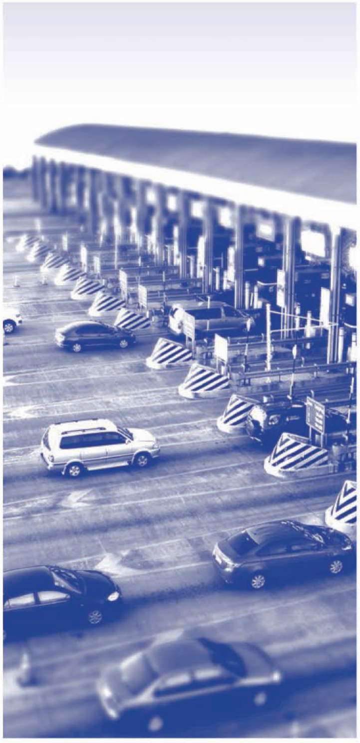
FIRST PACIFIC

First Pacific Company Limited

Stock Code: 00142

Interim Report 2019



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.

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 four industry sectors (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") and Metro Pacific Investments Corporation ("MPIC"). 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 light rail and logistics operations, and in the largest electricity generator in the Visayas region of the Philippines.

First Pacific is also invested in Goodman Fielder Pty Limited(1) ("Goodman Fielder"), Philex Mining Corporation ("Philex"), PXP Energy Corporation ("PXP"), PacificLight Power Pte. Ltd. ("PLP") and Roxas Holdings, Inc. ("RHI"). 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. PXP is an upstream oil and gas company with a number of service contracts in the Philippines and abroad. 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 27 August 2019, First Pacific's economic interest in Indofood is 50.1%, in PLDT 25.6%, in MPIC 41.9%, in FPW Singapore Holdings Pte. Ltd. ("FPW") 50.0%, in Philex 31.2%(2), in PXP Energy 42.4%(3), in FPM Power Holdings Limited ("FPM Power") 67.6%(4) and in FP Natural Resources Limited ("FP Natural Resources") 79.4%(5).

(1) On 11 March 2019, First Pacific entered into a Share Purchase Agreement ("SPA") with Wilmar International Limited ("Wilmar") to sell First Pacific's 50% interest in Goodman Fielder to Wilmar, the sale is expected to be completed on or before 31 December 2019.

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

(3) 21.7% held by First Pacific, 6.7% held by Two Rivers, a Philippine affiliate of First Pacific, and 30.4% held by Philex.

(4) Includes a 7.6% effective economic interest in FPM Power held through First Pacific's indirect interests in Manila Electric Company ("Meralco").

(5) 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 79 and 80.

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Max Swich
ENAAK

Half-year Financial Highlights

Turnover
US$
4.1 b ↑ 6%

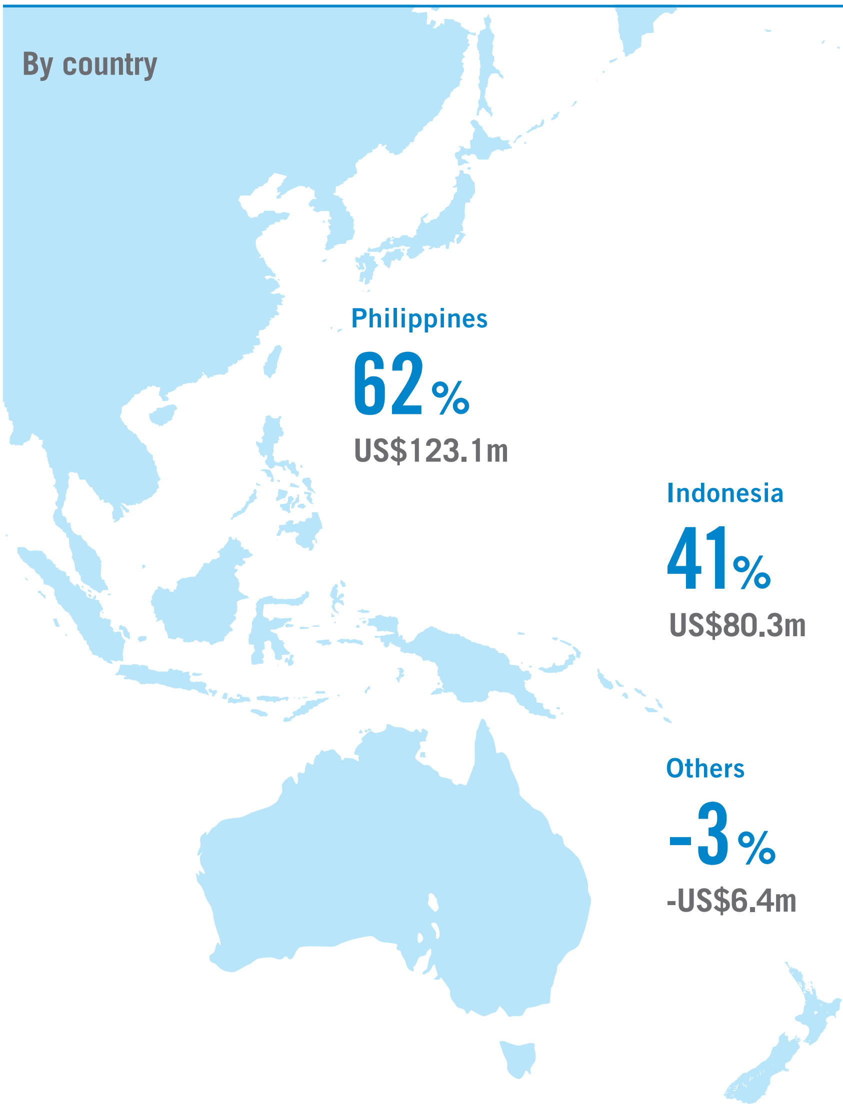
Recurring profit
US$
142.0 m ↓ 12%

Total assets
US$
21.6 b ↑ 3%

Equity attributable to owners of the parent
US$
3.0 b ↓ 3%

Market capitalization
US$
1.8 b ↑ 5%

Profit Contribution from Operations at US$197.0m



By sector

Consumer food products
39%
US$77.0m

Infrastructure
32%
US$62.9m

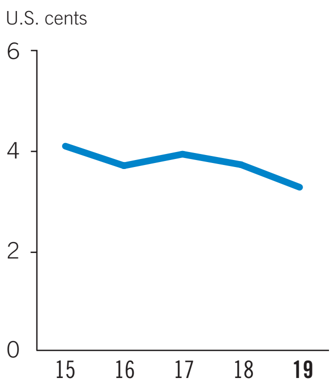
Telecommunications
30%
US$58.3m

Natural resources
-1%
-US$1.2m

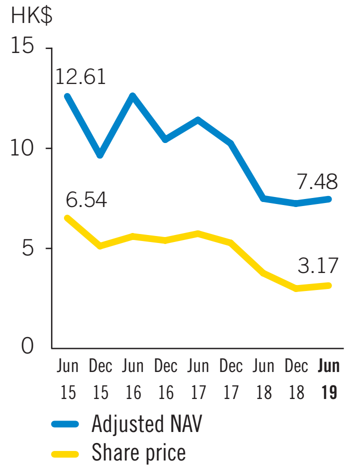
- Interim distribution payout at US$36.2 million
- Interim distribution payout at 25.5% of recurring profit
- Head Office dividend and fee income from operating companies US$118.1 million
- Redeemed and cancelled US$214.9 million principal amount of bonds
- Head Office gross debt at approximately US$1.65 billion
- Head Office net interest expense US$40.0 million

Five-year Data (Per share)

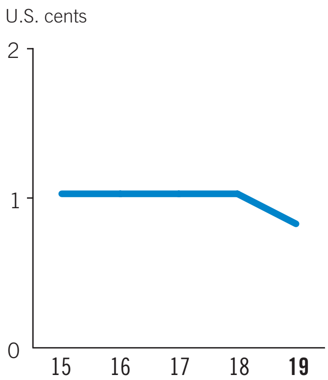
Half-year Basic Recurring Earnings



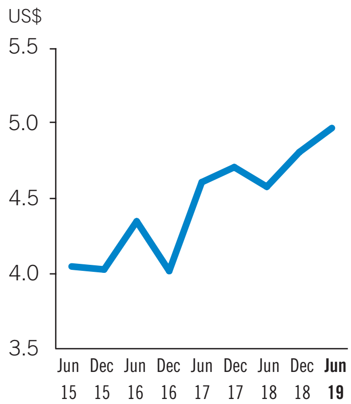
Share Price vs Adjusted NAV



Interim Dividends/Distributions



Total Assets



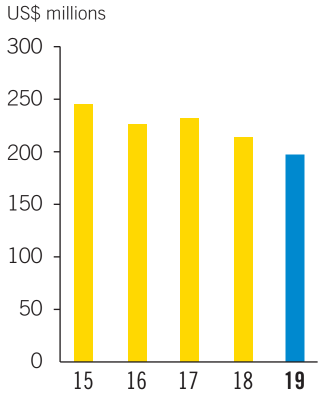
Below is an analysis of results by individual company.

Contribution and Profit Summary

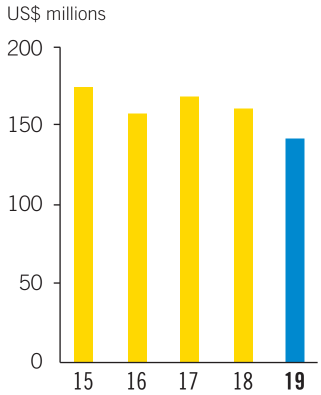
For the six months ended 30 June US$ millions	Turnover 2019	 2018	Contribution to Group profit[(i)] 2019	 2018
Indofood	**2,716.9**	2,596.8	**80.3**	70.3
PLDT[(ii)]	**–**	–	**58.3**	62.7
MPIC	**858.6**	767.7	**70.0**	69.1
FPW[(iii)]	**–**	–	**0.7**	10.3
Philex[(ii)]	**–**	–	**(1.2)**	4.1
FPM Power	**364.0**	347.8	**(7.1)**	(3.4)
FP Natural Resources	**151.7**	132.6	**(4.0)**	0.7
Contribution from Operations[(iv)]	**4,091.2**	3,844.9	**197.0**	213.8
Head Office items:				
– Corporate overhead			**(11.2)**	(12.1)
– Net interest expense			**(40.0)**	(38.0)
– Other expenses			**(3.8)**	(2.7)
Recurring Profit[(v)]			**142.0**	161.0
Foreign exchange and derivative gains/(losses), net[(vi)]			**6.9**	(5.4)
Gain/(loss) on changes in fair value of biological assets			**0.4**	(0.1)
Non-recurring items[(vii)]			**(297.6)**	(21.7)
(Loss)/Profit Attributable to Owners of the Parent			**(148.3)**	133.8

(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 (loss)/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.
(vi) Foreign exchange and derivative gains/(losses), net represent the net gains/(losses) 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. 1H19's non-recurring losses of US$297.6 million mainly represent the Group's impairment provisions for assets, including the Group's investment in Goodman Fielder (US$280.0 million) and Philex's mining assets (US$5.2 million). 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).

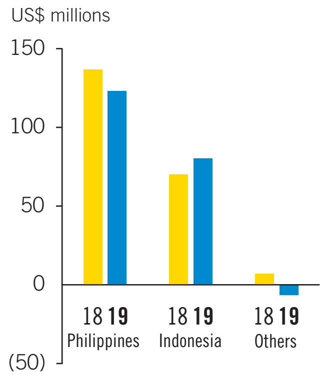
Contribution from Operations



Recurring Profit



Contribution by Country



Turnover up 6% to US$4.1 billion from US$3.8 billion	■ reflecting higher revenues at Indofood, MPIC, FPM Power and FP Natural Resources ■ Indofood's net sales rose 7% to 38.6 trillion rupiah (US$2.7 billion), driven by strong performance of the Consumer Branded Products ("CBP") and Bogasari groups, partly offset by lower sales of the Distribution and Agribusiness groups ■ MPIC's revenue rose 11% to 44.6 billion pesos (US$858.6 million) as a result of strong growth at most of its businesses
Recurring profit down 12% to US$142.0 million from US$161.0 million	■ reflecting lower profit contributions from FPW and PLDT, losses at Philex and FP Natural Resources instead of profit contributions in the first half of 2018 ■ higher loss at FPM Power ■ higher Head Office net interest expenses and other expenses ■ partly offset by higher profit contributions from Indofood and MPIC, and lower Head Office corporate overhead
Non-recurring losses to US$297.6 million from US$21.7 million	■ the losses largely reflecting the Group's impairment provision for investment in Goodman Fielder and Philex's Padcal mine assets, of which US$280.0 million was related to Goodman Fielder
Reported loss of US$148.3 million versus reported profit of US$133.8 million	■ reflecting higher non-recurring losses

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 U.S. dollar. The changes of these currencies against the U.S. dollar are summarized below.

Closing exchange rates against the U.S. dollar	**At 30 June 2019**	At 31 December 2018	Six months change	At 30 June 2018	One year change
Rupiah	**14,141**	14,481	+2.4%	14,404	+1.9%
Peso	**51.24**	52.58	+2.6%	53.34	+4.1%
A$	**1.424**	1.419	-0.4%	1.350	-5.2%
S$	**1.353**	1.363	+0.7%	1.362	+0.7%

Average exchange rates against the U.S. dollar	**Six months ended 30 June 2019**	12 months ended 31 December 2018	Six months change	Six months ended 30 June 2018	One year change
Rupiah	**14,211**	14,290	+0.6%	13,863	-2.4%
Peso	**51.97**	52.69	+1.4%	52.19	+0.4%
A$	**1.413**	1.346	-4.7%	1.305	-7.6%
S$	**1.357**	1.350	-0.5%	1.329	-2.1%

During the period, the Group recorded net foreign exchange and derivative gains of US$6.9 million (1H18: losses of US$5.4 million), which can be further analyzed as follows:

For the six months ended 30 June US$ millions	**2019**	2018
Head Office	**1.8**	(7.4)
Indofood	**4.2**	(2.4)
PLDT	**0.6**	0.6
MPIC	**(1.3)**	4.7
FPW	**0.6**	1.1
Philex	**0.4**	(0.7)
FPM Power	**0.6**	(1.3)
Total	**6.9**	(5.4)

Asset Disposal

On 11 March 2019, First Pacific entered into a SPA with Wilmar to sell First Pacific's 50% shareholding in FPW (including shareholder loans to FPW Australia Pty Ltd. ("FPW Australia")) to Wilmar, owner of the other half of FPW. FPW owns 100% of Goodman Fielder.

The sale is expected to be completed on or before 31 December 2019 subject to the fulfilment of the conditions precedent, including certain regulatory approvals. Upon completion of the transaction, First Pacific will receive sale proceeds of US$275 million, a contingent receivable of US$25 million payable in 2021 if a 2020 earnings target of Goodman Fielder is met, and an additional US$25 million earn-out payment if a higher 2020 earnings threshold is reached.

Proceeds from the sale of FPW stake will be earmarked for debt reduction, beginning with a US$251.9 million 6.375% bond maturing in September 2020.

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 HK6.5 cents (U.S. 0.83 cent) (1H18: HK8.0 cents (U.S. 1.03 cents)) per share, representing a payout ratio of approximately 25.5% (1H18: 27.5%) of recurring profit, marking the 10^{th} consecutive year that First Pacific has distributed at least 25% of recurring profit to its shareholders. The full-year distribution per share for 2019 is expected to remain at HK13.5 cents (U.S. 1.74 cents).

Debt Profile

At 30 June 2019, Head Office gross debt stood at approximately US$1.65 billion with an average maturity of approximately 3.7 years. Net debt rose to approximately US$1.57 billion mainly reflecting the additional borrowings for debt refinancing. Approximately 53% of the Head Office borrowings were at fixed rates while floating rate bank loans comprised the remainder, and the blended interest rate was approximately 4.5% per annum. Unsecured debts accounted for approximately 85% of Head Office borrowings.

On 28 June 2019, First Pacific redeemed US$214.9 million principal amount of bonds on maturity.

As at 27 August 2019, the principal amounts of the following bonds remain outstanding:

- 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 2019, Head Office recurring operating cash inflow before interest expense and tax was US$59.2 million. Net cash interest expense rose 11% to US$37.5 million period-on-period, reflecting a higher average debt balance arising from debt refinancing. For the 12 months ended 30 June 2019, the cash interest cover was approximately 2.1 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.

Outlook

Progress is expected on one or more fronts in the push to slim First Pacific's investment portfolio. The sale of First Pacific's stake in Goodman Fielder is expected to close before year-end, and there are grounds to expect progress with other non-core holdings, such as PLP or Philex's Silangan Project. In the meantime, the core investments continue to see strong growth: Indofood is expected to continue its recent sales growth, led by its CBP group; PLDT forecasts double-digit growth in its telco core income; and MPIC sees continuing volume growth in its biggest sources of contribution – Meralco, Metro Pacific Tollways Corporation ("MPTC") and Maynilad Water Services, Inc. ("Maynilad"). At Head Office capital management remains focused on reducing borrowings while planning to incorporate a meaningful share repurchase program as cash flow allows, while the Company delivers its 10^{th} successive year of distributing a minimum of 25% of recurring profit to shareholders.

Indofood

THE SYMBOL OF QUALITY FOODS

Indofood's contribution to the Group increased 14% to US$80.3 million (1H18: US$70.3 million) principally reflecting higher core profit, partly offset by a 2% depreciation of the average rupiah exchange rate against the U.S. dollar.

Core profit up 22% to 2.4 trillion rupiah (US$170.4 million) from 2.0 trillion rupiah (US$143.3 million)	■ reflecting strong performance and higher margins of the CBP and Bogasari groups ■ partly offset by weaker performance of the Agribusiness group owing to lower crude palm oil ("CPO") and palm kernel ("PK") prices
Net income up 30% to 2.5 trillion rupiah (US$179.1 million) from 2.0 trillion rupiah (US$141.1 million)	■ reflecting higher core profit ■ including a foreign exchange gain resulting from a 2% appreciation of the closing rupiah exchange rate against the U.S. dollar in contrast with a foreign exchange loss for the first half of 2018
Consolidated net sales up 7% to 38.6 trillion rupiah (US$2.7 billion) from 36.0 trillion rupiah (US$2.6 billion)	■ driven by higher sales of the CBP and Bogasari groups ■ partly offset by lower sales of the Distribution and Agribusiness groups
Gross profit margin to 29.4% from 28.2%	■ reflecting higher average selling prices at the CBP and Bogasari groups ■ partly offset by lower average selling prices of palm products at the Agribusiness group
Consolidated operating expenses up 17% to 6.6 trillion rupiah (US$462.3 million) from 5.6 trillion rupiah (US$406.0 million)	■ reflecting lower net other operating income in relation to operating foreign exchange losses versus gain on foreign exchange differences period-on-period ■ higher selling and general and administration expenses
EBIT margin to 12.4% from 12.6%	
Net gearing at 0.32 times from 0.42 times at the end of 2018	

Debt Profile

As at 30 June 2019, Indofood recorded gross debt of 26.0 trillion rupiah (US$1.8 billion), down 13% from 29.7 trillion rupiah (US$2.1 billion) as at 31 December 2018. Of this total, 69% matures within one year and the remainder matures between July 2020 and August 2028, while 80% was denominated in rupiah and the remaining 20% was denominated in foreign currencies.

Additional Investments

In January 2019, PT Salim Ivomas Pratama Tbk ("SIMP") made a capital contribution of 29.3 billion rupiah (US$2.1 million) to PT Indoagri Daitocacao ("Indoagri Daitocacao"). SIMP's shareholding in Indoagri Daitocacao remained at 51% following the contribution.

On 26 March 2019, PT Indofood CBP Sukses Makmur Tbk ("ICBP") acquired an additional 35% interest in PT Indofood Comsa Sukses Makmur ("ICSM") for a total consideration of 8.6 billion rupiah (US$0.6 million). As a result, ICBP's interest in ICSM was increased to 86%.

In April 2019, ICBP made capital contributions of 30 billion rupiah (US$2.1 million) and 15 billion rupiah (US$1.1 million) to PT Indo Oji Sukses Pratama ("IOSP") and PT Oji Indo Makmur Perkasa ("OIMP"), respectively. ICBP's shareholdings in IOSP and OIMP remained at 50% following the contributions.

From 1 July 2019 to 27 August 2019, Indofood acquired a total of 79,630,000 shares of IndoAgri from the open market for a total consideration of S$25.8 million (US$18.9 million), which increased Indofood's effective interest in IndoAgri to 68.5% from 62.8%.

Consumer Branded Products

The CBP group produces and markets a wide range of consumer branded products, offering everyday solutions to consumers of all ages across different market segments. This business group comprises the Noodles, Dairy, Snack Foods, Food Seasonings, Nutrition & Special Foods, and Beverages divisions. 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 markets around the world.

Indofood's Noodles division is one of the world's largest producers of instant noodles and is the market leader in Indonesia. Its annual production capacity is around 18 billion packs, across a broad range of instant noodle varieties.

The Dairy division has an annual production capacity of more than 650,000 tonnes and is one of the largest dairy manufacturers in Indonesia. It produces and markets UHT milk, sterilized bottled milk, sweetened condensed creamer, pasteurized liquid milk, multi-cereal milk, milk flavored 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 around 60,000 tonnes, producing western and traditional snacks, and a wide range of biscuits.

The Food Seasonings division has an annual production capacity of around 150,000 tonnes, manufacturing a wide range of culinary products, including soy sauces, chili sauces, tomato sauces, and recipe mixes, 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. This division has an annual production capacity of around 25,000 tonnes, producing cereals, noodle soup, biscuits, puddings and rice puffs for infants and toddlers, cereal snacks for children, and cereal powdered drinks for the whole family, as well as milk products for expectant and lactating mothers.

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

In the first half of 2019, sales by the CBP group rose 12% to 21.9 trillion rupiah (US$1.5 billion), with sales growing at business divisions. The EBIT margin improved to 16.8% from 14.7% primarily due to improved gross profit margin.

Alongside a growing economy, demand for fast moving consumer goods is expected to increase. However, the business landscape will remain competitive. CBP is focusing on its strategy of strengthening its market position in most product categories, building up brands that relevant to consumers, and increasing its competitiveness.

Bogasari

Bogasari is the largest integrated flour miller in Indonesia. It operates four flour mills in the country with total combined annual production capacity of approximately 4.0 million tonnes. Bogasari produces a wide range of wheat flour products and pasta for domestic and international markets.

Its sales rose 16% to 11.6 trillion rupiah (US$816.3 million), reflecting higher average selling prices. As a result, the EBIT margin improved to 7.3% from 5.5%.

Continued growth is projected for Indonesia's flour industry, as improved macroeconomic conditions and higher affluence among the country's expanding middle class drive increasing demand for flour-based foods, despite signs of softer growth this year.

Agribusiness

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

Sales declined 2% to 6.4 trillion rupiah (US$452.0 million), mainly reflecting the negative impact on the plantation division from low CPO and PK products prices despite higher sales volume of CPO and PK products, and higher sales of edible oil products.

Sales volume of CPO rose 10% to 390,000 tonnes, PK products volume increased 14% to 90,000 tonnes, sugar sales volume declined 6% to 19,000 tonnes, rubber sales volume decreased by 16% to 3,600 tonnes and oil palm seeds volume was down 50% to 2.7 million seeds.

The EBIT margin fell to minus 0.6% from 6.6% due to weaker commodity prices.

Plantations

In Indonesia, the total planted area declined slightly to 300,481 hectares from end-2018, of which oil palm accounted for 83% while rubber, sugar cane, timber, cocoa and tea accounted for the remaining 17%. IndoAgri's oil palms have an average age of approximately 16 years, while around 16% of its oil palms are younger than seven years. This division has a total annual processing capacity of 6.8 million tonnes of fresh fruit bunches ("FFB").

In the first half of 2019, FFB nucleus production rose 1% to 1,466,000 tonnes with yields improving to 6.9 tonnes per hectare, reflecting mainly contribution from newly matured areas and improved field operations, partly offset by replanting in Riau. CPO production declined 2% to 376,000 tonnes on lower purchases from external parties with CPO yield flat at 1.5 tonnes per hectare.

In Indonesia, the total planted area of rubber rose slightly to 16,888 hectares from end-2018, while sugar cane declined to 13,287 hectares from end-2018. Sugar production fell 1% to 16,000 tonnes.

In Brazil, the acquisition of Vale do Pontal Açúcar e Álcool Ltda. ("UVP") in July 2018 expanded CMAA's sugar and ethanol portfolio, as the sugar cane planted area increased to 89,734 hectares, and the sugar cane harvest rose 42% to 2.6 million tonnes from the same period of 2018. The combined annual cane crushing capacity of CMAA and the newly acquired Canápolis Group increased from 4.0 million tonnes to 8.3 million tonnes. IndoAgri's share of CMAA and another joint-venture's loss was 38 billion rupiah (US$2.7 million), compared to a share of profit in the first half of 2018, due to falling sugar and ethanol prices and foreign exchange losses arising from weakness in the Brazilian real.

In the first half of 2019, the Plantation division recorded a 10% decline in sales to 3.5 trillion rupiah (US$242.9 million) due to lower prices for CPO and PK products.

Edible Oils and Fats

This division manufactures cooking oils, margarines and shortenings. It has an annual CPO refinery capacity of 1.7 million tonnes of CPO. Approximately 70% of this division's input need is sourced from the Plantations division's CPO production, similar to 71% in the first half of 2018.

In the first half of 2019, the EOF division recorded a 2% increase in sales to 5.3 trillion rupiah (US$369.9 million) due to higher volumes despite lower average selling prices arising from lower CPO prices.

With uncertainty in relation to US-China trade tensions and commodity price volatility, the agribusiness is directing capital expenditures in growth areas, continuing its cost management initiatives and raising productivity. The expansion of milling facilities in Kalimantan with a 45 tonnes per hour of FFB new mill is on schedule for completion in the fourth quarter of 2019. Replanting of around 4,000 hectares of older palms in Riau and North Sumatra in 2019 is underway.

IndoAgri continues its competitive pricing strategy for its most popular brand Bimoli and is expanding the Delima brand for the more affordable segment. It also adding a direct distribution network through e-commerce platforms.

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, covering all densely populated areas. It is well connected to both traditional and modern grocery outlets to ensure the ready availability of Indofood products to consumers across the country.

The Distribution group's sales declined 30% to 2.1 trillion rupiah (US$146.3 million) mainly due to the impact of PT Nugraha Indah Citarasa Indonesia being consolidated by ICBP. The EBIT margin rose to 4.9% from 3.5%.

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

Outlook

Continuing weakness in soft commodities will hold back earnings growth at the Agribusiness while product portfolio optimization and distribution penetration improvement will drive continuing sales growth at the CBP and Bogasari businesses.

PLDT

PLDT's contribution to the Group declined 7% to US$58.3 million (1H18: US$62.7 million) reflecting lower consolidated core net income.

Consolidated core net income down 6% to 12.3 billion pesos (US$237.1 million) from 13.1 billion pesos (US$251.7 million)	■ reflecting lower realized gain from sale of shares in Rocket Internet SE ("Rocket Internet") ■ higher depreciation in connection with PLDT's capital expenditure program ■ higher financing costs ■ higher provision for income tax ■ partly offset by higher service revenues and lower cash operating expenses ■ with the adoption of Philippine Financial Reporting Standard ("PFRS") 16, decreased rent expense was offset by higher depreciation and financing costs
Telco core net income stable at 13.2 billion pesos (US$254.1 million)	■ reflecting higher EBITDA ■ excluding the impact of 0.6 billion pesos (US$11.5 million) equity losses from Voyager and 0.4 billion pesos (US$7.7 million) of accelerated depreciation
Consolidated service revenues up 5% to 80.4 billion pesos (US$1.5 billion) from 76.4 billion pesos (US$1.5 billion)	■ reflecting growth in the Consumer and Enterprise business segments, partly offset by lower revenues from the International and Carrier businesses ■ Individual, Enterprise and Home service revenues, with each growing 20%, 6% and 2%, and accounting for 45%, 25% and 24% of consolidated service revenues, respectively ■ net of interconnection costs, 76.7 billion pesos (US$1.5 billion) – the highest half-year revenue since the second half of 2014 ■ data and broadband remain growth drivers, with combined revenues up 19% and representing 65% (1H18: 54%) of consolidated service revenues
EBITDA up 20% to 39.7 billion pesos (US$763.2 million) from 33.2 billion pesos (US$636.1 million)	■ reflecting higher service revenues ■ lower cash operating expenses ■ partly offset by higher subsidies and provisions, cost of services and manpower rightsizing program expenses of 0.3 billion pesos (US$5.8 million)
EBITDA margin to 49% from 43%	■ mainly due to higher EBITDA ■ wireless and fixed line EBITDA margin at 60% and 38% from both at 41%, respectively

Capital Expenditures

From 2011 up to the end of June 2019, PLDT invested 348 billion pesos (US$6.7 billion) in capital expenditures on PLDT and Smart Communications, Inc.'s ("Smart") networks. These extensive network upgrades have begun to bear fruit as evidenced in independent analyses and comparison of the Philippine market's competing telecommunications service providers. In July 2019, Ookla named PLDT and Smart as the Philippines' fastest fixed and mobile data internet services providers in the first half of the year, while the Open Signal study covering March to May 2019 showed that the PLDT's mobile network bested the competitor in terms of download speeds and latency, while virtually tied in terms of availability.

In the first half of 2019, capital expenditures amounted to 32.7 billion pesos (US$629.2 million) of which 24.9 billion pesos (US$479.1 million) was technology-related, including network capacity expansion and equipment upgrades. At 30 June 2019, total homes passed by PLDT's fixed-line fiberoptic network rose 10% to 6.9 million, port capacity increased 23% to over 3.2 million, and the fiber footprint expanded by 16% to 283,100 cable kilometers. On the wireless network, the number of Smart LTE base stations rose by approximately 3,000 to 19,200 while the number of 3G base stations increased by approximately 900 to 12,400.

The capital expenditures guidance for 2019 remains at 78.4 billion pesos for further expanding LTE/3G coverage and fiber footprint, building a more cost-effective network with enhanced capacity to support continuing dramatic growth in data traffic and new connections. Included in 2019 capital expenditures is a substantial allocation for "Customer Capex" for the purchase of last-mile coverage and customer-premises equipment to provide faster data, lower latency and an overall better experience for customers. In view of a slowdown in home broadband installations, approximately 1.5 to 2.0 billion pesos of Customer capital expenditures may be carried over into 2020.

With the advent of 5G technology, PLDT is making its network 5G ready, even as 5G standards have yet to be finalized ahead of the availability of 5G network equipment and devices.

Debt Profile

As at 30 June 2019, PLDT's consolidated net debt was US$2.8 billion (1H18: US$2.4 billion), and the total gross debt stood at US$3.4 billion (1H18: US$3.5 billion), of which 11% (1H18: 16%) was denominated in U.S. dollars. Only 7% of the total debt was unhedged after taking into account the available U.S. dollar cash on hand and currency hedges allocated for debt. 69% of the total debt is due to mature after 2021. After interest rate swaps, 89% of the total debt is fixed-rate borrowings. The average pre-tax interest cost rose to 4.8% from 4.4% for the first half of 2018.

As at the end of June 2019, 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 its telco core net income as regular dividends. On 8 August 2019, the PLDT Board of Directors approved an interim dividend of 36 pesos (US$0.70) per share payable on 10 September 2019 to shareholders on record as of 27 August 2019.

Asset divestment

In the first half of 2019, PLDT Online Investments Pte. Ltd. ("PLDT Online") sold 0.5 million of its shares in Rocket Internet for a total consideration of 681 million pesos (US$13.1 million) and a total gain of 0.1 billion pesos (US$1.9 million). This reduced PLDT Online's equity interest in Rocket Internet to 1.4% from 1.7%.

Service Revenues by Business Segment

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

Individual service revenues accounted for 45% (1H18: 40%) of consolidated service revenues (net of interconnection) and rose 20% to 34.4 billion pesos (US$661.9 million) of which 66% was data revenues. Mobile data traffic volume more than doubled to 670 Petabytes from the first half of 2018, mainly driven by the growth in video viewing and online games as more subscribers adopted the data habit, enabled by Smart's high-quality mobile network.

The PLDT group's combined wireless subscriber base reached 67.5 million as at the end of June 2019, up 12% from the end of 2018. About 70% of this segment's subscribers are smartphone owners of which more than half are using LTE phones.

The continuing improvement in customer experience and a steady flow of new and innovative data offerings are expected to drive data consumption to further heights.

Enterprise service revenues rose 6% to 19.4 billion pesos (US$373.3 million), representing 25% (1H18: 25%) of consolidated service revenues (net of interconnection). The increase was fueled by 23% growth in demand for corporate data and data center services, including cloud, cyber security and managed IT services. Data and broadband accounted for 65% of Enterprise service revenues.

The expansion of business solution and managed services offers by the Enterprise group combined with the continuing buildout of PLDT's fiber network will allow the Enterprise segment to continue its growth momentum for the rest of the year.

Home service revenues rose 2% to 18.3 billion pesos (US$352.1 million), reflecting the impact of a major restructuring of systems and processes for service installations and repairs. This segment's service revenues represent 24% (1H18: 25%) of consolidated service revenues (net of interconnection). Data and broadband accounted for 76% of Home service revenues. Total broadband subscribers grew 1% from the end of 2018 to 2.0 million.

During the period, PLDT revamped the Home segment's installation and repair systems. It deployed well-trained technical teams focused on increasing capability to connect more broadband homes. As a result, the number of installations for July 2019 reached an historic high. The anchor offering of the Home segment continues to be fiber broadband, with fixed wireless services deployed to "own-the-home" until fiber is available, and to address a lower market segment.

Outlook

Guidance for telco core net income was raised from 26.0 billion to 26.4 billion pesos, 10% higher than last year. The higher profitability is anticipated as a result of several years of consistent and significant investment in the network, which is now clearly ahead of the competition, resulting in unparalleled customer experience in PLDT's three major business segments – Individual, Enterprise and Home. Growth in data consumption will be the key driver for all businesses, more than offsetting the increasingly less relevant declines in SMS and mobile voice revenues, as well as international revenues, as PLDT and Smart build on their data and broadband offerings to win revenue market share.

MPIC's infrastructure portfolio as at 27 August 2019 comprises the following assets:

Power distribution and generation

- 45.5% of Meralco through direct interest and its wholly-owned subsidiary Beacon Electric Asset Holdings, Inc. ("Beacon Electric") which in turn owns:
  - 100.0% of Meralco PowerGen Corporation ("Meralco PowerGen") with investments in:
    - 100.0% of Atimonan One Energy, Inc. ("A1E")
    - 51.0% of San Buenaventura Power Ltd. Co. ("SBPL")
    - 50.0% of St. Raphael Power Generation Corporation ("St. Raphael")
    - 49.0% of Mariveles Power Generation Corporation ("Mariveles Power")
    - 47.0% of Redondo Peninsula Energy, Inc. ("RP Energy")
    - 28.0% of PLP
    - 14.0% of Global Business Power Corporation ("GBPC")
  - 65.0% of Clark Electric Distribution Corporation ("Clark EDC")
- 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 ("Cebu EDC")
  - 50.0% of Alsons Thermal Energy Corporation ("ATEC")

Toll roads

- 99.9% of MPTC which in turn owns:
  - 100.0% of Cavitex Infrastructure Corporation ("CIC")
  - 100.0% of MPCALA Holdings, Inc. ("MPCALA")
  - 100.0% of Cebu Cordova Link Expressway Corporation ("CCLEC")
  - 75.1% of NLEX Corporation
  - 66.0% of Easytrip Services Corporation ("ESC")
  - 75.9% 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 distribution, production and sewage management

- 52.8% of 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")
  - 61.0% of De Los Santos Medical Center, Inc. ("DLSMC")
  - 51.0% of Central Luzon Doctors' Hospital, Inc. ("CLDH")
  - 51.0% of Sacred Heart Hospital of Malolos, Inc. ("SHHM")
  - 50.0% of Metro Sanitas Corporation, the owner of 77.6% of The Megaclinic, Inc. ("Megaclinic"), 80.0% of TopHealth Medical Clinics Inc. ("TopHealth") and 100.0% of Keralty Manila, Inc. ("Keralty")
  - 49.9% of Davao Doctors Hospital, Inc. ("DDH")
  - 33.7% 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 99.1% of MetroPac Movers, Inc. ("MMI"), which in turns owns:
  - 100.0% of PremierLogistics, Inc. ("PLI")

MPIC's contribution to the Group increased 1% to US$70.0 million (1H18: US$69.1 million), reflecting higher contributions from the power, water and toll road businesses, partly offset by higher net interest expense at MPIC head office level.

Consolidated core net income up 1% to 8.7 billion pesos (US$166.8 million) from 8.6 billion pesos (US$164.8 million)

- reflecting higher energy sales at the power distribution business, strong volume growth and tariff increases in the water and toll roads businesses in the Philippines, and earnings growth in the hospitals business
- partly offset by higher net interest expense at MPIC head office level due to a higher average debt level
- power, toll roads, water, and hospitals and others accounted for 54%, 22%, 21% and 3%, respectively, of MPIC's consolidated profit contribution from operations
- a 4% increase in contribution from the power business to 6.1 billion pesos (US$116.6 million) resulting from higher energy sales and net interest income at Meralco, partly offset by lower energy sales and higher depreciation and interest costs at GBPC
- a 6% rise in contribution from the toll roads business to 2.4 billion pesos (US$46.7million) reflecting strong traffic growth at all toll roads in the Philippines and higher toll rates charged by the North Luzon Expressway ("NLEX") and Subic Clark Tarlac Expressway ("SCTEX") effective from March and June 2019, respectively, partly offset by lower traffic volumes on regional toll roads and higher interest costs in relation to new investments and capital expenditures
- a 9% increase in contribution from the water business to 2.3 billion pesos (US$44.3 million) reflecting higher billed volumes and tariff increases in relation to inflation and rate rebasing at Maynilad
- an 18% increase in contribution from the hospitals business to 400 million pesos (US$7.7 million) reflecting higher patient revenues across all hospitals, new services offered, and price adjustments in some hospitals
- an 18% decline in contribution from the rail business to 169 million pesos (US$3.3 million) reflecting higher repairs and maintenance costs and lower average daily ridership in relation to change in some schools' schedules

Consolidated reported net income down 9% to 8.1 billion pesos (US$156.0 million) from 8.9 billion pesos (US$171.3 million)	■ reflecting a net foreign exchange loss in the first half of 2019 versus a gain in the first half of 2018
Revenues up 11% to 44.6 billion pesos (US$858.6 million) from 40.1 billion pesos (US$767.7 million)	■ reflecting revenue growth at the water, toll roads, hospitals, and logistics businesses ■ partly offset by lower revenue at the power generation business

Debt Profile

As at 30 June 2019, MPIC's consolidated debt rose 5% to 226.8 pesos billion (US$4.4 billion) from 215.1 billion pesos (US$4.1 billion) as at 31 December 2018, of which 93% was denominated in pesos. Fixed-rate borrowings accounted for 95% of the total and the average interest cost was approximately 6.6%.

Capital Management

Interim Dividend

MPIC's Board of Directors declared an interim dividend of 0.0345 peso (U.S. 0.07 cent) per share payable on 30 August 2019 to shareholders on record as at 19 August 2019, unchanged from the interim dividend paid in 2018. This interim dividend payout ratio of 13% of core net income is unchanged from the year-earlier period.

Additional Investment

On 26 February 2019, MPTC acquired a 100% interest in Southbend Express Services Inc. ("SESI") for a consideration of 93 million pesos (US$1.8 million). SESI is engaged in providing manpower services to public and private offices, industrial, commercial and other establishments.

Power

At Meralco, revenues increased 10% to 165.0 billion pesos (US$3.2 billion) reflecting increased pass-through generation charges, and higher energy sales volume due to organic growth and new network connections. Distribution revenues and generation and other pass-through charges rose 6% and 11%, respectively. The number of billed customers rose 4% to over 6.7 million. The volume of electricity sold rose 5% to 22,823 gigawatt hours, driven by an increase of approximately 6% in residential power demand, 5% in commercial, and 4% in industrial power demand. Capital expenditure rose 62% to 10.7 billion pesos (US$206.0 million) primarily for securing system reliability and capacity expansion to accommodate further demand growth and new customer connections.

At GBPC, revenues fell 6% to 12.5 billion pesos (US$240.9 million) reflecting the end of various short-term power supply agreements. Capital expenditure rose 38% to 557 million pesos (US$10.7 million) with PEDC's acquisition of land for the construction of an additional ash pond.

As at 30 June 2019, GBPC and Meralco PowerGen had combined power generating capacity of 1,759 megawatts. Meralco PowerGen and GBPC are currently developing power projects in the Philippines with total planned capacity of approximately 3,693 megawatts through SBPL, A1E, RP Energy, St. Raphael, Mariveles Power, and Phase 2 of ATEC.

SBPL, a new 455-megawatt coal-fired power plant, and Phase 2 of the ATEC expansion project are set to finish construction or come online later this year.

The Quezon City waste to energy project has been granted original proponent status and no comparable proposals were submitted during the Swiss Challenge process. A Notice of Award is expected to be received in the second half of 2019. The project cost for Phase 1 is approximately 15.3 billion pesos (US$298.6 million). This waste treatment facility is expected to generate approximately 36 megawatts (net) of energy from 3,000 metric tons of waste per day.

The construction of the biogas facility for Dole Philippines, Inc. ("DPI") with project cost of approximately 1.0 billion pesos (US$19.5 million) is expected to be completed in the second quarter of 2020 and have a capacity of 5.7 megawatts of clean energy for DPI and reduce carbon dioxide emissions from the site by 100,000 tonnes per year.

Toll Roads

MPTC operates NLEX, the Manila-Cavitex Toll Expressway ("CAVITEX"), and the 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 2019, revenues rose 21% to 8.9 billion pesos (US$171.7 million), driven by the consolidation of PT Nusantara from July 2018, strong traffic growth on all toll roads in the Philippines, and higher toll rates charged for the NLEX and SCTEX effective from March and June 2019, respectively.

Average daily vehicle entries on MPTC's Philippine toll roads rose 8% to 518,678 while entries declined 8% to 404,891 on the regional toll roads due to construction work.

Capital expenditure increased 256% to 10.9 billion pesos (US$208.9 million) mainly reflecting construction of new roads and expansion of existing roads for NLEX, CAVITEX, NLEX Citi Link, NLEX-SLEX Connector Road, Cebu Cordova Link Expressway, and Cavite-Laguna Expressway during the period. C5 South Link expansion began operations, and NLEX Harbour Link will follow later in 2019.

MPTC plans to spend approximately 108.7 billion pesos (US$2.1 billion) on road projects with expected completion between 2019 and 2024. For the 50.4-kiliometers Cavite-Tagaytay-Batangas Expressway ("CTBEx") project, MPTC expects the result of a Swiss Challenge by the end of 2019 and estimates construction cost at 25.0 billion pesos (US$487.9 million).

During the period, NLEX received Toll Regulatory Board ("TRB") approval for toll rates increase due in 2013 and 2015, and a toll rate adjustment in relation to the newly-operated NLEX Harbor Link Segment 10 with effect from March 2019. SCTEX also received approval for a toll rate adjustment due in 2012 with effect from June 2019. However, tariff adjustments for NLEX due in 2017 and 2019, for SCTEX due in 2013, 2014, 2016 and 2017 and for CAVITEX due in 2012, 2014, 2015 and 2018 are still pending TRB approval.

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 2019, Maynilad's average non-revenue water measured at the District Metered Area improved further to 26.7% from 31.1%. Revenues rose 11% to 12.2 billion pesos (US$234.2 million), reflecting a 3% increase in billed water volumes to 268 million cubic meters, as well as an inflationary tariff increase of 5.7% in January 2019 and a 2.7% rebasing adjustment in October 2018.

Maynilad's capital expenditure declined 14% to 5.4 billion pesos (US$104.0 million) in the period, of which most was used for upgrading and building reservoirs and pumping stations, the laying of primary pipelines, and construction of wastewater treatment facilities to improve public health. Maynilad has laid a total of 7,697 kilometers of pipes, extending its sewerage coverage to reach 20% of the population in its concession area. It is building a total of three new sewage treatment facilities in Valenzuela, Cupang and Tunasan to serve approximately 645,000 customers and upgrading one sewage treatment plant for approximately another 2 million customers.

Following approval by the Metropolitan Waterworks and Sewerage System ("MWSS"), a regulator, of Maynilad's rate rebasing for the period from 2018 to 2022 on a staggered basis, the MWSS also approved a 5.7% inflation-linked rate increase in January 2019. However, a related corporate income tax recovery issue remains pending.

MPW is MPIC's investment vehicle for expanding water investments outside the Maynilad concession area. MPW has investments in water projects at Iloilo in the Philippines and in Vietnam. Its combined installed capacity reached 555 million liter per day ("MLD") while billed volume is 269 MLD. MPW is expected to begin delivering meaningful profit contribution to MPIC once its water projects in Cebu and Iloilo in the Philippines and in Vietnam are completed.

Hospitals

MPIC has the largest network of private hospitals in the Philippines with 3,218 beds as at 30 June 2019. The Hospitals business comprises 14 full-service hospitals across the Philippines, four primary care clinics, and three cancer centers, as well as indirect ownership of two healthcare colleges.

Aggregate revenues rose 14% to 13.8 billion pesos (US$266.3 million) in the first half of 2019, reflecting higher patient revenues across all hospitals, new services and price adjustments in some hospitals. The number of inpatients rose 6% to 96,697 and outpatients rose 10% to 1.8 million.

MPHHI continues programs to enhance and expand healthcare services across all hospitals in its network while improving patient access to quality medical care by establishing new service centers. To fund these long-term revenue growth programs, MPHHI is studying options for raising capital such as a public offering or a private placement of shares. MPIC plans to use resulting proceeds to strengthen its balance sheet and to fund new projects for future growth.

Rail

LRMC's revenues declined 1% to 1.6 billion pesos (US$30.4 million) reflecting slightly lower average daily ridership of 446,571 in relation to schedule changes in some schools. The total number of available light rail vehicles increased to 114 from 112 period-on-period.

The majority of LRMC's 750 million pesos (US$14.4 million) Station Improvement Project for 20 stations is substantially completed with remaining works expected to be finished by mid-2020. LRMC has started expansion work on LRT1's second-busiest station EDSA and construction of the LRT1 Cavite Extension. However, long-overdue tariff increases remain a financial obstacle to development of the LRT1 Cavite Extension.

Logistics

MMI contributed a loss of 196 million pesos (US$3.8 million) due to lower utilization of warehouses and trucks and higher depreciation and financing charges.

It is focusing on improving and expanding its service platform and overall quality in order to catch the growth in the e-commerce industry in the Philippines.

Outlook

MPIC expects to see continuing volume growth in its electricity distribution and generation, toll road and water businesses as well as continuing growth in patient revenues in its Hospitals business in the Philippines. Incremental progress is expected in its various tariff disputes with regulators, while a potential capital raising at its Hospitals investment may release funds for paying down debt and allowing more of the expected revenue growth to flow through to its bottom line as well as finance new projects for continuing earnings growth.

Philex's natural resources portfolio as at 27 August 2019 comprises:

Philex for metal-related assets

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

PXP* for energy- and hydrocarbon-related assets

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

* 30.4% held by Philex, 21.7% held by First Pacific and 6.7% held by Two Rivers, 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 contributed a loss of US$1.2 million to the Group (1H18: a profit contribution of US$4.1 million), reflecting a core loss at Philex due to lower volumes of metal sold resulting from lower production caused by lower tonnage and ore grades, and lower average realized copper prices, partly offset by lower smelting charges.

In the first half of 2019, the average realized price of gold was flat at US$1,316 per ounce while the price of copper declined 12% to US$2.75 per pound.

Total ore milled fell 13% to 3.8 million tonnes. The average gold grade decreased 21% to 0.253 grams per tonne (1H18: 0.321 grams per tonne) and the average copper grade decreased 6% to 0.175% (1H18: 0.186%). As a result, gold production fell 32% to 23,675 ounces and copper production declined 15% to 12.0 million pounds, resulting in lower volumes of metal sold.

Core net loss of 19 million pesos (US$0.4 million) versus core net income of 646 million pesos (US$12.4 million)	■ reflecting lower revenue due to lower production output and lower ore grades ■ partly offset by lower smelting charges
Net income down 29% to 391 million pesos (US$7.5 million) from 552 million pesos (US$10.6 million)	■ reflecting a core net loss instead of core net income period-on-period ■ a provision for impairment of Padcal mine assets and headcount reduction costs ■ partly offset by a gain on reversal of receivables from PXP previously written off
Revenue down 28% to 3.4 billion pesos (US$64.7 million) from 4.6 billion pesos (US$89.0 million)	■ reflecting lower metal output due to lower ore grades and reduction in tonnage caused by maintenance and limited availability of equipment, and forest fire incidents during February and March ■ lower copper prices ■ revenues from gold, copper and silver contributed 51%, 48% and 1% of the total, respectively

EBITDA down 62% to 660 million pesos (US$12.7 million) from 1.7 billion pesos (US$33.2 million)	■ reflecting lower revenue ■ partly offset by lower smelting charges
Operating cost per tonne of ore milled up 5% to 861 pesos (US$16.6) from 817 pesos (US$15.7)	■ due to lower tonnage ■ partly offset by lower total operating costs, particularly costs for power and supplies
Capital expenditure (including exploration costs) up 3% to 923 million pesos (US$17.8 million) from 898 million pesos (US$17.2 million)	■ reflecting higher capital expenditures for the definitive feasibility study for phase 1 of the Silangan Project, completed in July 2019, and its predevelopment costs ■ partly offset by the decline in the Padcal mine operations' sustaining capital expenditures

The mine life of Philex's major operating metal mining asset Padcal mine is expected to end in the second half of 2022.

Debt Profile

As at 30 June 2019, Philex had 10.0 billion pesos (US$195.8 million) of borrowings, comprising bonds and short-term bank loans. Short-term bank debt rose 16% to 2.5 billion pesos (US$49.0 million) from year-end 2018.

Additional Investment in PXP

In 2018, Philex entered into a subscription agreement with upstream oil and gas affiliate PXP, involving the subscription of 260 million new shares of PXP at 11.85 pesos (US$0.22) per share, for a total consideration of 3.1 billion pesos (US$58.5 million). The transaction raised Philex's interest in PXP to 30.4% from 19.8%. As at 27 August 2019, Philex has settled 70% of its subscribed portion equivalent to 2.2 billion pesos (US$42.3 million).

In 2018, PXP entered an agreement with Dennison Holdings Corporation ("Dennison") under which PXP would issue 340 million new PXP shares at 11.85 pesos (US$0.22) per share to Dennison. Dennison was unable to settle the subscription amount by 31 March 2019 and the subscription agreement was canceled by mutual agreement. As a result, the down payment made in January 2019 of 40.3 million pesos (US$0.8 million), or 1% of Dennison's subscription amount, was forfeited in favor of PXP.

Silangan Project

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

The project contains a total of 571 million tonnes of mineral resources comprising the Boyongan, Bayugo-Silangan and Bayugo-Kalayaan ore deposits. The definitive feasibility study for Boyongan, the first phase of the Silangan Project, was completed in July 2019. This phase anticipates mineable reserves of 81 million tonnes with expected high ore grades of 0.63% copper and 1.20 grams of gold per tonne from mineral resources of 279 million tonnes.

Commercial operations from underground sub-level cave mining at Boyongan is expected to begin in the second half of 2022 with an estimated mine life of 22 years and annual average production of 4 million tonnes of ore. The estimated capital expenditure of approximately US$750 million for the development of Boyongan is expected to be funded by project finance and the entry of a strategic partner.

Phase two of the project will comprise the Bayugo-Silangan and Bayugo-Kalayaan deposits, with a preliminary feasibility study expected to be completed by year-end 2019.

The project is fully compliant with all existing regulations and is in the process of completing all requisite permitting documentation. Philex is working closely with regulators for the amendment of existing approved operating permits to cover underground sub-level cave mining for the first phase of the Silangan Project, and remains confident of securing all these necessary permits within the course of this year.

PXP

During the period, petroleum revenue declined 23% to 51 million pesos (US$1.0 million) as a result of lower average crude oil prices and plug and abandonment of the SC 14A Nido and SC 14B Matinloc production wells. Costs and expenses fell 22% to 86 million pesos (US$1.7 million) reflecting lower operational costs following the plug and abandonment of said wells and lower depletion due to an increase in Galoc reserves.

PXP's reported net loss narrowed 45% to 18 million pesos (US$0.3 million) reflecting higher other incomes from the forfeiture of the down payment by Dennison, and lower costs and expenses, partly offset by lower petroleum revenues.

SC 72

SC 72 is located in the Reed Bank (Recto Bank) which lies within the Philippines' Exclusive Economic Zone ("EEZ"). Its second subphase of exploration activities is currently suspended due to a Force Majeure imposed from 15 December 2014.

Upon the lifting of the moratorium by the Philippine government, Forum will have 20 months to drill two wells as part of its work commitment under SC 72.

On 13 February 2018 in Manila, the Philippines and China held a second Bilateral Consultation Meeting on their territorial dispute over the West Philippine Sea. The two countries 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.

On 20 November 2018, the Philippines and China signed a Memorandum of Understanding ("MOU") on Oil & Gas Development for the two governments to create an Intergovernmental Steering Committee. The Committee will endeavor to agree on cooperation agreements within 12 months of the signing of the MOU.

Forum had completed the broadband Pre-Stack Depth Migration reprocessing of 565 square kilometres of Sampaguita 3D seismic data, and the interpretation of the processed data is ongoing.

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 subphase 2 of its service contract.

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

SC 74

At SC 74 Linapacan Block, the gravity modelling and seismic interpretation of 2D data are underway.

Rock samples collected during fieldwork in the Calamian Islands in June 2018 are undergoing paleodating and total organic content analysis.

A joint Rock Physics and Quantitative Interpretation project with the SC 14C-2 consortium over the Linapacan and West Linapacan areas is ongoing. This study will help in delineating leads in both blocks.

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. Processing and interpretation of the gravity data are underway.

In the first half of 2019, SC 14C-1 Galoc Field produced a total of 686,209 barrels of oil. The consortium led by Galoc Production Company plans to install a Condensate Recovery Unit onboard the Rubicon Intrepid Floating Production, Storage and Offloading ("FPSO") vessel for additional liquid production of approximately 250 to 300 barrels per day starting from October 2019.

Peru Block Z-38 is a joint venture project between Pitkin, Karoon Gas Australia Ltd. ("Karoon") and Tullow Oil Plc. (UK) ("Tullow"). The economic interests of Pitkin, Tullow, and Karoon in Marina-1X are 25%, 35% and 40%, respectively. Pitkin is not required to share the costs of Marina-1X and the second well under a separate farm-in agreement signed with Karoon in 2009. A moratorium on the project was lifted on 12 September 2018 by Perupetro S.A., giving Pitkin, Karoon and Tullow until 1 July 2020 to complete the required work for the third exploration period of this project comprising the drilling of up to two wells. The drilling of Marina-1X is expected in end 2019 or early 2020. The Marina-1X prospect has estimated prospective resources of 256 million barrels of oil.

Outlook

Over the following months, Philex will be focusing efforts on raising equity investment and project financing for the development of the Silangan Project. Philex is optimistic that short-term global mineral sector fundamentals will stay robust. In the long term, demand upside for copper is expected to be driven by advancements in electric vehicle technology and renewable energy. On the domestic front, the Silangan Project is envisioned to be a key economic and social contributor for the development of Mindanao in particular and for the Philippines in general, through substantial tax payments, job creation and an expansive corporate social responsibility agenda. Meanwhile, Philex will continue to optimize the use of the remaining cash generation capabilities of its Padcal mine as it nears the end of mine life.

FPM Power / PacificLight

First Pacific holds its interest in PLP through a 60/40-owned entity with Meralco PowerGen, which owns 70% of PLP. 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 in Singapore. 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 widened to US$7.1 million (1H18: US$3.4 million) in the first half of 2019, reflecting a higher core loss at PLP.

In the first half of 2019, the plant's system availability remained high at 95.8% and the heat rate continued to demonstrate that PLP is one of the most efficient plants in Singapore. The plant remains highly reliable: Unit 10 has operated without a single incident of forced outage since May 2016, and Unit 20 since March 2017.

During the period, the volume of electricity sold fell 1% to 2,489 gigawatt hours, of which 93% was for retail, vesting contracts, futures and contracts for difference sales, and the remaining 7% was for pool market sales. PLP's generation market share for the period was approximately 9%.

Core net loss up 67% to S$36.6 million (US$27.0 million) from S$21.9 million (US$16.5 million)	■ reflecting lower non-fuel margins for vesting, pool and retail market sales ■ higher marketing and interest expenses ■ partly offset by a higher reversal of provision for onerous contracts and lower maintenance expenses
Net loss up 14% to S$41.7 million (US$30.7 million) from S$36.7 million (US$27.6 million)	■ reflecting higher core net loss ■ partly offset by a foreign exchange gain on US dollar-denominated shareholder loans in contrast with a foreign exchange loss for the first half of 2018, and lower provision for onerous contracts
Revenues up 7% to S$494.1 million (US$364.0 million) from S$462.1 million (US$347.8 million)	■ reflecting a higher average selling price per unit of electricity sold due to higher fuel costs ■ partly offset by lower volume of electricity sold
Operating expenses up 11% to S$12.3 million (US9.1 million) from S$11.1 million (US$8.4 million)	■ reflecting higher marketing expenses
EBITDA down 72% to S$2.9 million (US$2.1 million) from S$10.4 million (US$7.8 million)	■ reflecting lower non-fuel margins

Debt Profile

As at 30 June 2019, FPM Power's net debt stood at US$459.0 million while gross debt stood at US$497.8 million with 18% maturing within one year and the remaining borrowings maturing up to 2021. All of the borrowings were floating-rate bank loans, with 52% effectively hedged to fixed-rate borrowings through interest rate swap arrangements.

Outlook

Electricity demand in the first half of 2019 grew by approximately 3%. However, strong competition in electricity generation in Singapore will continue to weigh on profitability across the industry. PLP will defend its market position by maintaining its high plant performance and seeking market segments that offer better margins.

FP Natural Resources / RHI

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

In the first half of 2019, FP Natural Resources recorded a loss of US$4.0 million (1H18: profit contribution of US$0.7 million), reflecting a core loss at RHI.

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 the country's 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 approximately 250,000 liters in total.

RHI's sugar business milled 1.5 million tonnes of cane in the first six months of 2019, down 26% from the first half of 2018 due to lower cane supply caused by stiff competition for cane supplies and lower farm productivity. During the period, RHI sold 1.0 million LKg (1H18: 0.9 million LKg) of raw sugar; 0.8 million LKg (1H18: 1.7 million LKg) of refined sugar and 212,000 LKg (1H18: 22,000 LKg) of premium raw sugar. Ethanol sales volume decline slightly to 40.6 million liters (1H18: 41.2 million liters).

Core and reported net loss of 453 million pesos (US$8.7 million) instead of a core and reported net income of 113 million pesos (US$2.2 million)	■ reflecting higher sugar manufacturing costs owing to lower sugar cane supply and higher incentive to planters due to intense competition for cane ■ higher alcohol manufacturing costs from higher cost of molasses ■ lower milling volume of sugar cane due to lower farm productivity ■ lower refined sugar sales and production volume ■ higher finance cost
Revenue up 14% to 7.9 billion pesos (US$151.7 million) from 6.9 billion pesos (US$132.6 million)	■ reflecting higher average selling prices of raw sugar, refined sugar and ethanol ■ higher sales volumes of raw and premium raw sugar ■ partly offset by lower sales volumes of refined sugar and ethanol, and lower average selling price of premium raw sugar
Operating expenses up 7% to 487 million pesos (US$9.4 million) from 456 million pesos (US$8.7 million)	■ reflecting higher staff costs
EBITDA down 79% to 188 million pesos (US$3.6 million) from 877 million pesos (US$16.8 million)	■ reflecting a decline in gross margins due to higher production and feedstock costs
EBITDA margin to 2.4% from 12.7%	■ reflecting lower EBITDA

Debt Profile

As at 30 June 2019, total debt of RHI stood at 10.9 billion pesos (US$213.0 million) with maturities up until August 2024 at an annual interest rate of approximately 6.6%. Short-term debt stood at 7.9 billion pesos (US$153.8 million) with an average interest rate of approximately 6.9%.

Outlook

RHI is working to lower production costs by using more cost-efficient and sustainable fuel for its refinery operations to improve production efficiencies and factory reliability, as well as implementing initiatives with planters to address the decline of farm productivity.

Liquidity and Financial Resources

Net Debt and Gearing

(A) Head Office Net Debt

The increase in net debt mainly reflects the additional borrowings for debt refinancing. The Head Office's borrowings at 30 June 2019 comprise bonds of US$782.6 million (with an aggregated face value of US$785.7 million) which are due for redemption between September 2020 and May 2025, and bank loans of US$871.3 million (with a principal amount of US$880.0 million) which are due for repayment between March 2021 and June 2029.

Changes in Head Office Net Debt

US$ millions	Borrowings	Cash and cash equivalents[i]	Net debt
At 1 January 2019	1,639.8	(89.6)	1,550.2
Movement	14.1	9.1	23.2
At 30 June 2019	**1,653.9**	**(80.5)**	**1,573.4**

(i) Includes restricted cash as at 30 June 2019 of US$0.03 million and 1 January 2019 of US$0.1 million

Head Office Free Cash Flow[ii]

For the six months ended 30 June US$ millions	2019	2018
Dividend and fee income[iii]	**118.1**	137.6
Less: Indofood dividend received on 8 July 2019/5 July 2018[iii]	**(49.7)**	(70.1)
Cash dividend and fee income	**68.4**	67.5
Head Office overhead expense	**(9.2)**	(11.7)
Net cash interest expense	**(37.5)**	(33.9)
Tax paid	**(0.3)**	(3.5)
Net Cash Inflow from Operating Activities	**21.4**	18.4
Net investments[iv]	**(42.5)**	(20.7)
Financing activities		
– Distributions paid[v]	**–**	(30.4)
– New borrowings, net	**13.5**	8.7
– Others[vi]	**(1.4)**	(2.0)
Net Decrease in Cash and Cash Equivalents	**(9.0)**	(26.0)
Cash and cash equivalents at 1 January	**89.5**	90.6
Cash and Cash Equivalents at 30 June	**80.5**	64.6

(ii) Excludes restricted cash as at 30 June 2019 of US$0.03 million and 1 January 2019, 30 June 2018 and 1 January 2018 of US$0.1 million
(iii) 1H19's dividend and fee income includes Indofood's 2018 final dividend of US$49.7 million which was received on 8 July 2019 (1H18: 2017 final dividend of US$70.1 million received on 5 July 2018).
(iv) Principally represents the investments in PLP and Goodman Fielder
(v) 2018 final distribution of US$30.6 million was paid in July 2019.
(vi) Mainly payments to the trustee for share purchase scheme in 1H18

(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 2019 Net debt(i)	Total equity	Gearing(ii) (times)	At 31 December 2018 Net debt(i)	Total equity	Gearing(ii) (times)
Head Office	**1,573.4**	**1,822.5**	**0.86x**	1,550.2	2,039.7	0.76x
Indofood	**1,164.5**	**3,622.3**	**0.32x**	1,444.7	3,456.1	0.42x
MPIC	**3,432.7**	**4,856.2**	**0.71x**	3,083.9	4,529.9	0.68x
FPM Power	**459.0**	**360.2**	**1.27x**	498.7	321.6	1.55x
FP Natural Resources	**200.6**	**184.0**	**1.09x**	206.4	188.1	1.10x
Group adjustments(iii)	**–**	**(1,844.4)**	**–**	–	(1,825.0)	–
Total	**6,830.2**	**9,000.8**	**0.76x**	6,783.9	8,710.4	0.78x

Associated Companies and Joint Venture

US$ millions	At 30 June 2019 Net debt(i)	Total equity	Gearing(ii) (times)	At 31 December 2018 Net debt(i)	Total equity	Gearing(ii) (times)
PLDT	**2,746.7**	**2,314.0**	**1.19x**	2,370.1	2,218.8	1.07x
FPW	**321.1**	**1,081.2**	**0.30x**	379.0	1,012.2	0.37x
Philex	**193.8**	**470.2**	**0.41x**	163.9	450.7	0.36x

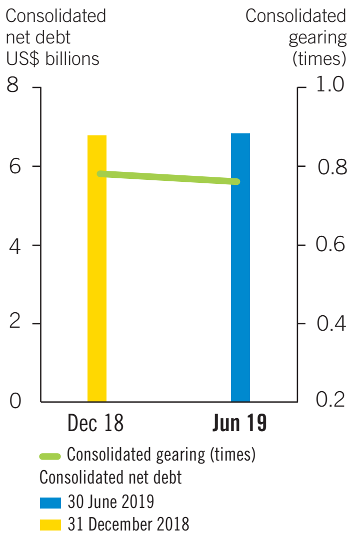
(i) Includes short-term deposits and restricted cash
(ii) Calculated as net debt divided by total equity
(iii) Group adjustments mainly represents elimination of goodwill arising from acquisitions prior to 1 January 2001 against the Group's retained earnings and other standard consolidation adjustments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

Head Office's gearing increased because of an increase in its net debt reflecting additional borrowings for the debt refinancing, coupled with a decrease in its equity reflecting its loss recorded during the period and the Company's 2018 final distribution declared.

Indofood's gearing decreased because of a decrease in its net debt as a result of its operating cash inflow and proceeds from partial disposal of financial assets at fair value through other comprehensive income ("FVOCI"), partly offset by its payments for capital expenditure and an appreciation of the rupiah against U.S. dollar during the period, coupled with an increase in its equity reflecting its profit recorded and an appreciation of the rupiah against U.S. dollar during the period, partly offset by its 2018 final dividend declared.

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

Consolidated Net Debt and Gearing



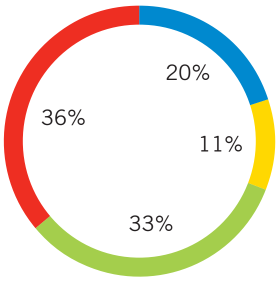
FPM Power's gearing decreased because of capital contributions from shareholders, partly offset by PLP's operating cash outflow.

FP Natural Resources' gearing remained stable because of a decrease in its net debt as a result of RHI's operating cash inflow, partly offset by an appreciation of the peso against U.S. dollar during the period, offset by a decrease in its equity reflecting RHI's loss recorded, partly offset by an appreciation of the peso against U.S. dollar during the period.

The Group's gearing decreased to 0.76 times because of an increase in the Group's equity reflecting the appreciation of the rupiah and the peso against U.S. dollar and the Group's profit recorded during the period.

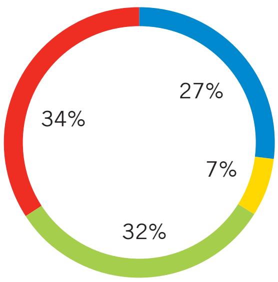
PLDT's gearing increased because of an increase in its net debt mainly reflecting its payments for capital expenditure. FPW's gearing decreased mainly because of capital injections from shareholders. Philex's gearing increased mainly because of a higher net debt reflecting its operating cash outflow and payments for capital expenditure.

Maturity Profile of Consolidated Debt 30 June 2019



	US$ millions
Within one year	1,759.5
One to two years	948.9
Two to five years	2,832.3
Over five years	3,089.6
Total	**8,630.3**

Maturity Profile of Consolidated Debt 31 December 2018



	US$ millions
Within one year	2,281.1
One to two years	641.0
Two to five years	2,694.5
Over five years	2,901.3
Total	**8,517.9**

Maturity Profile

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

Consolidated

US$ millions	Carrying amounts At 30 June 2019	Carrying amounts At 31 December 2018	Nominal values At 30 June 2019	Nominal values At 31 December 2018
Within one year	**1,759.5**	2,281.1	**1,762.3**	2,279.2
One to two years	**948.9**	641.0	**948.1**	638.4
Two to five years	**2,832.3**	2,694.5	**2,851.3**	2,696.6
Over five years	**3,089.6**	2,901.3	**3,105.5**	2,913.3
Total	**8,630.3**	8,517.9	**8,667.2**	8,527.5

The change in the Group's debt maturity profile from 31 December 2018 to 30 June 2019 mainly reflects a shift in long-term borrowings among the different maturity periods for Head Office, Indofood and MPIC, Indofood's and Head Office's redemption of bonds and the Group's net new borrowings.

Associated Companies and Joint Venture

	PLDT				FPW				Philex			
	Carrying amounts		Nominal values		Carrying amounts		Nominal values		Carrying amounts		Nominal values	
US$ millions	**At 30 June 2019**	At 31 December 2018	**At 30 June 2019**	At 31 December 2018	**At 30 June 2019**	At 31 December 2018	**At 30 June 2019**	At 31 December 2018	**At 30 June 2019**	At 31 December 2018	**At 30 June 2019**	At 31 December 2018
Within one year	**296.5**	388.8	**298.5**	390.9	**17.3**	42.4	**17.3**	42.4	**49.0**	41.0	**49.0**	41.0
One to two years	**694.5**	378.7	**696.0**	380.4	**0.7**	142.8	**0.7**	143.0	**–**	–	**–**	–
Two to five years	**1,051.9**	1,212.2	**1,054.6**	1,215.0	**464.9**	385.6	**467.4**	388.5	**146.8**	139.5	**160.7**	154.2
Over five years	**1,330.3**	1,372.8	**1,331.6**	1,374.2	**4.2**	1.7	**4.2**	1.7	**–**	–	**–**	–
Total	**3,373.2**	3,352.5	**3,380.7**	3,360.5	**487.1**	572.5	**489.6**	575.6	**195.8**	180.5	**209.7**	195.2

The change in PLDT's debt maturity profile from 31 December 2018 to 30 June 2019 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 change in FPW's debt maturity profile from 31 December 2018 to 30 June 2019 mainly reflects its new borrowings to refinance its loan obligations and loan repayments. The increase in Philex's debt mainly reflects new borrowings to finance expenditures for Silangan Project.

Charges on Group Assets

At 30 June 2019, 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$2,060.7 million (31 December 2018: US$2,081.3 million) and the interests of the Group's 12% (31 December 2018: 12%) in PLDT, 56% (31 December 2018: 56%) in GBPC, 5% (31 December 2018: 5%) in Meralco, 100% (31 December 2018: 100%) in AIF Toll Road Holdings (Thailand) Limited, 29.5% (31 December 2018: 29.5%) in DMT, 70% (31 December 2018: 70%) in PLP and 45.1% (31 December 2018: 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 net asset value ("NAV") mainly relate to investments denominated in the rupiah and the peso. Accordingly, any change in these currencies, against their respective 30 June 2019 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 the peso exchange rates against the U.S. dollar.

Company	Basis	Effect on adjusted NAV(i) US$ millions	Effect on adjusted NAV per share HK cents
Indofood	(i)	21.8	3.92
PLDT	(i)	13.9	2.50
MPIC	(i)	12.4	2.22
Philex	(i)	1.6	0.29
PXP	(i)	0.8	0.15
FP Natural Resources	(ii)	0.3	0.05
Head Office – Other assets	(iii)	1.0	0.18
Total		**51.8**	**9.31**

(i) Based on quoted share prices at 30 June 2019 applied to the Group's economic interests
(ii) Based on quoted share price of RHI at 30 June 2019 applied to the Group's effective economic interest
(iii) Represents the carrying amount of SMECI's convertible notes ("SMECI's notes")

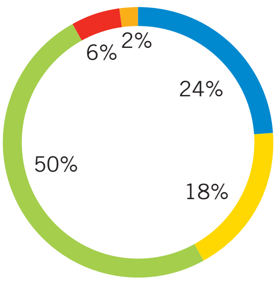
(B) Group Risk

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.

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.

Analysis of Total Borrowings by Currency



	US$ millions
US$	2,135.5
Rupiah	1,531.2
Peso	4,327.3
S$	497.9
Others	138.4
Total	**8,630.3**

Consolidated

US$ millions	US$	Rupiah	Peso	S$	Others	Total
Total borrowings	2,135.5	1,531.2	4,327.3	497.9	138.4	**8,630.3**
Cash and cash equivalents(i)	(330.8)	(473.7)	(926.0)	(41.1)	(28.5)	**(1,800.1)**
Net Debt	1,804.7	1,057.5	3,401.3	456.8	109.9	**6,830.2**
Representing:						
Head Office	1,585.2	–	(10.2)	–	(1.6)	**1,573.4**
Indofood	118.2	1,032.4	–	(5.1)	19.0	**1,164.5**
MPIC	105.2	25.1	3,209.9	–	92.5	**3,432.7**
FPM Power	(2.9)	–	–	461.9	–	**459.0**
FP Natural Resources	(1.0)	–	201.6	–	–	**200.6**
Net Debt	1,804.7	1,057.5	3,401.3	456.8	109.9	**6,830.2**

Associated Companies and Joint Venture

US$ millions	US$	Peso	A$	NZ$	Others	Total
Net Debt						
PLDT	(6.5)	2,759.6	–	–	(6.4)	**2,746.7**
FPW	(4.6)	(1.1)	203.1	154.4	(30.7)	**321.1**
Philex	48.7	145.1	–	–	–	**193.8**

(i) Includes short-term deposits and restricted cash

As a result of unhedged U.S. dollar net debt, the Group's results are sensitive to fluctuations in U.S. dollar exchange rates. The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in the principal operating currencies of subsidiary and associated companies 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)]	1,585.2	–	1,585.2	–	**–**
Indofood	118.2	–	118.2	1.2	**0.4**
MPIC	105.2	–	105.2	1.1	**0.3**
FPM Power	(2.9)	–	(2.9)	–	**–**
FP Natural Resources	(1.0)	–	(1.0)	–	**–**
PLDT	(6.5)	(52.4)	(58.9)	(0.6)	**(0.1)**
FPW	(4.6)	–	(4.6)	–	**–**
Philex	48.7	–	48.7	0.5	**0.2**
Total	**1,842.3**	**(52.4)**	**1,789.9**	**2.2**	**0.8**

(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.

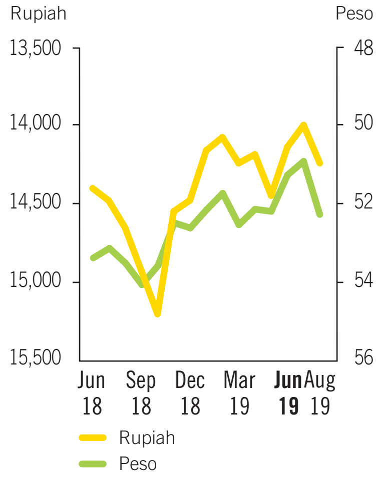
Equity Market Risk

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.

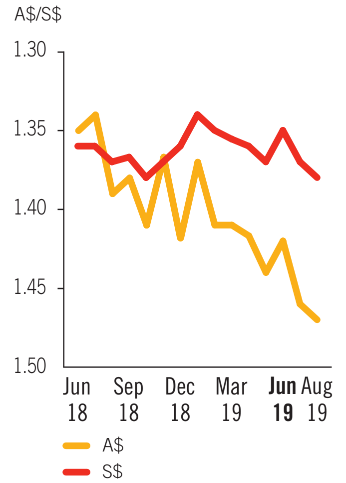
First Pacific's listed investments are located in Indonesia, the Philippines and Singapore. Accordingly, in addition to operating factors within the Company's control, the Company also has an equity market risk in respect of general investor sentiment towards these countries. Changes in the stock market indices of Indonesia, the Philippines and Singapore are summarized as follows:

	Jakarta Composite Index	**Philippine Composite Index**	**Singapore Straits Times Index**
At 31 December 2018	6,195	7,466	3,069
At 30 June 2019	**6,359**	**8,000**	**3,322**
Increase during the first half of 2019	+2.6%	+7.2%	+8.2%

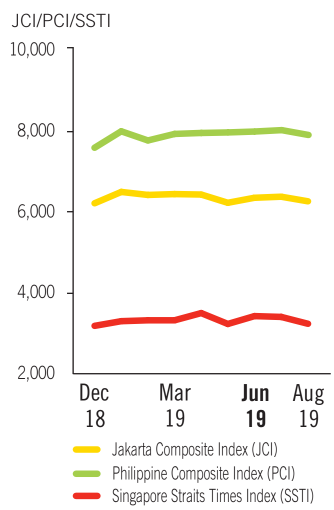
Rupiah and Peso Closing Rates against the U.S. Dollars



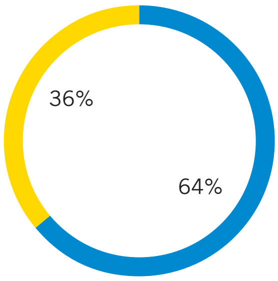
Australian Dollars and Singapore Dollars Closing Rates against the U.S. Dollars



Stock Market Indices



Interest Rate Profile



	US$ millions
Fixed	5,512.8
Variable	3,117.5
Total	**8,630.3**

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	881.5	772.4	(80.5)	**1,573.4**
Indofood	141.0	1,697.7	(674.2)	**1,164.5**
MPIC	4,197.4	229.5	(994.2)	**3,432.7**
FPM Power	257.1	240.7	(38.8)	**459.0**
FP Natural Resources	35.8	177.2	(12.4)	**200.6**
Total	5,512.8	3,117.5	(1,800.1)	**6,830.2**

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	3,002.6	370.6	(626.5)	**2,746.7**
FPW	163.2	323.9	(166.0)	**321.1**
Philex	146.8	49.0	(2.0)	**193.8**

(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	772.4	7.7	**7.7**
Indofood	1,697.7	17.0	**6.4**
MPIC	229.5	2.3	**0.7**
FPM Power	240.7	2.4	**0.8**
FP Natural Resources	177.2	1.8	**0.5**
PLDT	370.6	3.7	**0.7**
FPW	323.9	3.2	**1.1**
Philex	49.0	0.5	**0.2**
Total	**3,861.0**	**38.6**	**18.1**

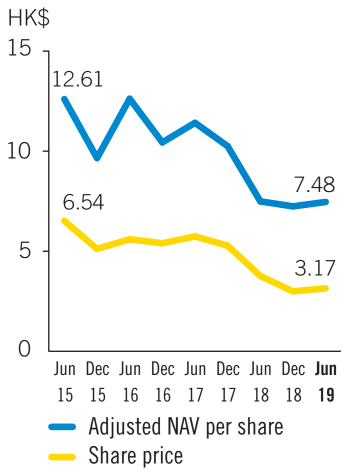
Adjusted NAV Per Share

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

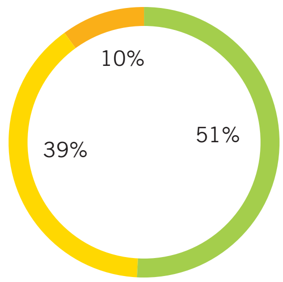
US$ millions	Basis	At 30 June 2019	At 31 December 2018
Indofood	(i)	**2,183.9**	2,261.7
PLDT	(i)	**1,390.8**	1,182.0
MPIC	(i)	**1,238.7**	1,166.9
Philex	(i)	**160.3**	134.1
PXP	(i)	**83.1**	160.6
FPW	(ii)	**325.0**	325.0
FPM Power	(iii)	**230.0**	230.0
FP Natural Resources	(iv)	**28.1**	36.5
Head Office – Other assets	(v)	**98.4**	95.9
– Net debt		**(1,573.4)**	(1,550.2)
Total Valuation		**4,164.9**	4,042.5
Number of Ordinary Shares in Issue (millions)		**4,344.9**	4,342.0
Value per share – U.S. dollars		**0.96**	0.93
– HK dollars		**7.48**	7.26
Company's closing share price (HK$)		**3.17**	3.02
Share price discount to HK$ value per share (%)		**57.6**	58.4

(i) Based on quoted share prices applied to the Group's economic interests
(ii) Based on the total consideration (including US$25 million contingent instalment payment and another US$25 million earn-out payment) as per the SPA dated 11 March 2019
(iii) Represents carrying amounts
(iv) Based on quoted share prices of RHI applied to the Group's effective economic interest
(v) Represents the carrying amount of SMECI's notes

Share Price vs Adjusted NAV Per Share



Adjusted NAV by Country 30 June 2019



	US$ millions
Philippines	2,901.0
Indonesia	2,183.9
Others	555.0
Total	**5,639.9**

Employee Information

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

For the six months ended 30 June US$ millions	2019	2018
Employees' Remuneration (including Directors' Remuneration)		
Basic salaries	**264.8**	244.5
Bonuses	**102.7**	82.8
Benefits in kind	**62.7**	56.6
Pension contributions	**28.1**	26.0
Retirement and severance allowances	**1.1**	0.6
Share-based compensation benefit expenses	**1.4**	2.4
Total	**460.8**	412.9

	2019	2018
Number of employees		
– At 30 June	**110,612**	105,968
– Average for the period	**109,884**	104,427

For details regarding the Group's remuneration policies for Directors and senior executives, please refer to page 103 of the Company's 2018 Annual Report.

Condensed Interim Consolidated Financial Statements

Condensed Consolidated Income Statement

For the six months ended 30 June US$ millions	Notes	(Unaudited) **2019**	 2018
Turnover	2	**4,091.2**	3,844.9
Cost of sales		**(2,861.2)**	(2,725.3)
Gross Profit		**1,230.0**	1,119.6
Selling and distribution expenses		**(305.2)**	(291.5)
Administrative expenses		**(337.7)**	(288.3)
Other operating expenses, net		**(259.5)**	(16.9)
Interest income		**39.4**	29.1
Finance costs	3	**(236.4)**	(195.4)
Share of profits less losses of associated companies and joint ventures		**166.8**	189.0
Profit Before Taxation	4	**297.4**	545.6
Taxation	5	**(167.2)**	(136.7)
Profit for the Period		**130.2**	408.9
Attributable to:			
Owners of the parent	7	**(148.3)**	133.8
Non-controlling interests		**278.5**	275.1
		130.2	408.9
(Loss)/Earnings Per Share Attributable to Owners of the Parent (U.S. cents)	8		
Basic		**(3.42)**	3.09
Diluted		**(3.42)**	3.08

Details of the interim distribution declared for the period are disclosed in Note 9 to the Condensed Interim Consolidated Financial Statements.

The notes on pages 38 to 70 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) 2019	2018
Profit for the Period	**130.2**	408.9
Other Comprehensive Income/(Loss)		
Items that will be Reclassified Subsequently to Profit or Loss:		
Exchange differences on translating foreign operations	**234.2**	(553.5)
Unrealized gains/(losses) on debt investments at fair value through other comprehensive income	**1.3**	(0.7)
Unrealized gains on cash flow hedges	**31.4**	27.7
Realized losses on cash flow hedges	**5.4**	0.5
Income tax related to cash flow hedges	**(6.2)**	(4.6)
Share of other comprehensive income of associated companies and joint ventures	**1.6**	7.7
Items that will not be Reclassified to Profit or Loss:		
Unrealized gains on equity investments at fair value through other comprehensive income	**34.9**	23.3
Actuarial (losses)/gains on defined benefit pension plans	**(2.4)**	0.8
Share of other comprehensive loss of associated companies and joint ventures	**(4.9)**	(22.3)
Other Comprehensive Income/(Loss) for the Period, Net of Tax	**295.3**	(521.1)
Total Comprehensive Income/(Loss) for the Period	**425.5**	(112.2)
Attributable to:		
Owners of the parent	**(40.0)**	(82.6)
Non-controlling interests	**465.5**	(29.6)
	425.5	(112.2)

Condensed Consolidated Statement of Financial Position

US$ millions	Notes	At 30 June 2019 (Unaudited)	At 31 December 2018 (Audited)
Non-current Assets			
Property, plant and equipment	10	**5,394.8**	5,157.4
Biological assets		**23.4**	22.7
Associated companies and joint ventures	11	**4,496.9**	4,877.3
Goodwill		**1,123.0**	1,111.5
Other intangible assets	12	**4,636.7**	4,182.5
Investment properties		**12.7**	9.5
Accounts receivable, other receivables and prepayments		**33.6**	16.2
Financial assets at fair value through other comprehensive income		**360.0**	319.4
Deferred tax assets		**211.8**	195.4
Other non-current assets		**765.4**	749.1
		17,058.3	16,641.0
Current Assets			
Cash and cash equivalents and short-term deposits		**1,664.0**	1,630.8
Restricted cash	13	**136.1**	103.2
Financial assets at fair value through other comprehensive income		**193.2**	289.6
Accounts receivable, other receivables and prepayments	14	**1,140.0**	1,133.9
Inventories		**966.4**	942.0
Biological assets		**41.1**	36.1
		4,140.8	4,135.6
Assets classified as held for sale		**383.3**	124.9
		4,524.1	4,260.5
Current Liabilities			
Accounts payable, other payables and accruals	15	**1,578.1**	1,362.6
Short-term borrowings		**1,759.5**	2,281.1
Provision for taxation		**92.7**	57.3
Current portion of deferred liabilities, provisions and payables	16	**401.2**	419.8
		3,831.5	4,120.8
Liabilities directly associated with the assets classified as held for sale		**20.0**	19.5
		3,851.5	4,140.3
Net Current Assets		**672.6**	120.2
Total Assets Less Current Liabilities		**17,730.9**	16,761.2
Equity			
Issued share capital		**43.4**	43.4
Shares held for share award scheme	17	**(1.2)**	(4.9)
Retained earnings		**1,466.3**	1,582.1
Other components of equity		**1,484.8**	1,463.0
Equity attributable to owners of the parent		**2,993.3**	3,083.6
Non-controlling interests		**6,007.5**	5,626.8
Total Equity		**9,000.8**	8,710.4
Non-current Liabilities			
Long-term borrowings		**6,870.8**	6,236.8
Deferred liabilities, provisions and payables	16	**1,518.9**	1,488.9
Deferred tax liabilities		**340.4**	325.1
		8,730.1	8,050.8
		17,730.9	16,761.2

The notes on pages 38 to 70 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
27 August 2019

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 18)	Differences arising from changes in equities of subsidiary companies	Reserves for assets classified as held for sale	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 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		–	–	–	–	(19.4)	–	–	–	–	8.9	(10.5)	4.9	(5.6)
Impact on initial application of HKFRS 15		–	–	–	–	–	–	–	–	–	13.2	13.2	0.1	13.3
At 1 January 2018 (As adjusted)		43.4	(8.9)	62.0	60.9	(687.8)	456.1	–	12.6	1,840.2	1,451.3	3,229.8	5,520.4	8,750.2
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)/income 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	(904.2)	441.0	–	12.6	1,809.8	1,584.2	3,101.2	5,337.1	8,438.3
At 1 January 2019		43.4	(4.9)	62.0	57.3	(886.9)	452.4	–	12.6	1,765.6	1,582.1	3,083.6	5,626.8	**8,710.4**
Impact on initial application of HKFRS 16	1(B)	–	–	–	–	–	–	–	–	–	(8.2)	(8.2)	(1.6)	**(9.8)**
At 1 January 2019 (As adjusted)		43.4	(4.9)	62.0	57.3	(886.9)	452.4	–	12.6	1,765.6	1,573.9	3,075.4	5,625.2	**8,700.6**
(Loss)/profit for the period		–	–	–	–	–	–	–	–	–	(148.3)	(148.3)	278.5	**130.2**
Other comprehensive income/(loss) for the period		–	–	–	–	113.1	–	(4.8)	–	–	–	108.3	187.0	**295.3**
Total comprehensive income/(loss) for the period		–	–	–	–	113.1	–	(4.8)	–	–	(148.3)	(40.0)	465.5	**425.5**
Issue of shares under share award scheme		–	(1.1)	1.1	–	–	–	–	–	–	–	–	–	**-**
Shares vested under share award scheme		–	4.8	–	(5.2)	–	–	–	–	–	0.4	–	–	**-**
Cancellation of share options		–	–	–	(40.3)	–	–	–	–	–	40.3	–	–	**-**
Employee share-based compensation benefits		–	–	–	(1.3)	–	–	–	–	–	–	(1.3)	(2.2)	**(3.5)**
Reserves for assets classified as held for sale		–	–	–	–	40.4	10.3	(50.7)	–	–	–	–	–	**-**
Acquisition, divestment and dilution of interests in subsidiary companies		–	–	–	–	0.2	(10.4)	–	–	–	–	(10.2)	18.1	**7.9**
2018 final distribution declared		–	–	–	–	–	–	–	–	(30.6)	–	(30.6)	–	**(30.6)**
Capital contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	62.4	**62.4**
Dividends paid and declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	(161.5)	**(161.5)**
At 30 June 2019		**43.4**	**(1.2)**	**63.1**	**10.5**	**(733.2)**	**452.3**	**(55.5)**	**12.6**	**1,735.0**	**1,466.3**	**2,993.3**	**6,007.5**	**9,000.8**

The notes on pages 38 to 70 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) 2019	2018
Profit Before Taxation		**297.4**	545.6
Adjustments for:			
Provision for impairment losses	4	**284.9**	1.7
Finance costs	3	**236.4**	195.4
Depreciation	4	**197.3**	159.7
Amortization of other intangible assets	4	**60.5**	49.5
Employee share-based compensation benefit expenses		**1.4**	2.4
Loss/(gain) on disposal of property, plant and equipment, net	4	**1.2**	(1.1)
Share of profits less losses of associated companies and joint ventures		**(166.8)**	(189.0)
Interest income		**(39.4)**	(29.1)
(Reversal of provision)/provision for onerous contracts, net	4	**(4.7)**	3.7
(Gain)/loss on changes in fair value of biological assets	4	**(2.3)**	0.8
Loss on divestment of an interest in an associated company	4	**–**	0.2
Gain on remeasurement of a previously held interest in an associated company	4	**–**	(4.3)
Others		**5.7**	6.8
		871.6	742.3
Decrease/(increase) in working capital		**29.5**	(69.7)
Net cash generated from operations		**901.1**	672.6
Interest received		**41.5**	32.9
Interest paid		**(219.0)**	(180.6)
Taxes paid		**(142.4)**	(126.4)
Net Cash Flows From Operating Activities		**581.2**	398.5
Dividends received from associated companies		**147.7**	120.6
Proceeds from disposal of financial assets at fair value through other comprehensive income		**107.4**	1.5
Proceeds from an instalment payment for disposal of a subsidiary company		**47.4**	–
Dividends received from a joint venture		**12.5**	16.2
Proceeds from disposal of property, plant and equipment		**4.0**	19.0
Dividends received from financial assets at fair value through other comprehensive income		**3.9**	3.3
Investments in other intangible assets		**(415.9)**	(241.1)
Purchase of property, plant and equipment		**(204.9)**	(202.1)
Increased investments in joint ventures	19(A)	**(60.9)**	(59.0)
Instalment payment for acquisition of a subsidiary company	19(B)	**(47.1)**	(46.9)
(Increase)/decrease in restricted cash		**(32.9)**	20.5
Advances to a joint venture		**(6.8)**	(2.3)
(Increase)/decrease in short-term deposits and time deposits with original maturity of more than three months		**(6.4)**	149.3
Investments in biological assets		**(5.4)**	(0.3)
Increased investments in associated companies		**(3.4)**	(8.7)
Acquisition of a subsidiary company		**(1.7)**	(16.2)
Proceeds from divestment of an interest in an associated company		**–**	2.5
Investments in associated companies	19(C)	**–**	(50.9)
Acquisition of financial assets at fair value through other comprehensive income		**–**	(23.8)
Investment in a joint venture		**–**	(7.1)
Net Cash Flows Used in Investing Activities		**(462.5)**	(325.5)

continued/...

Condensed Consolidated Statement of Cash Flows (continued)

	(Unaudited)	
For the six months ended 30 June US$ millions	**2019**	2018
Proceeds from new bank borrowings and other loans	**2,224.7**	2,060.6
Capital contributions from non-controlling shareholders	**62.4**	35.0
Proceeds from issue of shares under a long-term incentive plan	**1.1**	–
Proceeds from shares issued to non-controlling shareholders by subsidiary companies	**0.4**	0.2
Repayment of bank borrowings and other loans	**(2,250.6)**	(2,042.9)
Dividends paid to non-controlling shareholders by subsidiary companies	**(133.7)**	(108.4)
Payments for concession fees payable	**(15.1)**	(13.4)
Principal portion of lease payments	**(11.5)**	–
Payments for subscription and purchase of shares under a long-term incentive plan	**(1.1)**	(2.0)
Increased investments in subsidiary companies	**(0.6)**	(27.1)
Repurchase of shares by a subsidiary company	**(0.1)**	–
Proceeds from loans from non-controlling shareholders	**–**	9.9
Distributions paid to shareholders	**–**	(30.4)
Repayment of loans from non-controlling shareholders	**–**	(0.1)
Net Cash Flows Used in Financing Activities	**(124.1)**	(118.6)
Net Decrease in Cash and Cash Equivalents	**(5.4)**	(45.6)
Cash and cash equivalents at 1 January	**1,613.4**	1,987.3
Exchange translation	**32.2**	(105.9)
Cash and Cash Equivalents at 30 June	**1,640.2**	1,835.8
Representing		
Cash and cash equivalents and short-term deposits as stated in the condensed consolidated statement of financial position	**1,664.0**	1,856.4
Less: short-term deposits and time deposits with original maturity of more than three months	**(23.8)**	(20.6)
Cash and Cash Equivalents at 30 June	**1,640.2**	1,835.8

The notes on pages 38 to 70 form an integral part of 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 2018 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 and revised standards effective as of 1 January 2019. 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 2019, 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 2019 issued by the HKICPA.

HKAS 19 Amendments	"Plan Amendment, Curtailment or Settlement"
HKAS 28 Amendments	"Long-term Interests in Associates and Joint Ventures"
HKFRS 9 Amendments	"Prepayment Features with Negative Compensation"
HKFRS 16	"Leases"
HK(IFRIC)-Int 23	"Uncertainty over Income Tax Treatments"
Improvements to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group's adoption of the above pronouncements, except for HKFRS 16, has had no material effect on both the loss/profit attributable to owners of the parent for the six months ended 30 June 2019 and 2018 and the equity attributable to owners of the parent at 30 June 2019 and 31 December 2018. The nature and impact of HKFRS 16 are described below:

HKFRS 16 replaces HKAS 17 "Leases", HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease", Hong Kong (Standard Interpretations Committee) – Interpretations ("HK(SIC)-Int") 15 "Operating Leases – Incentives", and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of equity at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

(a) New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient and applied the standard only to contracts that were previously identified as leases under HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

Where the contract contains lease components and non-lease components, the Group has adopted a practical expedient not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

(b) As a lessee – Leases previously classified as operating leases

(I) *Nature of the effect of adoption of HKFRS 16*

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognize and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognize right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) certain leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

(II) *Impacts on transition*

Lease liabilities at 1 January 2019 were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in the current portion of deferred liabilities, provisions and payables or deferred liabilities, provisions and payables based on the classification of current and non-current portions.

Under the modified retrospective method adopted by the Group for the initial application of HKFRS 16, the Group measured the right-of-use assets at 1 January 2019 on a lease by lease basis. The right-of-use assets for most leases were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the statement of financial position immediately before 1 January 2019. For the other leases, the right-of-use assets were recognized based on the carrying amount as if the standard had always been applied, except for the incremental borrowing rate where the Group applied the incremental borrowing rate at 1 January 2019. The Group elected to present the right-of-use assets that do not meet the definition of investment property in property, plant and equipment.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

(i) the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
(ii) reliance on previous assessments on whether leases are onerous;
(iii) the accounting for certain operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
(iv) the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
(v) the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The following table summarizes the adjustments recognized for each individual line item affected in the condensed consolidated statement of financial position arising from the adoption of HKFRS 16 at 1 January 2019:

Condensed Consolidated Statement of Financial Position (Extract) US$ millions	At 31 December 2018	Impact of HKFRS 16	At 1 January 2019 (As adjusted)
Non-current Assets			
Property, plant and equipment	5,157.4	140.2	5,297.6
Associated companies and joint ventures	4,877.3	(7.1)	4,870.2
Deferred tax assets	195.4	0.1	195.5
Other non-current assets	749.1	(58.2)	690.9
	10,979.2	75.0	11,054.2
Current Assets			
Accounts receivable, other receivables and prepayments	1,133.9	(9.5)	1,124.4
Current Liabilities			
Current portion of deferred liabilities, provisions and payables	419.8	19.2	439.0
Equity			
Retained earnings	1,582.1	(8.2)	1,573.9
Non-controlling interests	5,626.8	(1.6)	5,625.2
	7,208.9	(9.8)	7,199.1
Non-current Liabilities			
Deferred liabilities, provisions and payables	1,488.9	56.1	1,545.0

The recognized right-of-use assets relate to the following types of assets:

US$ millions	**At 30 June 2019**	At 1 January 2019 (As adjusted)
Right-of-use Assets		
Land and buildings	**546.9**	547.8
Machinery and equipment	**14.5**	17.5
Total	**561.4**	565.3

The following table reconciles the operating lease commitments at 31 December 2018 to the opening balance of lease liabilities at 1 January 2019:

US$ millions	
Operating Lease Commitments at 31 December 2018	87.7
Add:	
Payments in optional extension periods not recognized at 31 December 2018	15.7
Less:	
Commitments relating to short-term leases	(5.0)
Commitments relating to leases of low-value assets	(0.1)
Total future finance costs	(23.0)
Total Lease Liabilities recognized at 1 January 2019	75.3

The weighted average of the incremental borrowing rates used for the determination of the present value of the remaining lease payments was 5.9%.

(III) *Impacts on the financial results for the six months ended 30 June 2019*

The following table summarizes the estimated impact of adoption of HKFRS 16 on the Group's financial results for the six months ended 30 June 2019 by comparing the amounts reported under HKFRS 16 with the hypothetical amounts that would have been recognized under HKAS 17 and related interpretations if these superseded standard and interpretations had continued to apply in 2019 instead of HKFRS 16.

For the six months ended 30 June US$ millions	**2019**
Decrease in rental expenses	**16.5**
Increase in depreciation	**(15.0)**
Increase in finance costs	**(2.2)**
Decrease in share of profits less losses of associated companies and joint ventures	**(0.4)**
Decrease in Profit for the Period	**(1.1)**
Attributable to:	
Owners of the parent	**(0.7)**
Non-controlling interests	**(0.4)**
	(1.1)

(c) Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

(I) *Right-of-use assets*

Right-of-use assets are recognized at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and where applicable, an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

(II) *Lease liabilities*

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or a rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

(d) Significant judgment in determining the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favorable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognized in future years.

2. Turnover and Operating Segmental Information

For the six months ended 30 June US$ millions	**2019**	2018
Turnover		
Sale of goods		
– Consumer Food Products	**2,795.0**	2,686.2
– Infrastructure	**37.7**	28.4
Sale of electricity		
– Infrastructure	**610.2**	602.3
Rendering of services		
– Consumer Food Products	**73.6**	43.2
– Infrastructure	**574.7**	484.8
Total	**4,091.2**	3,844.9

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 that the businesses of the Group are operating in Indonesia, the 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 79 and 80.

The Board of Directors assesses the performance of the operating segments based on a measure of recurring profit. This basis measures the profit/loss 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 consolidated statement of financial position. 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 2019 and 2018, and total assets and total liabilities at 30 June 2019 and 31 December 2018 regarding the Group's operating segments are as follows:

By Principal Business Activity – 2019

For the six months ended/at 30 June US$ millions	Consumer Food Products	Telecom-munications	Infrastructure	Natural Resources	Head Office	**2019 Total**
Revenue						
Turnover						
– Point in time	2,795.0	–	37.7	–	–	**2,832.7**
– Over time	73.6	–	1,184.9	–	–	**1,258.5**
Total	2,868.6	–	1,222.6	–	–	**4,091.2**
Results						
Recurring profit/(loss)	77.0	58.3	62.9	(1.2)	(55.0)	**142.0**
Assets and Liabilities						
Non-current assets (other than financial instruments and deferred tax assets)						
– Associated companies and joint ventures	103.4	1,160.1	3,015.2	218.2	–	**4,496.9**
– Others	4,304.0	–	7,533.6	–	13.5	**11,851.1**
	4,407.4	1,160.1	10,548.8	218.2	13.5	**16,348.0**
Other assets	2,933.2	–	1,734.5	–	183.4	**4,851.1**
Segment assets	7,340.6	1,160.1	12,283.3	218.2	196.9	**21,199.1**
Assets classified as held for sale	358.9	–	24.4	–	–	**383.3**
Total assets	7,699.5	1,160.1	12,307.7	218.2	196.9	**21,582.4**
Borrowings	2,051.7	–	4,924.7	–	1,653.9	**8,630.3**
Other liabilities	1,471.4	–	2,293.4	–	166.5	**3,931.3**
Segment liabilities	3,523.1	–	7,218.1	–	1,820.4	**12,561.6**
Liabilities directly associated with the assets classified as held for sale	20.0	–	–	–	–	**20.0**
Total liabilities	3,543.1	–	7,218.1	–	1,820.4	**12,581.6**
Other Information						
Depreciation and amortization	(137.7)	–	(118.5)	–	(3.0)	**(259.2)**
Gain on changes in fair value of biological assets	2.3	–	–	–	–	**2.3**
Impairment losses	(1.0)	–	(3.9)	–	(280.0)	**(284.9)**
Interest income	13.6	–	22.4	–	3.4	**39.4**
Finance costs	(69.9)	–	(124.7)	–	(41.8)	**(236.4)**
Share of profits less losses of associated companies and joint ventures	(10.9)	62.6	116.6	(1.5)	–	**166.8**
Taxation	(85.0)	–	(75.2)	–	(7.0)	**(167.2)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	190.6	–	583.9	–	0.1	**774.6**

By Geographical Market – 2019

For the six months ended/at 30 June US$ millions	Indonesia	The Philippines	Australasia	Singapore	Others	**2019 Total**
Revenue						
Turnover						
– Consumer Food Products	2,485.4	161.6	21.0	18.9	181.7	**2,868.6**
– Infrastructure	11.1	847.5	–	364.0	–	**1,222.6**
Total	2,496.5	1,009.1	21.0	382.9	181.7	**4,091.2**
Assets						
Non-current assets (other than financial instruments and deferred tax assets)	3,835.3	11,334.2	–	1,115.8	62.7	**16,348.0**

By Principal Business Activity – 2018

For the six months ended 30 June/at 31 December 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/(loss)	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	631.7	1,136.6	2,896.8	212.2	–	4,877.3
– Others	4,185.2	–	6,947.7	–	0.1	11,133.0
	4,816.9	1,136.6	9,844.5	212.2	0.1	16,010.3
Other assets	2,854.9	–	1,719.6	–	191.8	4,766.3
Segment assets	7,671.8	1,136.6	11,564.1	212.2	191.9	20,776.6
Assets classified as held for sale	101.1	–	23.8	–	–	124.9
Total assets	7,772.9	1,136.6	11,587.9	212.2	191.9	20,901.5
Borrowings	2,272.6	–	4,605.5	–	1,639.8	8,517.9
Other liabilities	1,259.5	–	2,273.3	–	120.9	3,653.7
Segment liabilities	3,532.1	–	6,878.8	–	1,760.7	12,171.6
Liabilities directly associated with the assets classified as held for sale	19.5	–	–	–	–	19.5
Total liabilities	3,551.6	–	6,878.8	–	1,760.7	12,191.1
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 30 June/at 31 December US$ millions	Indonesia	The Philippines	Australasia	Singapore	Others	2018 Total
Revenue						
Turnover						
– Consumer Food Products	2,384.3	141.3	15.0	13.6	175.2	2,729.4
– Infrastructure	–	767.7	–	347.8	–	1,115.5
Total	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)	3,703.1	10,613.4	539.8	1,107.2	46.8	16,010.3

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	2019	2018
Profit before taxation	**297.4**	545.6
Exclusion of:		
– Foreign exchange and derivative (gains)/losses, net (Note 7)	**(12.1)**	8.9
– (Gain)/loss on changes in fair value of biological assets (Note 4)	**(2.3)**	0.8
– Non-recurring items	**311.2**	41.6
Deduction of attributable taxation and non-controlling interests	**(452.2)**	(435.9)
Recurring Profit	**142.0**	161.0

3. Finance Costs

For the six months ended 30 June US$ millions	2019	2018
Finance costs on		
– Bank borrowings and other loans	**267.2**	227.9
– Lease liabilities	**2.2**	–
Less: Finance costs capitalized in		
– Other intangible assets	**(29.7)**	(28.9)
– Property, plant and equipment	**(3.3)**	(3.6)
Total	**236.4**	195.4

4. Profit Before Taxation

For the six months ended 30 June US$ millions	2019	2018
Profit Before Taxation is stated after (Charging)/Crediting		
Cost of inventories sold	**(1,461.2)**	(1,396.7)
Cost of services rendered	**(760.8)**	(684.5)
Employees' remuneration	**(460.8)**	(412.9)
Depreciation	**(197.3)**	(159.7)
Amortization of other intangible assets	**(60.5)**	(49.5)
Impairment losses		
– A joint venture(i) (Note 6)	**(280.0)**	–
– Accounts receivable(ii)	**(3.4)**	(1.5)
– Inventories(iii)	**(1.5)**	(0.2)
(Loss)/gain on disposal of property, plant and equipment, net	**(1.2)**	1.1
Foreign exchange and derivative gains/(losses), net	**13.3**	(19.4)
Reversal of provision/(provision) for onerous contracts, net	**4.7**	(3.7)
Dividend income from financial assets at FVOCI	**3.9**	3.3
Gain/(loss) on changes in fair value of biological assets (Note 2)	**2.3**	(0.8)
Loss on divestment of an interest in an associated company	**–**	(0.2)
Gain on remeasurement of a previously held interest in an associated company	**–**	4.3

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

5. Taxation

No Hong Kong profits tax (2018: Nil) has been provided as the Group had no estimated assessable profits (2018: 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	**2019**	2018
Subsidiary Companies – Overseas		
Current taxation	**180.7**	142.5
Deferred taxation	**(13.5)**	(5.8)
Total	**167.2**	136.7

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$59.5 million (2018: US$58.4 million) which is analyzed as follows:

For the six months ended 30 June US$ millions	**2019**	2018
Associated Companies and Joint Ventures – Overseas		
Current taxation	**66.4**	63.7
Deferred taxation	**(6.9)**	(5.3)
Total	**59.5**	58.4

6. Sale of Goodman Fielder Investment

On 11 March 2019, Oceanica Developments Limited ("Oceanica"), the Company's indirect wholly-owned subsidiary company, entered into a SPA with Wilmar. Pursuant to the SPA, Oceanica has agreed to sell, and Wilmar has agreed to purchase, Oceanica's 50% shareholding in FPW and the benefit of the shareholder's loans made by Oceanica to FPW Australia prior to the date of the SPA. FPW is a special purpose entity established as a 50:50 joint venture by the Company and Wilmar for the purpose of holding Goodman Fielder.

The aggregate purchase price payable under the SPA for the 50% shareholding in FPW and the shareholder's loans to FPW Australia is US$300.0 million, including a contingent instalment payment in respect of the shareholder's loans, rising to US$325.0 million if an additional earn-out payment becomes payable. Completion of the sale and purchase is conditional on the fulfilment (or waiver by Wilmar) of the conditions precedent to completion, mainly various regulatory approvals. The transaction is expected to be completed on or before 31 December 2019.

As a result of the signing of the SPA, the Group classified its investment in FPW as an asset held for sale. Accordingly, an impairment loss of US$280.0 million has been recognized in the condensed consolidated income statement for the six months ended 30 June 2019 to write-down the Group's carrying cost in FPW to its fair value less costs to sell.

7. (Loss)/Profit Attributable to Owners of the Parent

The (loss)/profit attributable to owners of the parent includes net foreign exchange and derivative gains of US$6.9 million (2018: losses of US$5.4 million), 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, gain on changes in fair value of biological assets of US$0.4 million (2018: loss of US$0.1 million) and net non-recurring losses of US$297.6 million (2018: US$21.7 million).

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

For the six months ended 30 June US$ millions	**2019**	2018
Foreign exchange and derivative gains/(losses), net		
– Subsidiary companies	**13.3**	(19.4)
– Associated companies and joint ventures	**(1.2)**	10.5
Subtotal (Note 2)	**12.1**	(8.9)
Attributable to taxation and non-controlling interests	**(5.2)**	3.5
Total	**6.9**	(5.4)

The non-recurring losses represent certain items, through occurrence or size, which are not considered as usual operating items. 1H19's non-recurring losses of US$297.6 million mainly represent the Group's impairment provisions for assets, including the Group's investment in Goodman Fielder (US$280.0 million) and Philex's mining assets (US$5.2 million).

8. (Loss)/Earnings Per Share Attributable to Owners of the Parent

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the period attributable to owners of the parent, and the weighted average number of ordinary shares of 4,343.3 million (2018: 4,342.0 million) in issue less the weighted average number of ordinary shares held for a share award scheme of 7.0 million (2018: 9.8 million) during the period.

The calculation of the diluted (loss)/earnings per share is based on the (loss)/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 (loss)/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 (loss)/earnings per share are based on:

For the six months ended 30 June US$ millions	**2019**	2018
(Loss)/Earnings		
(Loss)/profit attributable to owners of the parent used in the basic (loss)/earnings per share calculation	**(148.3)**	133.8
Less: Dilutive impact in respect of the share options and the restricted stock unit plan of a subsidiary company	**(0.1)**	(0.1)
(Loss)/profit attributable to owners of the parent used in the diluted (loss)/earnings per share calculation	**(148.4)**	133.7

For the six months ended 30 June Millions	**Number of shares** **2019**	 2018
Shares		
Weighted average number of ordinary shares issued during the period	**4,343.3**	4,342.0
Less: Weighted average number of ordinary shares held for a share award scheme	**(7.0)**	(9.8)
Weighted average number of ordinary shares used in the basic (loss)/earnings per share calculation	**4,336.3**	4,332.2
Add: Dilutive impact of awarded shares on the weighted average number of ordinary shares	**–**	6.3
Weighted average number of ordinary shares used in the diluted (loss)/earnings per share calculation	**4,336.3**	4,338.5

9. Ordinary Share Interim Distribution

At a meeting held on 27 August 2019, the Directors declared an interim cash distribution of U.S. 0.83 cent (2018: U.S. 1.03 cents) per ordinary share, equivalent to a total amount of US$36.2 million (2018: US$44.2 million).

10. Property, Plant and Equipment

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

US$ millions	**2019**	2018
At 1 January	**5,157.4**	5,321.1
Impact on initial application of HKFRS 16 (Note 1(B))	**140.2**	–
At 1 January (As adjusted)	**5,297.6**	5,321.1
Exchange translation	**104.7**	(300.0)
Additions	**195.0**	197.3
Acquisition of a subsidiary company	**–**	105.4
Depreciation	**(197.3)**	(159.7)
Disposals	**(5.2)**	(17.9)
Reclassification to assets classified as held for sale	**–**	(19.1)
At 30 June	**5,394.8**	5,127.1

11. Associated Companies and Joint Ventures

US$ millions	**At 30 June 2019**	At 31 December 2018
MPIC(i)	**3,015.2**	2,896.8
PLDT	**1,160.1**	1,136.6
Philex	**218.2**	212.2
Indofood(ii)	**92.1**	80.2
FP Natural Resources(iii)	**11.3**	11.7
FPW(iv)	**–**	539.8
Total	**4,496.9**	4,877.3

(i) Principally represents MPIC's investments in Meralco
(ii) Principally represents Indofood's investments in CMAA
(iii) Represents RHI's investments in HPC
(iv) Reclassified to assets classified as held for sale

12. Other Intangible Assets

US$ millions	**At 30 June 2019**	At 31 December 2018
Concession assets – Water distribution	**2,076.8**	1,949.1
Concession assets – Toll roads	**1,886.5**	1,646.0
Concession assets – Rail	**411.1**	308.2
Brands – Dairy	**129.2**	133.2
Brand, networks and licenses – Packaged drinking water	**58.8**	57.0
Customer list and licences – Wastewater and sewage treatment	**9.5**	9.5
Bilateral and vesting contracts – Power	**57.3**	58.2
Software and others	**7.5**	21.3
Total	**4,636.7**	4,182.5

Concession assets – Water distribution represents the exclusive right granted to Maynilad, Philippine Hydro, Inc., MIBWSC and PT Sarana Catur Tirta Kelola 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 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"), (d) CCLEC in respect of Cebu Cordova Link Expressway ("CCLEX"), (e) PT Jalan Tol Seksi Empat in respect of Makassar Section IV Toll Road, (f) PT Bosowa Marga Nusantara in respect of Ujung Pandang Section I and II Toll Road, and (g) PT Bintaro Serpong Damai in respect of Pondok Aren-Serpong Toll Road during their concession periods.

Concession assets – Rail represents concession comprising 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 1 July 2013 to 30 June 2023.

13. Restricted Cash

At 30 June 2019, the Group had cash of US$136.1 million (31 December 2018: US$97.1 million) set aside mainly to cover principal and interest payments of certain borrowings in compliance with loan agreements.

At 30 June 2019, no cash was held in an escrow account as the construction contract was completed in February 2019. At 31 December 2018, cash of US$6.1 million held in an escrow account in relation to a construction contract was restricted as to use.

14. Accounts Receivable, Other Receivables and Prepayments

Included in accounts receivable, other receivables and prepayments are accounts receivable of US$813.9 million (31 December 2018: US$705.9 million) with an aging profile based on the invoice date as follows:

US$ millions	**At 30 June 2019**	At 31 December 2018
0 to 30 days	**700.0**	601.7
31 to 60 days	**35.8**	35.8
61 to 90 days	**17.6**	12.8
Over 90 days	**60.5**	55.6
Total	**813.9**	705.9

Indofood generally allows customers 30 to 60 days of credit. MPIC generally allows 15 to 30 days of credit for its power generation customers, seven to 60 days of credit for its water and sewerage service customers, 45 to 60 days of credit for its bulk water supply customers and collects charges when goods or services are delivered or 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.

15. Accounts Payable, Other Payables and Accruals

Included in accounts payable, other payables and accruals are accounts payable of US$451.5 million (31 December 2018: US$425.9 million) with an aging profile based on the invoice date as follows:

US$ millions	**At 30 June 2019**	At 31 December 2018
0 to 30 days	**388.9**	374.1
31 to 60 days	**12.4**	13.5
61 to 90 days	**8.2**	8.0
Over 90 days	**42.0**	30.3
Total	**451.5**	425.9

16. Deferred Liabilities, Provisions and Payables

US$ millions	Lease liabilities	Long-term liabilities	Pension	Loans from non-controlling shareholders	Others	**2019**	2018
At 1 January	–	825.1	478.0	200.6	405.0	**1,908.7**	2,027.2
Impact on initial application of HKFRS 16 (Note 1(B))	75.3	–	–	–	–	**75.3**	–
At 1 January (As adjusted)	75.3	825.1	478.0	200.6	405.0	**1,984.0**	2,027.2
Exchange translation	2.1	20.5	12.5	0.7	8.4	**44.2**	(103.7)
Additions	7.0	26.7	39.6	2.5	26.9	**102.7**	92.0
Acquisition of a subsidiary company	–	–	–	–	0.4	**0.4**	10.1
Payment and utilization	(13.7)	(95.3)	(13.3)	–	(88.9)	**(211.2)**	(163.8)
At 30 June	70.7	777.0	516.8	203.8	351.8	**1,920.1**	1,861.8
Presented as:							
Non-current Portion	53.2	661.0	516.8	90.3	197.6	**1,518.9**	1,486.8
Current Portion	17.5	116.0	–	113.5	154.2	**401.2**	375.0
Total	70.7	777.0	516.8	203.8	351.8	**1,920.1**	1,861.8

The lease liabilities represent the present value of future lease payments in relation to the Group's right-of-use assets.

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, (e) MPIC's outstanding payable for its acquisition of a 25% interest in Beacon Electric from PCEV in May 2016, for which PCEV shall retain the voting rights (except the decisions or policies affecting dividend payouts to be made by Beacon Electric) over these shares until full payment of the total consideration in June 2020, and (f) MPIC's outstanding payable for its acquisition of the remaining 25% interest in Beacon Electric from PCEV in June 2017, for which PCEV shall retain the voting rights (except the decisions or policies affecting dividend payouts to be made by Beacon Electric) over these shares until full payment of the total consideration in June 2021. In respect of the disputed amounts between Maynilad and MWSS, no final resolution has been reached at 30 June 2019.

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 conditions 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 are 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.

17. Shares Held for Share Award Scheme

	Number of allocated shares held for		Number of unallocated shares held for	Shares held for
	Purchase Awards	**Subscription Awards**	**Subscription Awards**	**Share Award Scheme US$ millions**
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)
At 1 January 2019	6,884,174	1,599,824	223,020	**(4.9)**
Granted and reallocated	–	223,020	(223,020)	**–**
Granted and issued	–	2,944,076	–	**(1.1)**
Vested and transferred	(6,881,652)	(1,599,824)	–	**4.8**
At 30 June 2019	**2,522**	**3,167,096**	**–**	**(1.2)**

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 of the Company at an aggregate consideration of HK$15.8 million (US$2.0 million) 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. These shares were subsequently reallocated to eligible employees during the six months ended 30 June 2019.

Particulars of the share awards of the Company granted to the Directors and senior executives of the Company at 30 June 2019 are set out below:

(A) Particulars of the Company's Purchase Awards

	Shares granted and unvested shares held at 1 January 2019	Shares granted during the period	Shares vested and transferred during the period	**Shares granted and unvested shares held at 30 June 2019**	Grant date	Vesting period[i]
Executive Directors						
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	1,488,460	–	(1,488,460)	**–**	–	–
Christopher H. Young, *Chief Financial Officer*	1,184,780	–	(1,184,780)	**–**	–	–
	–	4,830,849	–	**4,830,849**	8 April 2019	April 2020 to April 2022
Non-executive Directors						
Benny S. Santoso	148,844	–	(148,844)	**–**	–	–
Ambassador Albert F. del Rosario[ii]	297,690	–	(297,690)	**–**	–	–
	–	957,000	–	**957,000**	8 April 2019	April 2020 to April 2022
Independent Non-executive Directors						
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	297,690	–	(297,690)	**–**	–	–
	–	957,000	–	**957,000**	8 April 2019	April 2020 to April 2022
Margaret Leung Ko May Yee, *SBS, JP*	297,690	–	(297,690)	**–**	–	–
	–	957,000	–	**957,000**	8 April 2019	April 2020 to April 2022
Philip Fan Yan Hok	297,690	–	(297,690)	**–**	–	–
	–	957,000	–	**957,000**	8 April 2019	April 2020 to April 2022
Madeleine Lee Suh Shin	357,228	–	(357,228)	**–**	–	–
Senior Executives	2,511,580	–	(2,511,580)	**–**	–	–
	–	3,424,683	–	**3,424,683**	8 April 2019	April 2020 to April 2022
Total	6,881,652	12,083,532	(6,881,652)	**12,083,532**		

(i) The awarded shares would be vested in three equal tranches from the first to the third year after the shares are granted.
(ii) Ambassador Albert F. del Rosario resigned from the Board of Directors with effect from 1 July 2019.

	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, *Chief Financial Officer*	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).

(B) Particulars of the Company's Subscription Awards

	Shares granted and unvested shares held at 1 January 2019	Shares granted during the period	Shares vested and transferred during the period	**Shares granted and unvested shares held at 30 June 2019**	Grant date	Vesting period(i)
Senior Executives	172,000	–	(172,000)	**–**	–	–
	1,360,653	–	(1,360,653)	**–**	–	–
	67,171	–	(67,171)	**–**	–	–
	–	3,167,096	–	**3,167,096**	8 April 2019	April 2020 to April 2022
Total	1,599,824	3,167,096	(1,599,824)	**3,167,096**		

(i) The awarded shares would be vested in three equal tranches from the first to the third year after the shares are granted.

	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(ii)
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		

(ii) 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.

On 8 April 2019, 12,083,532 share awards were granted as Purchase Awards and 3,167,096 share awards were granted as Subscription Awards under a share award scheme (the "Share Award Scheme") approved by the Board on 19 March 2013. The average fair value of shares granted as calculated by Towers Watson Hong Kong Limited, by adjusting the closing share price at the grant date by the present value of expected dividend payments during the vesting period, was HK$2.72 per share or an aggregate value of US$5.3 million for all shares granted. The assumptions used were as follows:

Share price at the date of grant	HK$2.86 per share
Expected dividend yield	2.5% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	1.5% per annum

Further information regarding the Company's Share Award Scheme has been set out on pages 206 to 210 of the Company's 2018 Annual Report.

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

US$ millions	Exchange reserve	Fair value reserve of 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 2018	(588.6)	59.9	3.8	(1.3)	(27.3)	(114.9)	(668.4)
Impact on initial application of HKFRS 9	–	3.6	–	–	–	(23.0)	(19.4)
At 1 January 2018 (As adjusted)	(588.6)	63.5	3.8	(1.3)	(27.3)	(137.9)	(687.8)
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)	74.2	17.6	(3.5)	(27.5)	(149.4)	(904.2)
At 1 January 2019	(814.9)	86.4	(19.3)	2.7	(15.1)	(126.7)	**(886.9)**
Other comprehensive income/(loss) for the period	88.0	15.3	17.6	(2.9)	(0.6)	(4.3)	**113.1**
Reserves for assets classified as held for sale	39.0	–	–	–	–	1.4	**40.4**
Dilution of an interest in a subsidiary company	0.2	–	–	–	–	–	**0.2**
At 30 June 2019	**(687.7)**	**101.7**	**(1.7)**	**(0.2)**	**(15.7)**	**(129.6)**	**(733.2)**

19. Notes to the Condensed Consolidated Statement of Cash Flows

(A) Increased Investments in Joint Ventures

2019's cash outflow of US$60.9 million (2018: US$59.0 million) mainly relates to MPIC's instalment payment to PCEV for its acquisition of a 25% interest in Beacon Electric in May 2016 and Head Office's capital injection into Goodman Fielder.

(B) Instalment Payment for Acquisition of a Subsidiary Company

2019's cash outflow of US$47.1 million (2018: US$46.9 million) mainly relates to MPIC's instalment payment to PCEV for its acquisition of the remaining 25% interest in Beacon Electric in June 2017.

(C) Investments in Associated Companies

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

20. Commitments and Contingent Liabilities

(A) Capital Expenditure

US$ millions	At 30 June 2019	At 31 December 2018
Commitments in respect of subsidiary companies:		
Authorized, but not contracted for	**1,528.7**	2,310.8
Contracted, but not provided for	**347.3**	117.2
Total	**1,876.0**	2,428.0

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

(B) Contingent Liabilities

(a) At 30 June 2019, except for guarantees of US$44.5 million (31 December 2018: US$48.0 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 2018: 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. On 5 August 2017, PLDT received a copy of the Entry of Judgment.

21. 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 2019 are set out below:

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

	Share options held at 1 January 2019	Share options granted during the period	Share options canceled during the period	**Share options held at 30 June 2019**	Share option exercise price per share (HK$)	Market price per share immediately before the date of grant (HK$)	Grant date	Vesting period[iii]	Exercisable period
Executive Director									
Manuel V. Pangilinan	10,224,972	–	(10,224,972)	**–**	–	–	–	–	–
Non-Executive Director									
Benny S. Santoso	715,748	–	(715,748)	**–**	–	–	–	–	–
	1,097,139	–	(1,097,139)	**–**	–	–	–	–	–
	715,748	–	(715,748)	**–**	–	–	–	–	–
	1,339,600	–	–	**1,339,600**	4.972	4.950	15 April 2016	April 2017 to April 2019	April 2017 to April 2022
	–	3,828,000	–	**3,828,000**	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Independent Non-Executive Directors									
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	1,097,139	–	(1,097,139)	**–**	–	–	–	–	–
Margaret Leung Ko May Yee, *SBS, JP*	715,748	–	(715,748)	**–**	–	–	–	–	–
	1,097,139	–	(1,097,139)	**–**	–	–	–	–	–
Philip Fan Yan Hok	715,748	–	(715,748)	**–**	–	–	–	–	–
	1,097,139	–	(1,097,139)	**–**	–	–	–	–	–
Madeleine Lee Suh Shin	–	3,828,000	–	**3,828,000**	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Senior Executives	3,242,137	–	–	**3,242,137**	5.1932[i]	5.2127[i]	18 June 2010	June 2012 to June 2015	June 2012 to June 2020
	24,130,933	–	(24,130,933)	**–**	–	–	–	–	–
	44,227,095	–	(44,227,095)	**–**	–	–	–	–	–
	5,112,486	–	(5,112,486)	**–**	–	–	–	–	–
	14,638,000	–	(14,638,000)	**–**	–	–	–	–	–
	7,538,000	–	(7,538,000)	**–**	–	–	–	–	–
	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
	–	7,699,459	–	**7,699,459**	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Total	119,292,546	15,355,459	(113,123,034)	**21,524,971**[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

(ii) The number of outstanding share options vested and exercisable at 30 June 2019 was 6,169,512. These share options had a weighted average exercise price of HK$5.16.

(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 2016 and 2019 grants, the share options would be vested in three equal tranches from the first to the third year after the share options are granted.
  (c) 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 2018	Share options forfeited during the period	Share options held at 30 June 2018	Share option exercise price per share (HK$)	Market price per share immediately before the date of grant (HK$)	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[i]	5.2127[i]	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
(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.

On 8 April 2019, 15,355,459 share options under a share option scheme (the "Scheme") approved by the shareholders of the Company (at the Company's annual general meeting held on 31 May 2012) were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial lattice model, was HK$0.51 per share or an aggregate value of US$1.0 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$2.86 per share
Exercise price	HK$2.87 per share
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	24%
Option life	6 years
Expected dividend yield	2.5% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	1.47% per annum

Taking into account the expected turnover rate of the Directors and senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 4.5 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 140% of the exercise price. No other feature of the options granted was incorporated into the measurement of fair value.

The binomial lattice model, applied for determining the estimated values of the share options granted under the Scheme, was developed for use in estimating the fair value of the traded options that are fully transferable. Such an option pricing model requires input of highly subjective assumptions, including the expected share price volatility. As the Company's share options have characteristics significantly different from those of the traded options, changes in the subjective input assumptions can materially affect the estimated value of the options granted.

Further information regarding the Company's share option scheme has been set out on pages 226 to 232 of the Company's 2018 Annual Report.

(b) Particulars of MPIC's Share Option Scheme

	Share options held at 1 January 2019	Share options exercised during the period	**Share options held at 30 June 2019**	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[iv]
Senior Executives	54,825,000	(5,000,000)	**49,825,000**	4.60	4.59	14 October 2013	October 2014 to October 2015	October 2014 to October 2019
Total	54,825,000	(5,000,000)[i]	**49,825,000**[ii]					

(i) The closing prices of MPIC's shares immediately before and at the date on which these share options were exercised were Pesos 4.79 and Pesos 4.85, respectively.
(ii) The number of outstanding share options vested and exercisable at 30 June 2019 was 49,825,000. These share options had an 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.
(iv) The end of the exercisable period was extended by MPIC's Compensation Committee from October 2018 to October 2019 on 9 October 2018.

	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[vii]	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)[v]	67,825,000[vi]					

(v) 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.
(vi) The number of outstanding share options vested and exercisable at 30 June 2018 was 67,825,000. These share options had an exercise price of Pesos 4.60.
(vii) 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 233 and 234 of the Company's 2018 Annual Report.

(c) Particulars of RHI's Share Option Scheme

	Share options held at 1 January 2019	Share options lapsed during the period	**Share options held at 30 June 2019**
Executive Director			
Manuel V. Pangilinan	500,000	(500,000)	–
Senior Executives	16,648,096	(16,648,096)	–
Total	17,148,096	(17,148,096)	–

	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.

Further information regarding RHI's share option scheme has been set out on pages 234 and 235 of the Company's 2018 Annual Report.

(B) MPIC's Restricted Stock Unit Plan

Upon vesting of the awarded shares in December 2018, 26,100,000 shares were transferred to eligible Directors and senior executives in June 2019. There were no new shares awarded under MPIC's restricted stock unit plan for the six months ended 30 June 2019.

Particulars of MPIC's Restricted Stock Unit Plan at 30 June 2018

	Shares unvested at 1 January 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 236 of the Company's 2018 Annual Report.

22. Related Party Transactions

Save as disclosed elsewhere in this report, significant related party transactions entered into by the Group during the period are disclosed as follows:

(A) For the six months ended 30 June 2019, Meralco PowerGen, through its wholly-owned subsidiary company, MPG Asia Limited ("MPG Asia"), made pro-rata capital injections to FPM Power of US$13.9 million (2018: US$4.4 million). There was no change in shareholdings in FPM Power following the capital injections.

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 repayable on demand. The loans of US$113.5 million (31 December 2018: US$113.5 million) remained outstanding at 30 June 2019 and were included in the current portion of deferred liabilities, provisions and payables (Note 16).

(B) For the six months ended 30 June 2019, Petronas Power Sdn. Bhd. ("Petronas"), the 30% shareholder of PLP, made pro-rata capital injections to PLP of S$20.0 million (US$14.7 million) (2018: S$6.1 million (US$4.6 million)). There was no change in shareholdings in PLP following the capital injections.

At 30 June 2019, Petronas had outstanding loans due from PLP of approximately US$60.0 million (31 December 2018: US$57.5 million), which were included in the non-current portion of deferred liabilities, provisions and payables (Note 16). 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 2019, PLP accrued interest expenses of US$2.6 million (2018: US$2.1 million) to Petronas, which were compounded as part of the outstanding loans from Petronas. At 30 June 2019, PLP had approximately US$41,030 (31 December 2018: US$14,190) of outstanding interest payable due to Petronas which was included in accounts payable, other payables and accruals.

(C) FPM Power has a support service agreement with Meralco PowerGen with effect from 1 January 2015. Under the agreement, FPM Power shall pay Meralco PowerGen for its support services rendered under the agreement until terminated in writing by Meralco PowerGen and FPM Power.

For the six months ended 30 June 2019, the fees under the above arrangement amounted to US$0.5 million (2018: US$0.5 million). At 30 June 2019, FPM Power had outstanding service fees payable of US$0.3 million (31 December 2018: US$0.3 million) to Meralco PowerGen which was included in accounts payable, other payables and accruals.

(D) 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 a monthly service fee of US$0.25 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$1.5 million for the six months ended 30 June 2019 (Period from 1 March 2018 to 30 June 2018: US$1.0 million). At 30 June 2019 and 31 December 2018, there is no outstanding receivable from Smart under this agreement.

(E) 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 between the parties. The agreement was terminated on 30 April 2019.

For the period ended 30 April 2019, the fees under the above arrangement amounted to A$0.2 million (US$0.1 million) (Six months ended 30 June 2018: A$0.6 million (US$0.4 million)). At 30 June 2019, no service fees receivable (31 December 2018: A$0.2 million (US$0.1 million)) from Goodman Fielder remained outstanding.

(F) In December 2014, Asia Link B.V. ("ALBV"), a wholly-owned subsidiary company of the Company, 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$98.4 million) (out of the total Pesos 7.2 billion (US$140.5 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, retroactively 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 2019, ALBV accrued interest income of US$2.3 million (2018: US$2.2 million) on these notes.

(G) At 30 June 2019, Ambassador Albert F. del Rosario, the then Non-executive Director of the Company, owned bonds of US$200,000 (31 December 2018: US$200,000) due 2025 issued by FPC Capital Limited on 30 May 2018, where the issuer is a wholly-owned subsidiary company of the Company. For the six months ended 30 June 2019, Ambassador del Rosario earned interest income of US$5,750 (Period from 30 May 2018 to 30 June 2018: US$990) on these bonds. Ambassador del Rosario resigned as a Non-executive Director of the Company on 1 July 2019.

In May 2018, the Company through a tender offer repurchased bonds of US$200,000 due 2019 issued by FPC Finance Limited, a wholly-owned subsidiary company of the Company, from Ambassador del Rosario at a consideration of US$207,000. For the period ended 30 May 2018, Ambassador del Rosario earned interest income of US$4,967 on these bonds.

(H) 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 4.9 billion (US$94.0 million) was settled up to June 2019. The outstanding payable of Pesos 4.9 billion (US$95.6 million) will be settled in two equal annual instalments in June 2020 and June 2021. At 30 June 2019, the outstanding consideration payable due in June 2020 of Pesos 2.45 billion (US$47.8 million) (with a present value of US$45.4 million) was included in the current portion of deferred liabilities, provisions and payables (Note 16) and the remaining outstanding consideration due in June 2021 of Pesos 2.45 billion (US$47.8 million) (with a present value of US$43.2 million) was included in the non-current portion of deferred liabilities, provisions and payables (Note 16).

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 6.0 billion (US$116.8 million) was settled up to June 2019. The outstanding payable of Pesos 3.2 billion (US$62.4 million) (with a present value of US$59.8 million) at 30 June 2019 was included in the current portion of deferred liabilities, provisions and payables (Note 16) and will be due in June 2020.

(I) Key Management Personnel Compensation

Nature of Transactions

For the six months ended 30 June US$ millions	**2019**	2018
Non-performance based		
– Salaries and benefits	**41.1**	40.8
– Pension contributions	**2.8**	6.7
Performance based		
– Bonuses and long-term monetary incentive awards	**37.3**	39.8
Share-based compensation benefit expenses	**1.4**	2.4
Fees	**0.4**	0.3
Total	**83.0**	90.0

(J) 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	**2019**	2018
Income Statement Items		
Sales of finished goods		
– to associated companies and joint ventures	**–**	24.4
– to affiliated companies	**303.2**	258.3
Purchases of raw materials and finished goods		
– from associated companies and joint ventures	**5.3**	83.2
– from affiliated companies	**0.6**	0.2
Outsourcing expenses		
– to affiliated companies	**14.3**	10.7
Insurance expenses		
– to affiliated companies	**5.5**	5.1
Rental expenses		
– to affiliated companies	**0.4**	0.6
Pump services expenses		
– to affiliated companies	**0.2**	0.3
Royalty and technical income		
– from associated companies and joint ventures	**–**	1.5
– from affiliated companies	**10.7**	8.0

Approximately 11% (2018: 11%) of Indofood's sales and 0.3% (2018: 4%) of its purchases were transacted with these related parties.

Nature of Balances

US$ millions	**At 30 June 2019**	At 31 December 2018
Statement of Financial Position Items		
Accounts receivable – trade		
– from affiliated companies	**104.7**	79.0
Accounts receivable – non-trade		
– from affiliated companies	**18.9**	15.1
Accounts payable – trade		
– to affiliated companies	**4.9**	4.5
Accounts payable – non-trade		
– to affiliated companies	**30.3**	29.5

(K) 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.

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	**2019**	2018
Capital Expenditure Item		
Construction services for water infrastructure	–	12.7

(L) 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	**2019**	2018
Income Statement Item		
Electricity expenses	**17.2**	16.7

Nature of Balances

US$ millions	**At 30 June 2019**	At 31 December 2018
Statement of Financial Position Item		
Accounts payable – trade	**1.9**	1.7

(M) 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	**2019**	2018
Income Statement Items		
Voice and data service expenses	**1.8**	1.0
Rental expenses	–[(i)]	0.2

(i) Upon the Group's adoption of HKFRS 16 on 1 January 2019, MPIC no longer records the lease arrangement with PLDT as rental expenses. For the six months ended 30 June 2019, MPIC made lease payments of US$0.2 million to PLDT for the settlement of lease liabilities recognized.

Nature of Balances

US$ millions	**At 30 June 2019**	At 31 December 2018
Statement of Financial Position Item		
Accounts payable – trade	**2.0**	2.2

(N) 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	**2019**	2018
Income Statement Item		
Service expenses	**2.9**	3.3

Nature of Balances

US$ millions	**At 30 June 2019**	At 31 December 2018
Statement of Financial Position Item		
Accounts payable – trade	**0.1**	0.1

(O) 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 2019**	At 31 December 2018
Statement of Financial Position Item		
Associated companies and joint ventures		
– Amounts due from associated companies and joint ventures	**16.5**	9.3

(P) 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 2019**	At 31 December 2018
Statement of Financial Position Item		
Associated companies and joint ventures		
– Amounts due from associated companies and joint ventures	**36.7**	35.7

(Q) GBPC sold 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	**2019**	2018
Income Statement Item		
Sale of electricity	**17.5**	22.7

Nature of Balances

US$ millions	**At 30 June 2019**	At 31 December 2018
Statement of Financial Position Item		
Accounts receivable – trade	**9.8**	8.5

(R) ALBV 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% 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).

(S) In May 2018, the Company through a tender offer repurchased bonds of US$600,000 due 2019 issued by FPC Finance Limited and bonds of US$200,000 due 2020 issued by FPT Finance Limited from Mr. Robert C. Nicholson, the then Executive Director of the Company, at an aggregate consideration of US$834,000. In June 2018, Mr. Nicholson also sold bonds of US$400,000 due 2023 issued by FPC Treasury Limited to a third party. For the six months ended 30 June 2018, Mr. Nicholson earned interest income of US$28,927 on these bonds. Mr. Nicholson resigned as an Executive Director of the Company on 13 December 2018.

(T) On 22 December 2017, ICBP, a subsidiary company of Indofood, entered into a conditional sale and purchase agreement with Asahi Group Holdings, Ltd. ("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. ICBP 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.

23. 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:

	At 30 June 2019				At 31 December 2018			
US$ millions	Financial assets at amortized cost	Financial assets at FVOCI	Derivative instruments	Total	Financial assets at amortized cost	Financial assets at FVOCI	Derivative instruments	Total
Accounts and other receivables (Non-current)	25.4	–	0.8	26.2	10.0	–	0.2	10.2
Financial assets at FVOCI (Non-current)	–	360.0	–	360.0	–	319.4	–	319.4
Other non-current assets	112.3	–	–	112.3	99.7	–	–	99.7
Cash and cash equivalents and short-term deposits	1,664.0	–	–	1,664.0	1,630.8	–	–	1,630.8
Restricted cash	136.1	–	–	136.1	103.2	–	–	103.2
Financial assets at FVOCI (Current)	–	193.2	–	193.2	–	289.6	–	289.6
Accounts and other receivables (Current)	913.5	–	5.5	919.0	856.9	–	7.1	864.0
Total	2,851.3	553.2	6.3(i)	3,410.8	2,700.6	609.0	7.3(i)	3,316.9

(i) Represents derivative assets designated as hedging instruments

(b) Financial liabilities

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

	At 30 June 2019			At 31 December 2018		
US$ millions	Financial assets at amortized cost	Derivative instruments	Total	Financial assets at amortized cost	Derivative instruments	Total
Accounts payable, other payables and accruals	1,217.1	–	1,217.1	1,140.3	–	1,140.3
Short-term borrowings	1,759.5	–	1,759.5	2,281.1	–	2,281.1
Current portion of deferred liabilities, provisions and payables	246.7	4.0	250.7	248.2	31.2	279.4
Long-term borrowings	6,870.8	–	6,870.8	6,236.8	–	6,236.8
Deferred liabilities, provisions and payables (Non-current)	807.7	1.3	809.0	802.7	7.2	809.9
Total	10,901.8	5.3(ii)	10,907.1	10,709.1	38.4(ii)	10,747.5

(ii) Represents derivative liabilities designated as hedging instruments

(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 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, market comparable companies or valuations of the underlying assets supplied by independent sources.

- 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 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 their fair values at the end of the reporting period. The Group's financial instruments with carrying amounts equal or reasonably approximating their fair values at 30 June 2019 and 31 December 2018 are not included in this table.

	At 30 June 2019		31 December 2018	
US$ millions	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial Liabilities				
Long-term borrowings	**6,870.8**	**7,031.7**	6,236.8	6,258.3
Deferred liabilities, provisions and payables (Non-current)	**807.7**	**825.8**	802.7	839.0
Total	**7,678.5**	**7,857.5**	7,039.5	7,097.3

(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 2019				31 December 2018			
US$ millions	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets at FVOCI								
– Listed equity investments	**227.1**	**–**	**–**	**227.1**	186.3	–	–	186.3
– Listed debentures	**17.8**	**–**	**–**	**17.8**	20.1	–	–	20.1
– Unlisted investments	**–**	**292.2**	**16.1**	**308.3**	–	386.4	16.2	402.6
Derivative assets[(i)]	**2.1**	**4.2**	**–**	**6.3**	4.1	3.2	–	7.3
Derivative liabilities[(ii)]	**–**	**(5.3)**	**–**	**(5.3)**	(0.3)	(38.1)	–	(38.4)
Net Amount	**247.0**	**291.1**	**16.1**	**554.2**	210.2	351.5	16.2	577.9

(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, valuation of the underlying assets supported by independent sources and using the discounted cash flow models as described in Note 23(B) to the Condensed Interim Consolidated Financial Statements, respectively.

The fair values of certain unlisted equity investments included in unlisted investments in the above table are categorized within Level 3 and are 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 2019, it was estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% (2018: 1%) would have increased/decreased the Group's other comprehensive income by US$0.2 million (2018: decreased/increased the Group's other comprehensive loss by US$0.2 million).

The movements during the period in the balance of Level 3 fair value measurement are as follows:

Unlisted equity investments US$ millions	**2019**	2018
At 1 January	**16.2**	–
Impact of initial application of HKFRS 9	**–**	16.3
At 1 January (As adjusted)	**16.2**	16.3
Changes in fair value	**(0.4)**	–
Exchange translation	**0.3**	(1.0)
At 30 June	**16.1**	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 six months ended 30 June 2019 and 2018, there were no transfers of fair value measurements among Level 1, Level 2 and Level 3.

24. Event after the Reporting Period

From 1 July to 27 August 2019, Indofood purchased in aggregate 79.6 million shares of IndoAgri from the open market for a total consideration of S$25.8 million (US$18.9 million). As a result of these purchases, Indofood's effective interest in IndoAgri increased to 68.5% from 62.8%. The Group will record a net credit amount of approximately US$13.0 million within the Group's equity as there is no change in control.

25. Comparative Amounts

Certain comparative amounts in the Condensed Interim Consolidated Financial Statements have been adjusted to conform with the presentation adopted in the Company's 2018 annual financial statements.

26. 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 27 August 2019.

Review Report of the Independent Auditor

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

Introduction

We have reviewed the Condensed Interim Consolidated Financial Statements set out on pages 32 to 70, which comprise the condensed consolidated statement of financial position of First Pacific Company Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2019 and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed interim consolidated financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Directors of the Company are responsible for the preparation and presentation of these Condensed Interim Consolidated Financial Statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these Condensed Interim Consolidated Financial Statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of the Condensed Interim Consolidated Financial Statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Condensed Interim Consolidated Financial Statements are not prepared, in all material respects, in accordance with HKAS 34.

ERNST & YOUNG
Certified Public Accountants

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

27 August 2019

Review Statement of the Audit and Risk Management Committee

The Audit and Risk Management Committee has reviewed the 2019 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 all Independent Non-executive Directors (INEDs), was delegated with the responsibility for supervision of the Company's corporate governance functions.

On 21 June 2019, the Company announced changes to the composition of its two Board committees. Ms. Madeleine Lee Suh Shin, an INED, was appointed as a member of the Corporate Governance Committee replacing Mr. Christopher H. Young, an Executive Director and Chief Financial Officer of the Company. Mr. Anthoni Salim, the Company's Non-executive Chairman, was appointed as a member of the Remuneration Committee replacing Mr. Manuel V. Pangilinan, Managing Director and Chief Executive Officer of the Company. In addition, the Company formed a new Finance Committee comprising of all INEDs and Mr. Pangilinan, to review the implementation of the Company's investment strategies and investment performance as well as capital allocation. The Company also formed an ad hoc Selection Committee comprising of all INEDs and Mr. Salim, to identify candidates for the appointment as additional INEDs of the Company, through a formal process to be conducted in conjunction with an international talent search firm.

On 1 July 2019, Ambassador Albert F. del Rosario resigned as a Non-executive Director of the Company due to poor health as he approaches the age of 80 years and other constraints, such as his increased involvement in a number of personal advocacies which makes it difficult for him to continue to serve as a Director of the Company.

The Corporate Governance Committee carried out a review of the Company's corporate governance practices in respect of the six months period ended 30 June 2019 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. As recommended by Corporate Governance Committee, the Board approved the Company's 2018 ESG report for publication on the websites of the SEHK and the Company on 12 July 2019.

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 has been updated and approved on 26 March 2019 following recent amendments to the Listing Rules to strengthen the transparency and accountability of the Board and the respective Board committees to ensure that the Company is in line with international and local corporate governance best practices.

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.

As an investment holding and management company, 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 their internal control system for operational and financial, compliance and risk management. Accordingly, the Company relies on group resources to carry out the 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 a function on an annual basis.

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

The Company has adopted its own Model Code for Securities Transactions by Directors (the Model Code) on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 of the Listing Rules. All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2019.

Continuing Connected Transactions

During the six months ended 30 June 2019, there was no continuing connected transaction disclosed in the form of published announcement.

Risk Management and Internal Control

As an investment holding and management company, 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 and monitoring 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.

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;
- participating in the approval of 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, currently comprising of one Executive Director and senior executives, oversees head office's risk management function, in relation to its role as an investment holding and management company. This Committee reports to the Audit and Risk Management Committee twice each year.

In respect of the six months ended 30 June 2019, 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 2019, the Audit and Risk Management Committee reviewed and advised that:

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

Interests of Directors and Substantial Shareholders

Interests of Directors in the Company and its Associated Corporations

As at 30 June 2019, 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 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)	44.32	–
Manuel V. Pangilinan	70,493,078(P)(ii)	1.62	–
Christopher H. Young	8,385,189(P)(iii)	0.19	–
Benny S. Santoso	446,535(P)	0.01	5,167,600
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	2,946,559(P)(iv)	0.07	–
Margaret Leung Ko May Yee, *SBS, JP*	2,088,652(P)(v)	0.05	–
Philip Fan Yan Hok	2,088,652(P)(vi)	0.05	–
Madeleine Lee Suh Shin	893,070(P)	0.02	3,828,000
Ambassador Albert F. del Rosario	2,679,231(P)(vii)	0.06	–

(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 the late 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 29,033,817 shares transferred to certain family trusts.

(iii) It included Mr. Young's interests in 4,830,849 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.

(iv) It included Prof. Chen's interests in 957,000 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(v) It included Mrs. Leung's interests in 957,000 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(vi) It included Mr. Fan's interests in 957,000 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(vii) Ambassador del Rosario resigned as a Non-executive Director of the Company on 1 July 2019. Accordingly, his interests in 957,000 unvested awarded shares granted pursuant to the Company's Share Award Scheme will be forfeited upon his resignation.

(B) Long positions in Shares in associated corporations

- Manuel V. Pangilinan owned (a) 30,842,404 common shares(P) (0.10%)* in MPIC; (b) 248,194 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) (0.08%)* 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%)* in RHI.

- 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; and (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) (78.86%)* through the Company's group companies.

- Ambassador Albert F. del Rosario owned (a) 2,050,000 common shares(P) 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 2019.

Save for those disclosed above, as at 30 June 2019, 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 Part XV 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 2019 as recorded in the register required to be kept under Section 336 of Part XV 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 2019, representing approximately 26.13% 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 2019, representing approximately 18.19% 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 2019, representing approximately 18.19% 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 the late Sutanto Djuhar (a former Non-executive Director of the Company), in the proportion specified in note (i) of the table on page 75. 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 2019, representing approximately 14.57% 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) Brandes Investment Partners L.P. (Brandes), a United States incorporated company, notified the Company that it held 347,941,813 ordinary shares of the Company as at 17 January 2019, representing approximately 8.01% of the Company's issued share capital at that date. At 30 June 2019, 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 2019 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 2019, the Company has not repurchased any of its ordinary shares (2018: Nil) on The Stock Exchange of Hong Kong Limited.

On 28 June 2019, being the maturity date of the US$400,000,000 6.0% guaranteed bonds issued by FPC Finance Limited and guaranteed by the Company (Bonds), the issuer redeemed the outstanding US$214.9 million in aggregate principal amount of the Bonds, which bonds were subsequently cancelled and delisted from the Singapore Exchange Securities Trading Limited.

During the six months ended 30 June 2019, the independent trustee managing the Company's share award scheme subscribed 2,944,076 new shares (2018: Nil) issued by the Company at an aggregate consideration of HK$8.4 million (US$1.1 million) (2018: 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 2019 interim results	27 August 2019
Last day to register for interim distribution	13 September 2019
Payment of interim distribution	24 September 2019
Interim report posted to shareholders	20 September 2019
Financial year-end	31 December 2019
Preliminary announcement of 2019 results	24 March 2020*

* Subject to confirmation

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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 : U.S.1 cent per share
Lot size : 2,000 shares
Number of ordinary shares issued: 4,344,931,044

Stock Codes

SEHK : 00142
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:
Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

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

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Principal Bankers

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

Summary of Principal Investments

As at 30 June 2019

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 and beverage 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 and beverage products: Consumer Branded Products (noodles, dairy products, snack foods, food seasonings, nutrition & special foods, and beverages), Bogasari (wheat flour and pasta), Agribusiness (seed breeding, oil palm cultivation and milling, branded cooking oils, margarine and shortening, cultivation and processing of rubber, sugar cane and other crops) 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. Through its principal business groups – fixed line and wireless – 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	:	41.9%/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 over 35 manufacturing sites in Australia, New Zealand and Asia-Pacific. It is a leading food company in Australasia, producing and marketing a wide range of food products including bread, dressings and mayonnaise, milk, cheese, chicken, flour, cooking oils, spreads, baking ingredients, ice cream, rice and snacks to over 30,000 retail outlets. Goodman Fielder's corporate history spans over a century, with iconic brands such as Meadow Fresh, Helga's, Wonder White, Puhoi Valley, Crest, Meadow Lea, Edmonds, Vogel's, Molenberg, Tuckers Ridge and many more. 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.

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 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	:	11,825
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	:	463.8 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 outstanding 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.

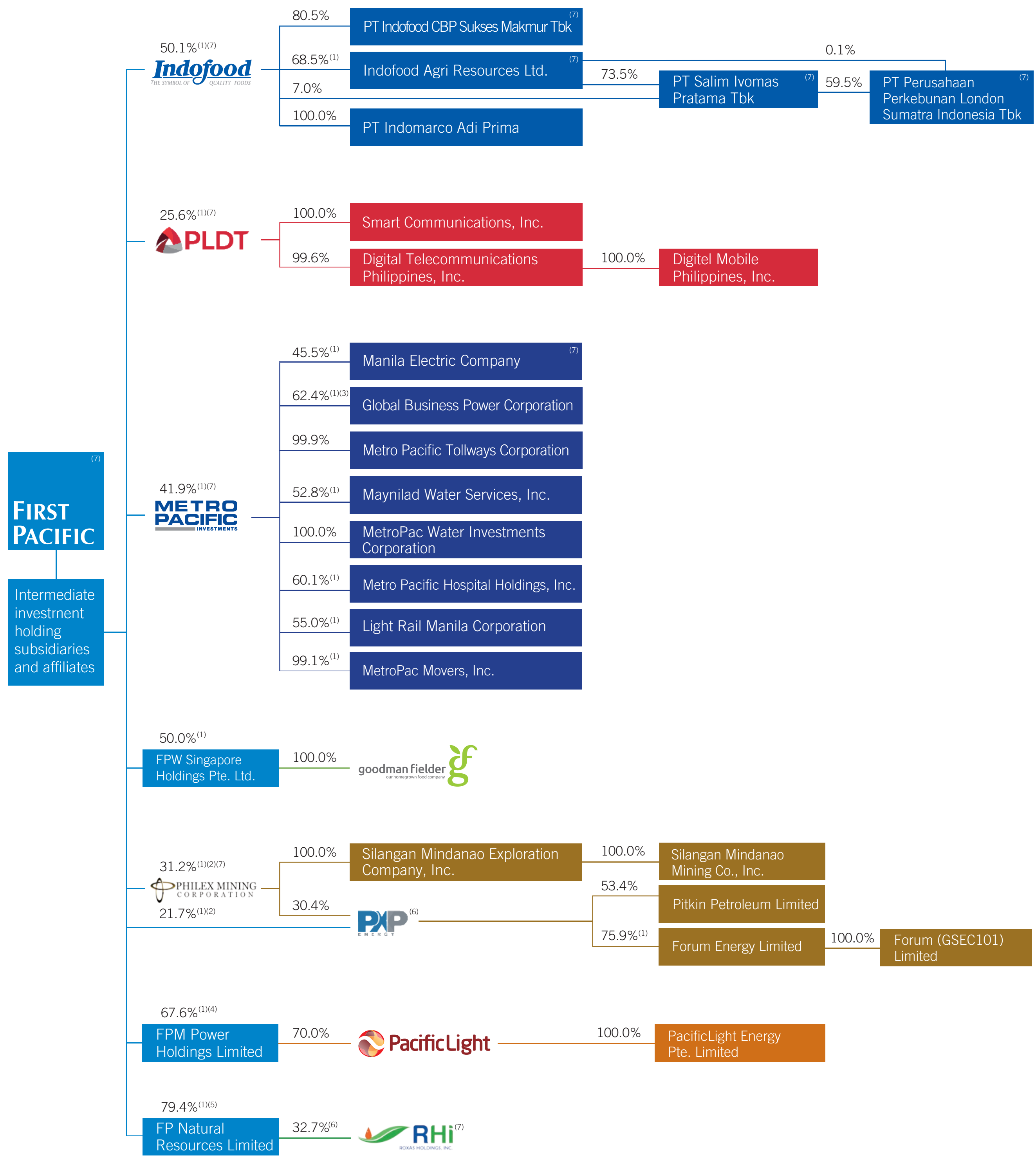
Sector	:	Consumer Food Products
Place of incorporation/business area	:	The Philippines
Outstanding number of shares	:	1.5 billion
Particulars of outstanding shares held	:	Common shares of Peso 1 par value
Economic/voting interest	:	26.0%(5)/32.7%(6)

(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 interest in RHI.

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

Corporate Structure

As at 27 August 2019



(1) Economic interest.
(2) Two Rivers, a Philippine affiliate of First Pacific, holds additional 15.0% and 6.7% economic interests in Philex and PXP, respectively.
(3) Includes a 6.4% effective economic interest in GBPC through MPIC's indirect interests in Meralco.
(4) Includes a 7.6% effective economic interest in FPM Power held through First Pacific's indirect interests in Meralco.
(5) Includes a 9.4% effective economic interest in FP Natural Resources held through First Pacific's indirect interests in IndoAgri.
(6) FAHC, a Philippine affiliate of FP Natural Resources, holds an additional 30.2% economic interest in RHI.
(7) Listed company.

FIRST PACIFIC

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