabilities, provisions and payables[iii]	**99.0**
Total	**249.0**
Net Assets	
Property, plant and equipment	**34.9**
Associated companies and joint ventures	**54.3**
Other intangible assets	**238.9**
Deferred tax assets	**1.0**
Restricted cash	**2.8**
Other non-current assets	**25.1**
Cash and cash equivalents	**42.6**
Accounts receivable, other receivables and prepayments	**19.2**
Accounts payable, other payables and accruals	**(8.3)**
Short-term borrowings	**(17.4)**
Current portion of deferred liabilities, provisions and payables	**(0.2)**
Long-term borrowings	**(45.2)**
Deferred liabilities, provisions and payables	**(3.3)**
Deferred tax liabilities	**(48.8)**
Total Net Identifiable Assets Acquired	**295.6**
Non-controlling interests[iv]	**(69.2)**
Total Share of Net Identifiable Assets Acquired	**226.4**
Goodwill	**22.6**

(i) Provisional amounts determined based on management's best estimates of the fair values of the identifiable assets acquired, liabilities and contingent liabilities assumed, and subject to revision upon their further assessment
(ii) Represents the fair value of a 48.3% interest in PT Nusantara previously held by PT MPTI
(iii) Represents the fair value of a financial liability arising from the Offer to acquire the remaining 44.2% interest in PT Nusantara
(iv) The non-controlling interests were measured at the proportionate share of their interests in the PT Nusantara's identifiable net assets.

The fair value and gross amount of PT Nusantara's receivables were US$9.2 million. The transaction costs of US$0.7 million incurred for this business combination and the estimated gain on remeasurement of a previously held interest in PT Nusantara of US$2.3 million will be recognized as administrative expenses and other operating income, respectively, in the 2018 annual consolidated income statement.

The goodwill arising from MPTC's acquisition of PT Nusantara pertains to, but is not limited to, the expected synergies in the Group arising from the acquisition. None of the goodwill recognized is expected to be deductible for the income tax purposes.

Additional non-controlling interests would be recognized at the end of the Offer period for the non-controlling shareholders who would not participate in the Offer and measured at the proportionate share of their interests in PT Nusantara's identifiable net assets as at the acquisition date. The remaining financial liability arising from the Offer will be derecognized with any difference between the non-controlling interests and derecognized financial liability adjusted to goodwill.

If the acquisition had taken place on 1 January 2018, the turnover and profit for the six months ended 30 June 2018 of the Group would have been US$3,862.8 million and US$411.0 million, respectively.

24. Approval of the Condensed Interim Consolidated Financial Statements

The Condensed Interim Consolidated Financial Statements of the Company were approved and authorized for issue by the Board of Directors on 29 August 2018.

Review Statement of the Audit and Risk Management Committee

The Audit and Risk Management Committee has reviewed the 2018 interim results, including the accounting policies and practices adopted by the Group. The Audit and Risk Management Committee also has discussed financial reporting, auditing, risk management and internal control matters with the Company's management and its external auditor.

Corporate Governance Report

Corporate Governance Practices

First Pacific is committed to building and maintaining high standards of corporate governance. The Company's Corporate Governance Committee, comprised of a majority of Independent Non-executive Directors (INEDs) and chaired by an INED, was delegated with the responsibility for supervision of the Company's corporate governance functions. The Committee carried out a review of its corporate governance practices in respect of the six months period ended 30 June 2018 to ensure its compliance with the Listing Rule requirements. This Committee is also tasked with the responsibility to oversee the process of Environmental, Social and Governance (ESG) reporting, in compliance with the Listing Rule requirements. With the approval of the Corporate Governance Committee, the Company's ESG Report 2017 was published on the websites of the SEHK and the Company on 10 July 2018.

The Company has adopted its own Corporate Governance Code (the First Pacific Code), which incorporates the principles and requirements set out in the Corporate Governance Code contained in Appendix 14 of the Main Board Listing Rules (the CG Code). The First Pacific Code will be updated regularly following relevant amendments to the Listing Rules.

Throughout the six months period, First Pacific has applied the principles and complied with most of the Code Provisions and, where appropriate, adopted the Recommended Best Practices contained in the CG Code with the following exceptions:

Code Provision B.1.5: Issuers should disclose details of any remuneration payable to members of senior management by band in their annual reports. Recommended Best Practice B.1.8: Issuers should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in their annual reports.

The Company does not disclose details of any remuneration payable to members of senior management, either by band or on an individual and named basis as a large number of the senior executives employed by the Group are employed in jurisdictions that do not require disclosure of such information. It will create inequality across the Group if only the remuneration of the senior executives at the head office is disclosed.

Recommended Best Practices C.1.6 and C.1.7: An issuer should announce and publish quarterly financial results within 45 days after the end of the relevant quarter.

The Company does not issue quarterly financial results as most of our major operating units based in the Philippines, Indonesia and Singapore already issue quarterly reports. As such, we believe that the relevant information is already available in the public domain.

Code Provision C.2.5: The Issuer should have an internal audit function. Issuers without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report.

The Company does not have an internal audit department. However, the Group has multiple listed companies in the Philippines, Indonesia and Singapore, as well as a joint venture company in Australia, each of which has its own internal audit and/or risk management functions to monitor the internal control system for operational, financial and compliance and risk management functions. Accordingly, the Company can rely on group resources to carry out internal audit/risk management functions for members of the Group. Taking this into account, the Company does not consider it necessary to have a separate internal audit function. The Company will review the need for such function on an annual basis.

Compliance of the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted its own Model Code for Securities Transactions by Directors (the Model Code) on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 of the Listing Rules. All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2018.

Continuing Connected Transactions

During the six months ended 30 June 2018, the INEDs agreed with the Directors in relation to the following continuing connected transactions (CCTs) and approved the disclosure of those transactions in the form of published announcements:

- 12 March 2018 announcement: following the Company's previous announcement made on 16 January 2015 in relation to, among other things, the execution of the framework agreement between D.M. Consunji, Inc. (DMCI) and Maynilad Water Services, Inc. (Maynilad) dated 13 January 2015, the Company announced that the framework agreement expired in accordance with its terms on 31 December 2017. In order to continue performance of the services under the framework agreement and allow

DMCI to continue to submit proposals for business put out to competitive tender by Maynilad, DMCI and Maynilad have entered into a renewal agreement, pursuant to which DMCI and Maynilad have agreed to renew the framework agreement for a period of three years. Save for the new annual caps set for the years ending 31 December 2018, 2019 and 2020, all other terms and conditions of the framework agreement will remain in full force and effect.

- 6 June 2018 announcement: following the Company's previous announcements made on 6 September 2017 and 10 November 2016 and the Company's circular dated 30 December 2016 in relation to certain CCTs relating to the Indofood Group, due to expansion of businesses, the Company has undertaken a review in respect of Indofood's Flour Business Transactions, Packaging Business Transactions and Noodles Business Transactions. As a result of that review, the Company has revised the Annual Caps for each of those business categories for 2018 and 2019 in order to more closely reflect the projected transaction amounts.

  In addition, due to the addition of new CCTs, the 2018 and 2019 aggregated Annual Caps in respect of Indofood's Flour Business Transactions, Distribution Business Transactions, Snack Foods Business Transactions, Property Business Transactions and Beverages Business – Salim Transactions, have been revised and are subject to the reporting and announcement requirements, but not the Independent Shareholders' approval requirements, under Chapter 14A of the Listing Rules.

Risk Management and Internal Control

As a decentralized organization in which local management have substantial autonomy to run and develop their respective company business, the Group views well developed reporting systems and internal controls as essential. The Board plays a key role in the implementation and monitoring of internal controls. Their responsibilities include:

- conducting regular board meetings to focus on business strategy, operational issues and financial performance;
- active participation on the boards of subsidiaries, associated companies and joint venture companies;
- approving annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;
- monitoring the compliance with applicable laws and regulations, and also with the First Pacific Code;
- monitoring the quality, timeliness, and content of internal and external reporting; and
- monitoring risks and the effectiveness of internal controls.

The Board is responsible for maintaining an adequate system of risk management and internal controls in the Group and reviewing their effectiveness through the Audit and Risk Management Committee. The Company's Risk Assessment Committee, comprising of two Executive Directors and senior executives, oversees head office's risk management function, in relation to its role as an investment holding and management company. This Committee will report to the Audit and Risk Management Committee twice each year.

The Company does not have an internal audit department, each of the Group's operating companies has its own internal audit and/or risk management functions responsible for the implementation of an effective internal control system. Their effectiveness is continuously being evaluated and enhanced by the respective operating companies' audit committees/risk committees, which are reviewed by the Company's Audit and Risk Management Committee on a semi-annual basis.

In respect of the six months ended 30 June 2018, the Board confirmed that it has received confirmations from the operating companies' audit committees, risk committees and/or internal auditor/chief risk officer on the effectiveness of the Group's risk management and internal control systems and that there is no significant area of concern to be disclosed.

During the six months ended 30 June 2018, the Audit and Risk Management Committee reviewed and advised that:

- The risk management and internal controls systems of the Group function are effective and are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management's authorization and the financial statements are reliable for publication and compliant with all relevant laws and regulations.
- There are processes in place for identifying, evaluating and managing the material business risks faced by the Group. Such processes are incorporated in all the Group's businesses.
- There are adequate resources, qualified and experienced staff, training programs and budget for the Group's accounting and financial reporting function.

Interests of Directors and Substantial Shareholders

Interests of Directors in the Company and its Associated Corporations

As at 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (SFO)) which (a) were recorded in the register required to be kept under section 352 of Part XV of the SFO; or (b) were notified to the Company and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (Model Code) were as follows:

(A) Long Positions in Shares in the Company

Name	Ordinary shares	Approximate percentage of issued share capital (%)	Ordinary share options
Anthoni Salim	1,925,474,957(C)(i)	44.35	–
Manuel V. Pangilinan	70,493,078(P)(ii)	1.62	10,224,972
Robert C. Nicholson	6,138,528(P)(iii)	0.14	13,927,435
Christopher H. Young	3,554,340(P)(iv)	0.08	–
Benny S. Santoso	446,535(P)(v)	0.01	3,868,235
Ambassador Albert F. del Rosario	1,722,231(P)(vi)	0.04	–
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	1,989,559(P)(vii)	0.05	1,097,139
Margaret Leung Ko May Yee, *SBS, JP*	1,131,652(P)(viii)	0.03	1,812,887
Philip Fan Yan Hok	1,131,652(P)(ix)	0.03	1,812,887
Madeleine Lee Suh Shin	893,070(P)(x)	0.02	–

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

(i) Anthoni Salim indirectly owns 100% of First Pacific Investments (B.V.I.) Limited, his indirect interests in First Pacific Investments (B.V.I.) Limited are held through Salerni International Limited (a company of which Anthoni Salim directly holds 100% of the issued share capital). First Pacific Investments (B.V.I.) Limited and Salerni International Limited are interested in 633,186,599 shares and 502,058,994 shares respectively in the Company. Anthoni Salim also owns 83.84% of First Pacific Investments Limited which, in turn, is interested in 790,229,364 shares in the Company. Of this, 4.04% is held by Anthoni Salim directly, 20.19% by Salerni International Limited and 59.61% by Asian Capital Finance Limited (a company of which Anthoni Salim owns 100% share interests). The remaining 16.16% interest in First Pacific Investments Limited is owned as to 12.12% by Sutanto Djuhar (a former Non-executive Director of the Company) and 4.04% by Tedy Djuhar (a Non-executive Director of the Company).

(ii) It included Mr. Pangilinan's interests in 1,488,460 awarded shares granted pursuant to the Company's Share Award Scheme as adopted by the Board on 19 March 2013 (the Share Award Scheme) which remain unvested, and interests in 29,033,817 shares transferred to certain family trusts.

(iii) It included Mr. Nicholson's interests in 879,940 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(iv) It included Mr. Young's interests in 1,184,780 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(v) It included Mr. Santoso's interests in 148,845 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(vi) It included Ambassador del Rosario's interests in 297,690 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(vii) It included Prof. Chen's interests in 297,690 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(viii) It included Mrs. Leung's interests in 297,690 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(ix) It included Mr. Fan's interests in 297,690 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(x) It included Ms. Lee's interests in 357,228 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(B) Long positions in Shares in associated corporations

- Manuel V. Pangilinan owned (a) 30,592,404 common shares(P) (0.10%)* (which included 2,500,000 stock grant) in MPIC; (b) 243,539 common shares(P) (0.11%)* in PLDT as beneficial owner and a further 15,417 common shares (less than 0.01%)* in PLDT as nominee; (c) 4,655,000 common shares(P) (0.09%)* in Philex; (d) 1,603,465 common shares(P) (0.09%)* in PXP; (e) 40,000 common shares(P) (less than 0.01%)* in Meralco; as well as (f) 61,547 common shares(P) (less than 0.01%)* and 500,000 share options in RHI.

- Robert C. Nicholson owned (a) 600,000 stock grant (less than 0.01%)* and 5,000,000 share options in MPIC; (b) 1,250 common shares(P) (less than 0.01%)* in Philex; as well as (c) 337 common shares(P) (less than 0.01%)* in PXP.

- Christopher H. Young owned (a) 54,313 common shares(P) (0.02%)* in PLDT and (b) 61,547 common shares(P) (less than 0.01%)* in RHI.

- Tedy Djuhar owned 15,520,335 ordinary shares(C) (0.18%)* in Indofood.

- Anthoni Salim owned (a) 1,329,770 ordinary shares(P) (0.02%)* in Indofood and an indirect interest of 4,396,103,450 Indofood shares(C) (50.07%)* through the Company's group companies; (b) an indirect interest of 2,007,788 shares(C) (0.14%)* in IndoAgri through his controlled corporations other than the Company and an indirect interest of 1,037,760,830 IndoAgri shares(C) (74.34%)* through the Company's group companies; (c) an indirect interest of 20,483,364 shares(C) (0.13%)* in SIMP through his controlled corporations other than the Company and an indirect interest of 12,471,746,400 SIMP shares(C) (80.46%)* through the Company's group companies; and (d) an indirect interest of 245,681,396 shares(C) (37.48%)* in China Minzhong Food Corporation Limited (CMZ) in the form of security under a share charge over CMZ shares in favor of his controlled corporations other than the Company and an indirect interest of 196,249,971 CMZ shares(C) (29.94%)* through the Company's group companies in the form of security under a share charge over CMZ shares in favour of Indofood.

- Ambassador Albert F. del Rosario owned (a) 2,050,000 common shares(P) (which included 600,000 stock grant) in personal capacity and 12,774,224 common shares(P) under joint names (collectively 0.05%)* in MPIC; (b) 1 common share(P) in personal capacity and 142,409 common shares(P) under joint names (collectively 0.07%)* in PLDT; (c) 100 common shares(P) in personal capacity and 675,000 common shares(P) under joint names (collectively 0.01%)* in Philex; (d) 28 common shares(P) in personal capacity and 187,650 common shares(P) under joint names (collectively 0.01%)* in PXP; (e) 25,700 common shares(P) in personal capacity and 474,640 common shares(P) under joint names (collectively 0.04%)* in Meralco; as well as (f) US$200,000 of bonds due 2025 issued by FPC Capital Limited, which is a wholly-owned subsidiary of the Company.

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

* Approximate percentage of the issued capital of the respective class of shares in the respective associated corporations as at 30 June 2018.

Save for those disclosed above, as at 30 June 2018, none of the Directors and chief executive of the Company had any interests or short positions in respect of shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code.

Interests of Substantial Shareholders in the Company

The interests and short positions of substantial shareholders in the shares and underlying shares of the Company as at 30 June 2018 as recorded in the register required to be kept under Section 336 of the SFO are set out below:

(a) Salerni International Limited (Salerni), which was incorporated in the British Virgin Islands, was interested in 1,135,245,593 ordinary shares of the Company at 30 June 2018, representing approximately 26.15% of the Company's issued share capital at that date, by way of 502,058,994 ordinary shares of the Company held, representing approximately 11.56% of the Company's issued share capital at that date and also its 100% interest in First Pacific Investments (B.V.I.) Limited (FPIL-BVI). Anthoni Salim, Chairman of the Company, beneficially owns the entire issued share capital of Salerni and, accordingly, is taken to be interested in the shares owned by Salerni.

(b) Asian Capital Finance Limited (ACFL), which was incorporated in the British Virgin Islands, was interested in 790,229,364 ordinary shares of the Company at 30 June 2018, representing approximately 18.20% of the Company's issued share capital at that date, by way of its 59.61% interest in First Pacific Investments Limited (FPIL-Liberia). Anthoni Salim, Chairman of the Company, beneficially owns the entire issued share capital of ACFL and, accordingly, is taken to be interested in the shares owned by ACFL.

(c) FPIL-Liberia, which was incorporated in the Republic of Liberia, beneficially owned 790,229,364 ordinary shares at 30 June 2018, representing approximately 18.20% of the Company's issued share capital at that date. FPIL-Liberia is owned by Salerni, ACFL, Anthoni Salim (Chairman of the Company), Tedy Djuhar (a Non-executive Director of the Company) and Sutanto Djuhar (a former Non-executive Director of the Company), in the proportion specified in note (i) of the table on page 78. Anthoni Salim, Chairman of the Company, is taken to be interested in the shares owned by FPIL-Liberia.

(d) FPIL-BVI, which was incorporated in the British Virgin Islands, beneficially owned 633,186,599 ordinary shares at 30 June 2018, representing approximately 14.58% of the Company's issued share capital at that date. Anthoni Salim, Chairman of the Company, indirectly owns the entire issued share capital of FPIL-BVI and, accordingly, is taken to be interested in the shares owned by FPIL-BVI.

(e) Lazard Asset Management LLC (Lazard), a United States incorporated company, notified the Company that it held 217,048,999 ordinary shares of the Company as at 9 February 2018, representing approximately 5.00% of the Company's issued share capital at that date. At 30 June 2018, the Company has not received any other notification from Lazard of any change to such holding.

(f) Brandes Investment Partners L.P. (Brandes), a United States incorporated company, notified the Company that it held 286,584,541 ordinary shares of the Company as at 28 September 2017, representing approximately 6.60% of the Company's issued share capital at that date. At 30 June 2018, the Company has not received any other notification from Brandes of any change to such holding.

Other than as disclosed above, the Company had not been notified of any person (other than Directors or chief executive of the Company) at 30 June 2018 who had an interest or short position in the shares or underlying shares of the Company to be recorded in the register required to be kept under Section 336 of Part XV of the SFO.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2018, the Company made tender offers inviting holders of the US$400 million 6.0% Guaranteed Bonds due June 2019 issued by FPC Finance Limited (2019 Bonds), the US$400 million 6.375% Guaranteed Secured Bonds due September 2020 issued by FPT Finance Limited (2020 Bonds) and the US$400 million 4.5% Guaranteed Bonds due April 2023 issued by FPC Treasury Limited (2023 Bonds) to tender their Bonds for purchase by the Company for cash (Tender Offers). The purchase price for the three Bonds under the Tender Offers was 103.5% of the principal amount of the 2019 Bonds, 106.5% of the principal amount of the 2020 Bonds and 100.0% of the principal amount of the 2023 Bonds respectively. On expiration deadline of the Tender Offers, the Company received valid tenders for an aggregate principal amount of US$159.5 million in respect of the 2019 Bonds, US$60.3 million in respect of the 2020 Bonds and US$120.1 million in respect of the 2023 Bonds. The Company has decided to accept the 2019 Bonds and 2020 Bonds for purchase, with settlement completed on 31 May 2018 and the purchased Bonds were subsequently cancelled. The Company did not accept for purchase any of the 2023 Bonds.

The Company has not repurchased any of the US$400 million 4.5% Guaranteed Bonds due April 2023 issued by FPC Treasury Limited (Six months ended 30 June 2017: US$8.1 million at an aggregate consideration of US$8.4 million).

On 30 May 2018, FPC Capital Limited, a wholly-owned subsidiary of the Company, issued Bonds in an aggregate principal amount of US$175.0 million at an issue price of 100.0%. The Bonds were unconditionally and irrevocably guaranteed by the Company. The Bonds were subsequently listed on the SEHK on 31 May 2018.

During the six months ended 30 June 2018, the independent trustee managing the Company's share award scheme purchased 3,876,000 shares of the Company (Six months ended 30 June 2017: Nil) at an aggregate consideration of approximately US$2.0 million (Six months ended 30 June 2017: Nil) at the cost of the Company.

Except as disclosed above, neither the Company, nor any of its subsidiary companies, has made any purchase, sale or redemption of any of the Company's listed securities during the period.

Information for Investors

Financial Diary

Preliminary announcement of 2018 interim results	29 August 2018
Last day to register for interim distribution	12 September 2018
Payment of interim distribution	27 September 2018
Interim report posted to shareholders	28 September 2018
Financial year-end	31 December 2018
Preliminary announcement of 2018 results	26 March 2019*

* Subject to confirmation

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Website

www.firstpacific.com

Share Information

First Pacific shares are listed on The Stock Exchange of Hong Kong Limited and are traded over the counter in the United States in the form of American Depositary Receipts
Listing date : 12 September 1988
Par value : US 1 cent per share
Lot size : 2,000 shares
Number of ordinary shares issued: 4,341,986,968

Stock Codes

SEHK : 142
Bloomberg : 142 HK
Thomson Reuters : 0142.HK

American Depositary Receipts (ADRs) Information

Level: 1
ADRs Code: FPAFY
CUSIP reference number: 335889200
ADRs to ordinary shares ratio: 1:5
ADRs depositary bank: Deutsche Bank Trust Company Americas

To Consolidate Shareholdings

Write to our principal share registrar and transfer office in Bermuda at:
MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08, Bermuda

Or the Hong Kong branch registrar at:
Computershare Hong Kong Investor Services Limited

Registrar Office
17M/F Hopewell Centre
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A Chinese Version of this Report, or Additional Information

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Solicitor

Gibson, Dunn & Crutcher LLP
32/F Gloucester Tower, The Landmark
15 Queen's Road Central, Hong Kong SAR

Principal Bankers

Bank of China (Hong Kong) Limited
China Banking Corporation
Mizuho Corporate Bank, Ltd.
Sumitomo Mitsui Banking Corporation
The Hongkong & Shanghai Banking Corporation Limited

Summary of Principal Investments

As at 30 June 2018

PT Indofood Sukses Makmur Tbk

Indofood (IDX: INDF) is a leading Total Food Solutions company with operations in all stages of food manufacturing from the production of raw materials and their processing through to the manufacture of consumer food products and their distribution to the market. It is based and listed in Indonesia while its Consumer Branded Products subsidiary PT Indofood CBP Sukses Makmur Tbk and agribusiness subsidiaries PT Salim Ivomas Pratama Tbk and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk are also listed in Indonesia. Another subsidiary, Indofood Agri Resources Ltd. is listed in Singapore, and an agribusiness associate, Roxas Holdings, Inc. is listed in the Philippines. Through its four complementary Strategic Business groups, Indofood manufactures and distributes a wide range of food products: Consumer Branded Products (noodles, dairy, snack foods, food seasonings, nutrition and special foods, and beverages), Bogasari (wheat flour and pasta), Agribusiness (seed breeding, oil palm, branded cooking oils, margarine, shortenings, rubber, sugar cane, cocoa and tea plantations) and Distribution.

Indofood is one of the world's largest manufacturers by volume of wheat-based instant noodles, one of the largest plantation companies by area and the largest flour miller in Indonesia. Indofood also has an extensive distribution network across Indonesia.

Sector	:	Consumer Food Products
Place of incorporation/business area	:	Indonesia
Issued number of shares	:	8.8 billion
Particulars of issued shares held	:	Shares of Rupiah 100 par value
Economic and voting interests	:	50.1%

Further information on Indofood can be found at www.indofood.com.

PLDT Inc.

PLDT (PSE: TEL; NYSE: PHI) is the leading telecommunications and digital services provider in the Philippines. Its shares are listed on the Philippine Stock Exchange and its American Depositary Receipts are listed on the New York Stock Exchange. It has one of the largest market capitalizations among Philippine listed companies. Through its principal business groups – fixed, wireless and others – PLDT offers a wide range of telecommunications and digital services across the Philippines' most extensive fiber optic backbone and fixed broadband, and mobile networks.

Sector	:	Telecommunications
Place of incorporation/business area	:	The Philippines
Outstanding number of shares	:	216.1 million
Particulars of outstanding shares held	:	Common shares of Pesos 5 par value
Economic/voting interest	:	25.6%/15.1%

Further information on PLDT can be found at www.pldt.com.

Metro Pacific Investments Corporation

MPIC (PSE: MPI; ADR code: MPCIY) is a Philippine-listed investment management and holding company focused on infrastructure development.

Sector	:	Infrastructure, Utilities and Hospitals
Place of incorporation/business area	:	The Philippines
Issued number of shares	:	31.5 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic/voting interest	:	42.0%/55.0%

Further information on MPIC can be found at www.mpic.com.ph.

FPW Singapore Holdings Pte. Ltd.

FPW controls **Goodman Fielder**.

Sector	:	Consumer Food Products
Place of incorporation/business area	:	Singapore/Australasia
Issued number of shares	:	204.9 million
Particulars of issued shares held	:	Shares with no par value
Economic and voting interests	:	50.0%

Goodman Fielder Pty Limited

Goodman Fielder is headquartered in Sydney, Australia, and has 36 manufacturing plants in Australia, New Zealand, Fiji, Papua New Guinea, New Caledonia and Indonesia. It is a leading food company in Australasia, producing and marketing bread, cake mixes, condiments, cooking oils, dairy products, desserts, dressings, flour, frozen pastry, mayonnaise, sauces and vinegar to over 30,000 retail outlets. Goodman Fielder's corporate history spans over a century, with iconic brands such as Meadow Lea, Praise, White Wings, Pampas, Helga's, Wonder White, Vogel's, Meadow Fresh, Edmonds and Irvines. Its products are available in 29 countries.

Sector	:	Consumer Food Products
Place of incorporation/business area	:	Australia/Australasia
Issued number of shares	:	2.0 billion
Particulars of issued shares held	:	Common shares with no par value
Economic and voting interests	:	50.0%

Further information on Goodman Fielder can be found at www.goodmanfielder.com.

Summary of Principal Investments

Philex Mining Corporation

Philex (PSE: PX) is a Philippine-listed company engaged in the exploration and mining of mineral resources and, through investment in Philippine-listed **PXP Energy Corporation (PSE: PXP)**, in energy and hydrocarbon exploration and production.

Sector	:	Natural Resources
Place of incorporation/business area	:	The Philippines
Issued number of shares	:	4.9 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic and voting interests	:	31.2%[1]

(1) Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, holds an additional 15.0% economic interest in Philex.

Further information on Philex can be found at www.philexmining.com.ph and on PXP Energy Corporation at www.pxpenergy.com.ph.

FPM Power Holdings Limited

FPM Power controls **PLP**.

Sector	:	Infrastructure/Utilities
Place of incorporation/business area	:	British Virgin Islands/Singapore
Issued number of shares	:	10,440
Particulars of issued shares held	:	Shares of US$1 par value
Economic/voting interest	:	67.6%[2]/60.0%

(2) Includes a 7.6% effective economic interest in FPM Power held by First Pacific through its indirect interests in Meralco.

PacificLight Power Pte. Ltd.

PLP operates one of Singapore's most efficient power plants, housing an 800-megawatt natural gas-fired combined cycle facility. Its wholly-owned subsidiary PacificLight Energy Pte. Ltd. offers customized price packages for retail electricity customers in Singapore.

Sector	:	Infrastructure/Utilities
Place of incorporation/business area	:	Singapore
Issued number of shares	:	484.2 million
Particulars of issued shares held	:	Ordinary shares with no par value
Economic/voting interest	:	47.4%[3]/70.0%

(3) Represents a 42.0% effective economic interest in PLP held by First Pacific through its interest in FPM Power and a 5.4% effective economic interest in PLP held by First Pacific through its indirect interests in Meralco.

Further information on PLP can be found at www.pacificlight.com.sg.

FP Natural Resources Limited

FP Natural Resources together with its Philippine affiliate, First Agri Holdings Corporation, hold interests in RHI.

Sector	:	Consumer Food Products
Place of incorporation/business area	:	British Virgin Islands/The Philippines
Issued number of shares	:	15,100
Particulars of issued shares held	:	Shares of US$1 par value
Economic/voting interest	:	79.4%[4]/70.0%

(4) Includes a 9.4% effective economic interest in FP Natural Resources held by First Pacific through its indirect interests in IndoAgri.

Roxas Holdings, Inc.

RHI (PSE: ROX) is a leading integrated sugar producer in the Philippines and also the country's largest ethanol producer.

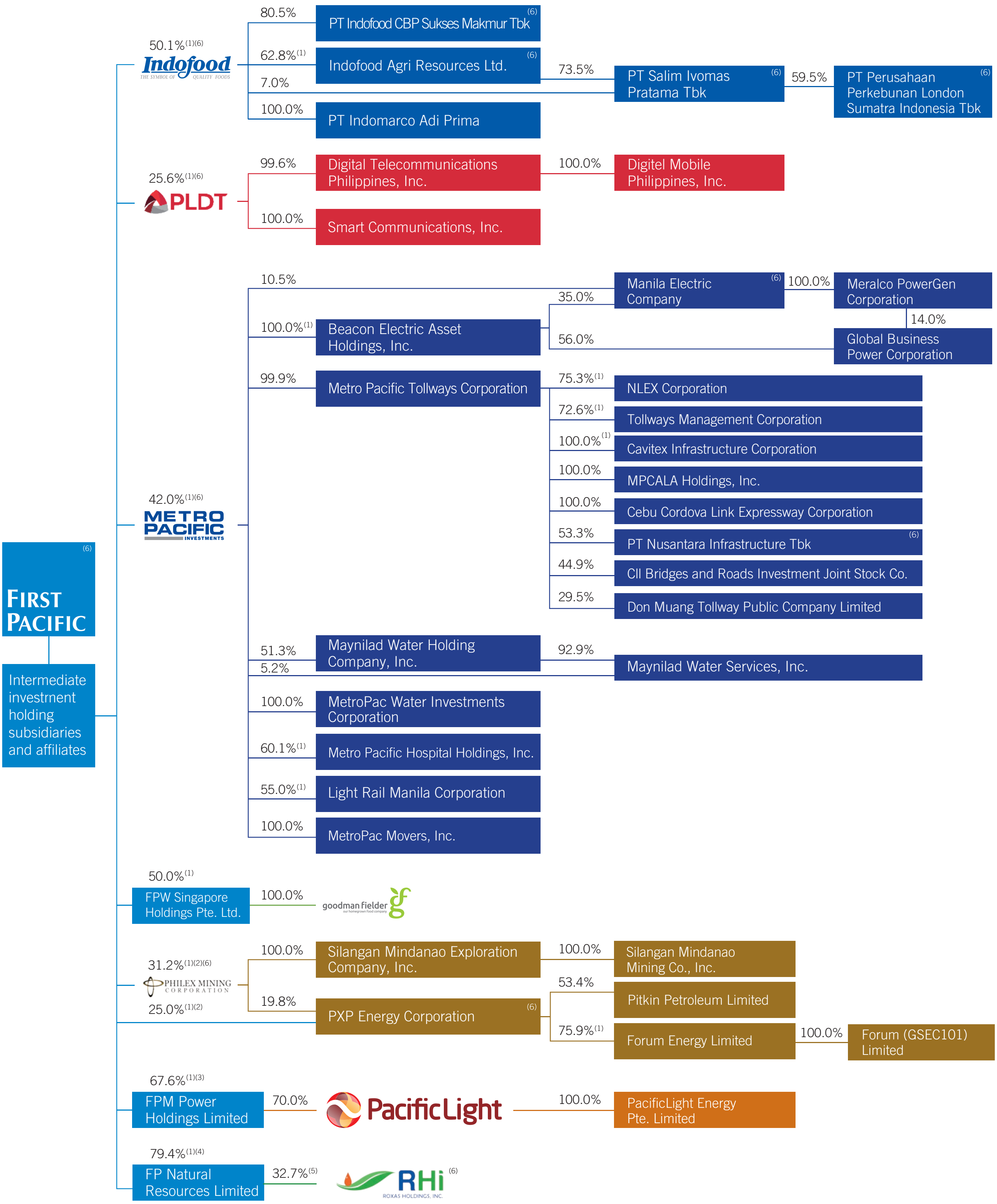
Sector	:	Consumer Food Products
Place of incorporation/business area	:	The Philippines
Outstanding number of shares	:	1.4 billion
Particulars of outstanding shares held	:	Common shares of Peso 1 par value
Economic/voting interest	:	26.0%[5]/32.7%[6]

(5) Represents a 22.9% effective economic interest in RHI held by First Pacific through its interest in FP Natural Resources and a 3.1% effective economic interest in RHI held by First Pacific through its indirect interests in IndoAgri.
(6) FAHC, a Philippine affiliate of FP Natural Resources, holds an additional 30.2% economic and voting interests in RHI.

Further information on RHI can be found at www.roxasholdings.com.ph.

Corporate Structure

As at 29 August 2018



(1) Economic interest.
(2) Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, holds additional 15.0% and 7.7% economic interests in Philex and PXP Energy Corporation, respectively.
(3) Includes a 7.6% effective economic interest in FPM Power held through First Pacific's indirect interests in Meralco.
(4) Includes a 9.4% effective economic interest in FP Natural Resources held through First Pacific's indirect interests in IndoAgri.
(5) FAHC, a Philippine affiliate of FP Natural Resources, holds an additional 30.2% economic interest in RHI.
(6) Listed company.

FIRST PACIFIC

First Pacific Company Limited

(Incorporated with limited liability under the laws of Bermuda)

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A Chinese version of this report is available at
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