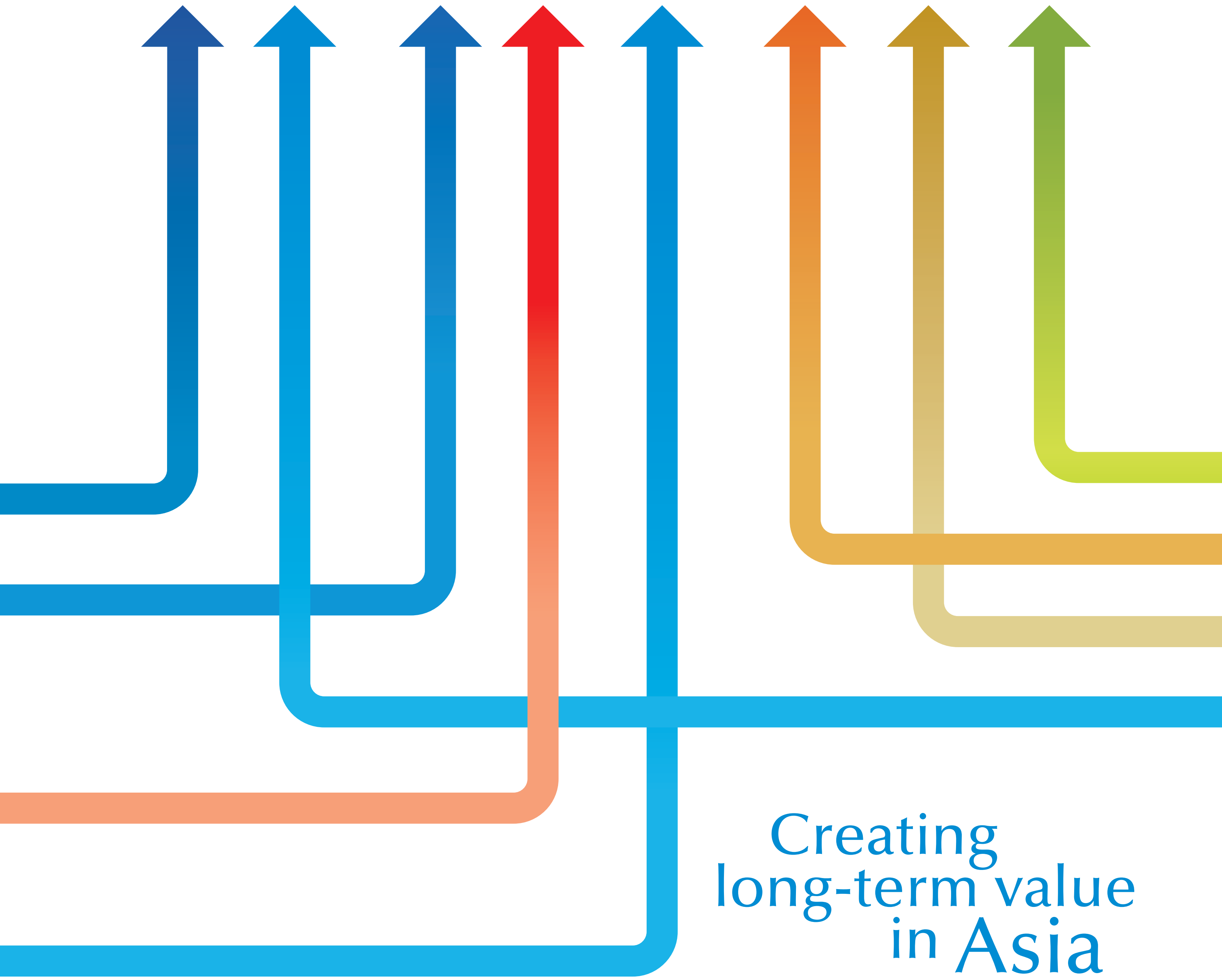
First Pacific Company Limited

Stock Code : 00142



Creating long-term value in Asia

Interim Report 2014

Corporate Profile

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

Within these sectors, our **mission** is to unlock value in our investee companies to deliver three goals:
- Dividend returns to shareholders;
- Share price/value appreciation of First Pacific and the investee companies; and
- Further investment in our businesses.

Our **investment criteria** are clear:
- Investments must be related to our areas of expertise and experience (telecommunications, infrastructure, consumer food products and natural resources);
- 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 three-fold:
- 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 standards to world-class levels at the investee companies.

As currently constituted, the First Pacific portfolio has a balance of more mature assets in Philippine Long Distance Telephone Company ("PLDT") and PT Indofood Sukses Makmur Tbk ("Indofood") which deliver strong dividend flows and investments for growth in Metro Pacific Investments Corporation ("MPIC"), Philex Mining Corporation ("Philex"), PacificLight Power Pte. Ltd. ("PLP") and Roxas Holdings, Inc. ("RHI"). PLDT is the dominant telecommunications provider in the Philippines and Indofood is the largest vertically integrated food company in Indonesia. MPIC is the Philippines' largest infrastructure investment management and holding company with investments in the Philippines' largest electricity distributor, toll road operator, water distributor and hospital group. Philex is the largest metal mining company in the Philippines, producing gold, copper and silver. PLP is the operator of Singapore's newest gas-fired power plant and RHI runs the largest integrated sugar 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 2014, First Pacific's economic interest in PLDT is 25.6%, in MPIC 55.8%, in Indofood 50.1%, in Philex 31.2%[1], in FPM Power Holdings Limited ("FPM Power") 68.4%[2] and in FP Natural Resources Limited ("FP Natural Resources") 79.1%[3].

(1) Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, holds an additional 15.0% economic interest in Philex.
(2) Includes an 8.4% effective economic interest in FPM Power held by First Pacific through its indirect interests in Manila Electric Company ("Meralco"). FPM Power holds a 70.0% interest in PLP.
(3) Includes a 9.1% effective economic interest in FP Natural Resources held by First Pacific through its indirect interests in Indofood Agri Resources Ltd. ("IndoAgri"). FP Natural Resources holds a 34.0% interest in RHI.

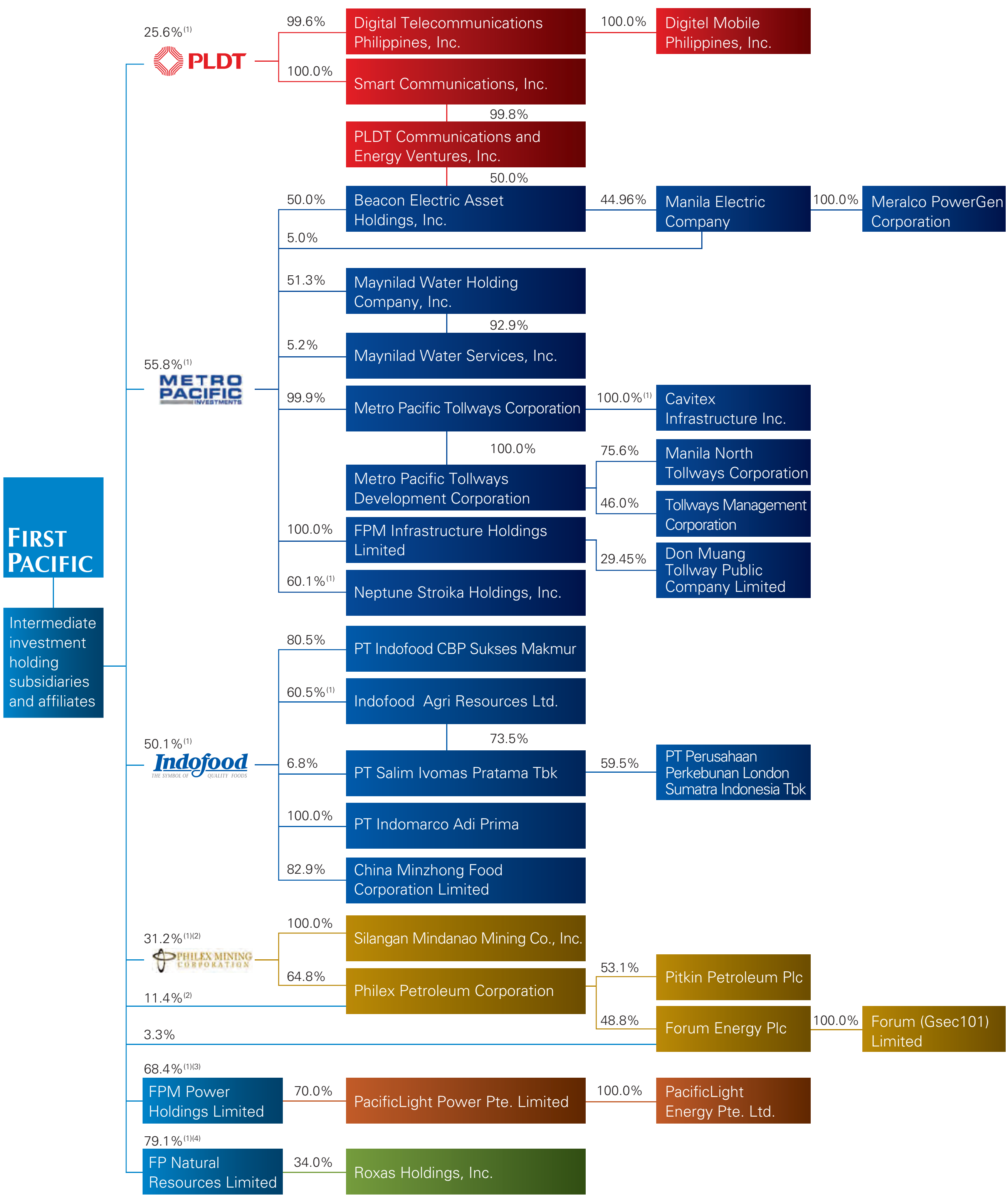
First Pacific's principal investments are summarized on pages 89 and 90.


IP Telephony
Mobility
Instant Messaging
& Presence
Unified Messaging
Collaboration

Contents

Corporate Structure

As at 27 August 2014



(1) Economic interest

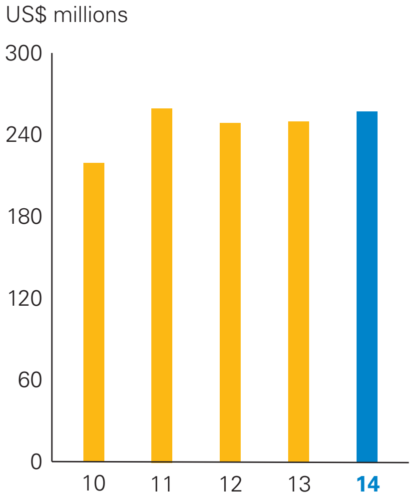
(2) Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, holds an additional 15.0% and 5.4% economic interests in Philex and Philex Petroleum, respectively.

(3) Includes an 8.4% effective economic interest in FPM Power held by First Pacific through its indirect interests in Meralco. FPM Power holds a 70% interest in PLP.

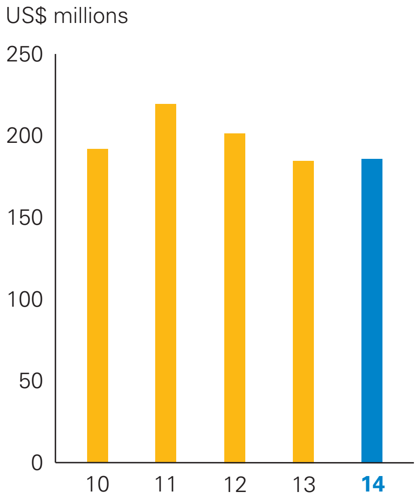
(4) Includes a 9.1% effective economic interest in FP Natural Resources held by First Pacific through its indirect interests in IndoAgri. FP Natural Resources holds a 34.0% interest in RHI.

Half-Year Financial Highlights

Contribution from Operations



Recurring Profit



Financial Summary

For the six months ended 30 June US$ millions	**2014**	2013	change
Turnover	**3,612.1**	3,123.8	+15.6%
Contribution from operations	**257.9**	250.3	+3.0%
Recurring profit	**186.1**	185.1	+0.5%
Foreign exchange and derivative gains/(losses)	**4.9**	(15.4)	–
Gain/(loss) on changes in fair value of plantations	**2.9**	(23.6)	–
Non-recurring items	**(7.6)**	(3.4)	+123.5%
Profit attributable to owners of the parent	**186.3**	142.7	+30.6%

US$ millions	**At 30 June 2014**	At 31 December 2013	change
Total assets	**16,989.0**	15,582.8	+9.0%
Net debt	**3,547.1**	3,182.5	+11.5%
Equity attributable to owners of the parent	**3,641.1**	3,509.9	+3.7%
Total equity	**7,856.1**	7,518.2	+4.5%

Per Share Data

For the six months ended 30 June U.S. cents	**2014**	2013	change
Recurring profit	**4.34**	4.72	-8.1%
Basic earnings	**4.34**	3.64	+19.2%
Dividend	**1.03**	1.03	–

	At 30 June 2014	At 31 December 2013	change
Adjusted net asset value (NAV)			
– U.S. dollars	**1.85**	1.61	+14.9%
– HK dollars	**14.44**	12.57	+14.9%

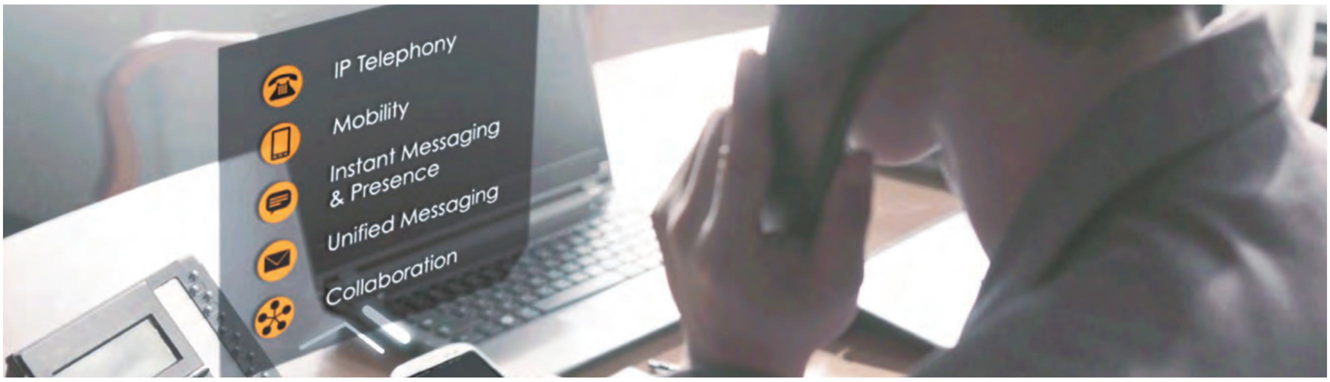
Financial Ratio

Times	**At 30 June 2014**	At 31 December 2013
Gearing ratio[(i)]		
– Consolidated	**0.45**	0.42
– Head Office	**0.56**	0.51

(i) Calculated as net debt divided by total equity

2014 Goals: Half-Year Review

Goal	Achievement
Utilizing funds raised in 2013, conclude an acquisition offering a strong return	**Ongoing** On 27 April 2014, First Pacific and Wilmar International Limited ("Wilmar") proposed, through a 50:50 joint venture, to acquire the entire issued share capital of Goodman Fielder Limited ("Goodman Fielder") by way of a scheme of arrangement. On 15 May 2014, First Pacific entered into conditional share purchase agreements with Goodman Fielder's two largest shareholders, Perpetual Investment Management Limited and Ellerston Capital Limited, to acquire approximately 9.8% of Goodman Fielder's shares, at a price of A$0.70 (US$0.659) per share, of which 4.8% were completed on 16 May 2014 and the remaining 5% will be subject to approval from the Foreign Investment Review Board of Australia. On 2 July 2014, the offering price per share was revised to A$0.675 (US$0.635) from A$0.70 (US$0.659) following a due diligence exercise. The consideration of the proposed transaction (other than shares already and to be owned by First Pacific and Wilmar) would be approximately A$1,057.4 million (US$994.7 million). The proposed transaction is subject to approvals from Goodman Fielder's shareholders, the relevant court in Australia and various regulatory bodies.
Guide all investee companies to continued earnings growth	**Ongoing** Supported by the strong fundamentals, most of the investee companies sustained their earnings growth in the period. Gains were led by MPIC, increasing its contribution to US$59.1 million from US$53.0 million as all its businesses reported strong growth. Philex increased its contribution to US$6.2 million from US$3.2 million as a greater number of days in operation and more shipments of metals offset lower grades of ore. Indofood increased its contribution to US$92.8 million from US$90.5 million owing to the contribution from its Cultivation & Processed Vegetables group and increased sales at all other businesses. First Pacific also benefited from a first-ever contribution of US$1.9 million from FPM Infrastructure Holdings Limited ("FPM Infrastructure"), the holding vehicle for a 29.5% interest in Thailand's Don Muang Tollway Public Company Limited ("DMT"), and a contribution of US$1.6 million from FP Natural Resources/RHI, RHI is the largest sugar miller in the Philippines. PLDT's contribution shrank to US$102.1 million from US$105.2 million as a weaker Philippine Peso offset earnings growth in local currency terms. FPM Power/PLP saw its loss increased to US$5.8 million from US$1.6 million owing to turbine start-up issues and market pressures.
Fully integrate new investments into the Group's portfolio	**Ongoing** Work continues on completing the takeover of Goodman Fielder by the First Pacific and Wilmar joint venture. Integration of PLP into the Group continues.
Support Philex to obtain a permanent lifting of the suspension order on Padcal mine and identify additional resources for Padcal and the surrounding area	**Completed and ongoing** The suspension order on the Padcal mine was lifted permanently on 18 June 2014. Extensive geographical exploration continues at Padcal and the surrounding area.



Goal	Achievement
Sustain 3% consolidated service revenues growth, including an underlying double digit growth in broadband and data revenues	**Ongoing** Consolidated service revenues up 2% to Pesos 82.5 billion (US$1.9 billion), and broadband and data revenues up 20% to Pesos 20.3 billion (US$456.6 million). The extensive network modernization completed in 2012 enables the PLDT Group to continue offering a wide range of affordable broadband, wireless and fixed line services to customers in different segments.
Maintain earnings growth momentum with core net income guided at Pesos 39.5 billion	**Ongoing** On track to achieve core net income guidance of Pesos 39.5 billion in full-year 2014. Core net income in the first half rose 2% to Pesos 19.8 billion (US$446.1 million).
Capital expenditure of Pesos 31-32 billion, or under 20% of service revenues, to protect network advantage	**Ongoing** Capital expenditure for the first six months was Pesos 8.1 billion (US$182.2 million) of which 56% was used for fixed line with the remaining for the wireless group. As at the end of June 2014, PLDT's 3G/4G/HSPA+ network coverage reached 82% of the Philippine population.
Follow through on initiatives to further integrate Digitel/Sun into the PLDT Group to extract additional operating synergies	**Ongoing** The Unified SUN-Smart network project is 70% completed, with 100% completion for Mindanao. This includes the activation of the Nationwide Domestic Roaming for Sun customers into the Smart network, except for Metro Manila.

METRO PACIFIC INVESTMENTS

Goal	Achievement
Complete the Maynilad Water Services, Inc. ("Maynilad") tariff dispute arbitration process for the period covering to 2017	**Ongoing** Arbitration hearings are scheduled to complete by 1 September 2014.
Resolve differences with the Philippine Government over the Subic Clark Tarlac Expressway ("SCTEX") franchise and toll rate increases	**Ongoing** Negotiations with the Philippine Government continue for their fourth year without resolution, Manila North Tollways Corporation ("MNTC") continues to await the turnover of management of the SCTEX from the Bases Conversion and Development Authority. MNTC plans to invest Pesos 400 million (US$9.2 million) to integrate SCTEX with North Luzon Expressway ("NLEX") to facilitate seamless travel between the two expressways but cannot move forward until this basic issue is settled.
Expand the Hospitals business	**Ongoing** On 16 May 2014, MPIC and GIC, Singapore's sovereign wealth fund, entered into a definitive partnership agreement to facilitate the further expansion of the hospital group of MPIC. GIC, through its affiliates, invested Pesos 3.7 billion (US$84.8 million) for a 14.4% stake in MPIC's hospital holding company Neptune Stroika Holdings, Inc. ("NSHI"). The partnership with GIC will help this division grow not only in hospitals but also in other health-related fields, both in the Philippines and possibly abroad. GIC also advanced to MPIC Pesos 6.5 billion (US$148.9 million) by way of an exchangeable bond which will be exchanged into a 25.5% stake in NSHI in the future, subject to certain conditions. The proceeds from the bond will be used by MPIC for continuing investments in roads, power and water.
Participate in Philippine Government's public-private partnership ("PPP") program	**Achieved and ongoing** On 31 March 2014, Automated Fare Collection Systems, Inc. ("AFCSI"), in which MPIC has a 20% shareholding, signed a 10-year concession agreement to build and implement automated fare collection system project for use in Metro Manila. On 5 June 2014, the Light Rail Manila Consortium ("LRMC") in which MPIC has a 55% effective interest, offered the only bid, amounting to Pesos 9.35 billion (US$210.3 million), for the Manila Light Rail Transit System Line 1 ("LRT1") South Extension Project with a concession period of 32 years from takeover date. Final notice of award of this project is still pending as of 27 August 2014.
Prepare Meralco for 2015 rate rebasing and make further investments in power generation assets	**Ongoing** In May 2014, Meralco invested Pesos 185 million (US$4.2 million) to fund a 150 megawatts expansion project. In so doing it increased its stake in Global Business Power Corporation ("GBPC") from 20% to 22%.

Indofood
THE SYMBOL OF QUALITY FOODS

Goal	Achievement
Continue to accelerate growth by increasing new product innovation and expanding business categories	**Achieved and ongoing** The Beverages Division now offers a range of products including carbonated soft drinks and fruit juice drinks under PepsiCo brands, packaged water under the CLUB brand, ready-to-drink tea under the ICHI OCHA brand, and ready-to-drink coffee under the Caféla brand. Indofood through PT Indofood CBP Sukses Makmur signed a joint venture agreement with Oji Holdings Corporation ("Oji") to produce and market paper diapers in Indonesia.
Enhance the organization to adapt to market developments and the company's growth	**Ongoing** Added new competent talents across the organization.

PHILEX MINING CORPORATION

Goal	Achievement
Complete the pre-feasibility study of Silangan project	**Achieved** The results of the pre-feasibility study have been presented to the Philex board on 1 August 2014.
Declare additional resources for Padcal and the surrounding area	**Ongoing** Undergoing independent audit of mineral resources at new mining levels in Padcal, conducting surveys in prospective areas near Padcal.
Declare additional resources for selected other properties	**Ongoing** Completed preliminary assessment of properties to evaluate the economic viability of mineral resources, performing scoping studies for other properties with potential mineral resources.

FPM Power/ PacificLight

Goal	Achievement
Sell 70% of PLP's generation through retail and vesting contracts	**Achieved and ongoing** In the period, sales through retail and vesting contracts accounted for approximately 78% of the total generation volume. PLP aims to exceed 78% by the end of this year.
Maintain high levels of operational reliability, safety and efficiency	**Ongoing** PLP achieved 99.3% availability of the power plant in the first half of 2014 and aims to achieve over 97.5% availability for the whole year despite an annual inspection shutdown scheduled in the second half of 2014. From the start of commercial operations on 1 February 2014 to the end of the first half of 2014, the probability of failure (power plant trips), as measured by the Power Systems Operator ("PSO"), has been gradually declining.

FPM Infrastructure/ Tollway

Goal	Achievement
Examine traffic volumes and study resolution of traffic congestion for potential opportunities in new toll road projects	**Ongoing** Due to political unrest in Thailand during the period, traffic volume growth was held back, and stabilized at the same level of the first half in 2013. Study of traffic congestion for potential opportunity is continuing, while new toll road projects will depend on Thai Government policy.
Improve traffic management and install electronic systems for enhancing operations and traffic flow	**Ongoing** Traffic management improvement is contributing to traffic flow. Electronic systems are under consideration by DMT management.

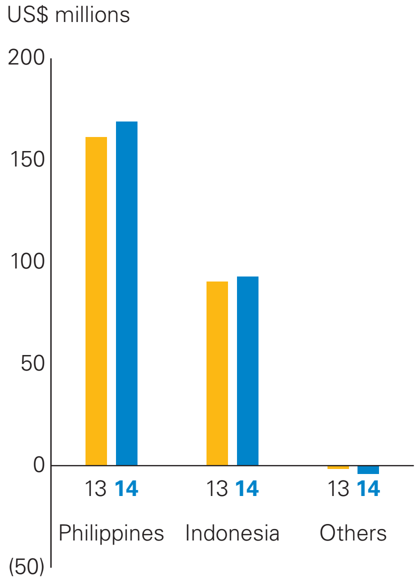
FP Natural Resources/ RHI ROXAS HOLDINGS, INC.

Goal	Achievement
Leverage RHI new relationship with the First Pacific Group to seek joint venture opportunities in bioethanol and exports in the sugar industry	**Ongoing** First Pacific and RHI continue to seek opportunities to participate in the consolidation of the Philippine sugar industry.
Increase raw sugar extraction rate, drive efficiency and capacity utilization at all mills to drive margin growth and to prepare for the reduction in the sugar import tariff in the Philippines to 5% in 2015	**Ongoing** RHI is making major investments in off-season repairs and facilities improvements to ensure better recoveries and efficiencies in the coming crop year.
Evolve the ethanol unit Roxol Bioenergy Corporation ("Roxol") from start-up status to a profit contributor for fiscal 2014 earnings	**Achieved and ongoing** Roxol's ethanol plant started its full operation in June 2013. It produced 19.1 million liters of ethanol in the first half of 2014 and revenues from ethanol was Pesos 810 million (US$18.2 million).

FIRST PACIFIC

Below is an analysis of results by individual company.

Contribution by Country



Contribution Summary

For the six months ended 30 June US$ millions	Turnover 2014	Turnover 2013	Contribution to Group profit[i] 2014	Contribution to Group profit[i] 2013
PLDT[ii]	–	–	**102.1**	105.2
MPIC	**374.2**	368.7	**59.1**	53.0
Indofood	**2,899.0**	2,755.1	**92.8**	90.5
Philex[ii]	–	–	**6.2**	3.2
FPM Power	**338.9**	–	**(5.8)**	(1.6)
FPM Infrastructure	–	–	**1.9**	–
FP Natural Resources	–	–	**1.6**	–
Contribution from Operations[iii]	**3,612.1**	3,123.8	**257.9**	250.3
Head Office items:				
– Corporate overhead			**(16.7)**	(18.2)
– Net interest expense			**(45.0)**	(42.5)
– Other expenses			**(10.1)**	(4.5)
Recurring Profit[iv]			**186.1**	185.1
Foreign exchange and derivative gains/(losses)[v]			**4.9**	(15.4)
Gain/(loss) on changes in fair value of plantations			**2.9**	(23.6)
Non-recurring items[vi]			**(7.6)**	(3.4)
Profit Attributable to Owners of the Parent			**186.3**	142.7

(i) After taxation and non-controlling interests, where appropriate
(ii) Associated companies
(iii) Contribution from operations represents the recurring profit contributed to the Group by its operating companies.
(iv) Recurring profit represents the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains/losses, gain/loss on changes in fair value of plantations and non-recurring items.
(v) Foreign exchange and derivative gains/losses represent the gains/losses on foreign exchange translation differences on the Group's unhedged foreign currency denominated net borrowings and payables and the changes in the fair values of derivatives.
(vi) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 1H14's non-recurring losses of US$7.6 million mainly represent MPIC's business development costs and taxes incurred in hospital group reorganization and Maynilad's manpower rightsizing costs. 1H13's non-recurring losses of US$3.4 million mainly represent the Group's debt refinancing costs (US$18.0 million), partly offset by PLDT's gain on disposal of business process outsourcing (BPO) business (US$12.1 million).

Turnover up 16% to US$3.6 billion from US$3.1 billion	■ owing to new turnover contribution from PLP and strong sales growth at Indofood, followed by MPIC ■ partly offset by the depreciation of rupiah and peso average exchange rates against U.S. dollars
Recurring profit up 1% to US$186.1 million from US$185.1 million	■ due to increase in contributions from MPIC, Philex and Indofood, new contributions from FPM Infrastructure and FP Natural Resources, and lower corporate overhead ■ partly offset by higher other expenses and higher net interest expense as a result of a higher average interest rate on debts following the refinancing activities in 2013 ■ an increase in loss at FPM Power ■ lower profit contribution from PLDT
Non-recurring losses to US$7.6 million from US$3.4 million	■ mainly representing MPIC's business development costs and taxes incurred in hospital group reorganization and Maynilad's manpower rightsizing costs
Reported profit up 31% to US$186.3 million from US$142.7 million	■ reflecting higher recurring profit ■ foreign exchange and derivative gains contrast to losses in the same period of 2013 ■ a gain on changes in fair value of plantations contrast to a loss period-on-period ■ partly offset by higher non-recurring losses mentioned above

The Group's operating results are denominated in local currencies, principally the peso, the rupiah, the Singapore dollar (S$) and the baht, 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	**At 30 June 2014**	At 31 December 2013	Six months change	At 30 June 2013	One year change
Peso	**43.65**	44.40	+1.7%	43.20	-1.0%
Rupiah	**11,969**	12,189	+1.8%	9,929	-17.0%
S$	**1.247**	1.263	+1.3%	1.268	+1.7%
Baht	**32.44**	32.71	+0.8%	31.05	-4.3%

Average	**Six months ended 30 June 2014**	12 months ended 31 December 2013	Six months change	Six months ended 30 June 2013	One year change
Peso	**44.46**	42.64	-4.1%	41.46	-6.7%
Rupiah	**11,751**	10,522	-10.5%	9,750	-17.0%
S$	**1.259**	1.254	-0.4%	1.247	-1.0%
Baht	**32.61**	30.84	-5.4%	29.93	-8.2%

During the period, the Group recorded net foreign exchange and derivative gains of US$4.9 million (1H13: losses of US$15.4 million), which can be further analyzed as follows:

For the six months ended 30 June US$ millions	2014	2013
Head Office	(0.7)	(2.4)
PLDT	2.0	(6.0)
MPIC	(0.7)	0.1
Indofood	1.8	(3.7)
Philex	0.7	(0.7)
FPM Power	1.8	(2.7)
Total	4.9	(15.4)

Proposed investment in Goodman Fielder

On 27 April 2014, First Pacific and Wilmar proposed, through a 50:50 joint venture, to acquire the entire issued share capital of Goodman Fielder by way of a scheme of arrangement.

On 15 May 2014, First Pacific entered into conditional share purchase agreements with Goodman Fielder's two largest shareholders, Perpetual Investment Management Limited and Ellerston Capital Limited, to acquire approximately 9.8% of Goodman Fielder's shares, at a price of A$0.70 (US$0.659) per share, of which 4.8% were completed on 16 May 2014 and the remaining 5% is subject to approval from the Foreign Investment Review Board of Australia.

On 2 July 2014, the offering price per share was revised to A$0.675 (US$0.635) from A$0.70 (US$0.659) following a due diligence exercise. The consideration of the proposed transaction (other than shares already and to be owned by First Pacific and Wilmar) would be approximately A$1,057.4 million (US$994.7 million). The proposed transaction is subject to approvals from Goodman Fielder's shareholders, the relevant court in Australia and various regulatory bodies.

Goodman Fielder is listed on the Australia and New Zealand Stock Exchanges, and is the leading food company in Australasia offering packaged baked products, spreads, dairy products, sauces, dressings, and condiments and bulk and packaged edible fats and oils and flour products. Its iconic brands include Meadow Lea, Praise, White Wings, Pampas, Mighty Soft, Helga's, Wonder White, Vogel's (under license) and Meadow Fresh.

Additional Investments/Asset Transfer

On 31 July 2014, First Pacific transferred its 75% shareholding in FPM Infrastructure to MPIC for a consideration of approximately US$101.3 million. FPM Infrastructure became a wholly-owned subsidiary of MPIC and its sole asset is a 29.45% interest in DMT.

Additional investments/new partnership made at operating companies can be found in the PLDT, MPIC and Indofood sections of this document.

Interim Dividend

First Pacific's Board of Directors ("the Board") declared an interim dividend of HK 8.0 cents (U.S.1.03 cents) per share, unchanged from a year earlier. The interim dividend represents a payout of 24% of recurring profit to shareholders.

Capital allocation will take into consideration economic conditions in the markets of the Group's operating companies and Head Office finances and investment plans. Full-year dividend payments will be at least 25% of recurring profit.

Share Repurchase

First Pacific repurchased and cancelled a total of 13.4 million shares at an average price of HK$8.0 (US$1.03) per share during the first half of 2014 at a total cost of approximately HK$107.1 million (US$13.8 million). The share repurchases were limited by the blackout of the Company's corporate activities during the period.

Debt Profile
At 30 June 2014, net debt at the Head Office stood at US$1.3 billion while gross debt stood at US$1.7 billion with an average maturity of approximately 5.5 years. Approximately 14% of the Head Office's borrowings were floating rate bank loans while fixed rate bonds comprised the remainder. Unsecured debts accounted for approximately 60% of Head Office borrowings. The blended interest rate was approximately 5.5% per annum.

Net interest expense increased 6% in the period to US$45.0 million as a result of a higher interest rates on debts.

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

Interest Cover
For the first half of 2014, Head Office recurring operating cash inflow before interest expenses was approximately US$131.1 million and net cash interest payments were approximately US$43.6 million. For the 12 months ended 30 June 2014, the cash interest cover was approximately 3.1 times.

Foreign Currency Hedging
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 currencies on a transactional basis. There is no hedging arrangement for the balance sheet.

2014 Outlook
First Pacific's main operating companies expect to deliver earnings growth in 2014 as a result of steady economic growth and consumer spending in their markets. The management expect to consolidate new investments in the months ahead to bolster the foundation for continued earnings growth.

PLDT

PLDT contributed profit of US$102.1 million to the Group (1H13: US$105.2 million), representing approximately 40% (1H13: 42%) of First Pacific's aggregate contribution derived from the operations of subsidiary and associated companies for the period. The 3% decline in profit contribution principally reflected the 7% depreciation of the average peso exchange rate against the U.S. dollar offsetting the growth in PLDT's core net income in the period.

Consolidated core net income up 2% to Pesos 19.8 billion (US$446.1 million) from Pesos 19.4 billion (US$467.8 million)	■ principally reflecting higher service revenues, lower financing costs, higher share in earnings of associates and increase in miscellaneous income ■ partly offset by higher cash operating expenses, handset subsidies and income tax provision
Reported net income up 2% to Pesos 20.0 billion (US$450.4 million) from Pesos 19.7 billion (US$475.3 million)	■ reflecting higher core net income and net foreign exchange and derivative gains ■ lack of contribution from the discontinued BPO business and impact from the adoption of the revised Philippine Accounting Standard ("PAS") 19 in 2013
Consolidated service revenues up 2% to Pesos 82.5 billion (US$1.9 billion) from Pesos 81.0 billion (US$2.0 billion)	■ owing to growth in data and broadband revenues overtaking the pace of decline in revenues from national long distance, fixed line and cellular international voice services, and cellular SMS ■ data and broadband revenues rose 20%, accounting for 25% of total service revenues
EBITDA down 4% to Pesos 38.2 billion (US$859.2 million) from Pesos 39.8 billion (US$960.0 million)	■ reflecting the increase in cash operating expenses and handset subsidies exceeding the growth in service revenues
EBITDA margin at 46%	■ wireless at 44% and fixed line at 39%
Consolidated free cash flow down 13% to Pesos 18.1 billion (US$407.1 million) from Pesos 20.7 billion (US$499.3 million)	■ reflecting higher capital expenditure and higher income taxes paid ■ partly offset by higher cash from operations, lower working capital requirement and interest expenses

Capital Expenditure

Following the completion of its two-year network modernization program in 2012, PLDT's capital expenditure is expected to normalize at less than 20% of the service revenues. Capital expenditure for 2014 is projected in the range of Pesos 31-32 billion. During the period, capital expenditure was Pesos 8.1 billion (US$182.2 million) of which 56% was used for fixed line with the remaining for wireless group. As at the end of June 2014, PLDT's 3G/4G/HSPA+ network coverage reached 82% of the Philippine population.

PLDT is on track to expand its 3G coverage to 100% of Philippine cities and municipalities and increase its LTE population cover to 50% by year-end 2014 while expanding its fiber optic network footprint to at least 90,000 kilometers to support the growth of data and to implement its multi-media content strategy. Network expansion and enhancement plans include investing in a new international cable system, strengthening communication facilities capable of withstanding severe weather conditions, increasing service delivery platforms, enhancing network intelligence and unifying Smart and Sun's networks.

Debt Profile

As at 30 June 2014, PLDT recorded consolidated net debt of US$1.8 billion, up from US$1.6 billion as at 31 December 2013, reflecting a rise of US$0.4 billion in gross debt to US$2.8 billion of which 47% is due beyond 2018. Of the total, 44% was denominated in U.S. dollars. Separately, 32% of the total debt is unhedged after taking into account hedges and U.S. dollar cash on hand. Fixed-rate loans increased to 61% of the total and the average pre-tax interest cost declined to 4.05% from 4.33% in full year 2013.

PLDT is rated investment grade by Fitch Ratings, Moody's Investors Service and Standard and Poor's Financial Services.

Capital Management

Dividend

PLDT paid out 100% of its core net income as dividends in each of the last seven fiscal years. Given its strong fundamentals and cash flow and the promising business outlook, on 5 August 2014, PLDT's Board of Directors approved an increase in the regular dividend payout commitment to 75% of core net income from 70% and to continue its year-end "look back" policy for consideration of a special dividend. PLDT Board of Directors declared an interim dividend of Pesos 69 (US$1.6) per share payable on 26 September 2014 to shareholders on record as of 28 August 2014. The interim dividend paid in 2013 was Pesos 63 (US$1.5) per share.

Share Buyback

In 2008, PLDT's board approved a share buyback program of up to 5 million shares. As of 30 June 2009, PLDT had bought back 2.7 million shares into treasury at an average cost of Pesos 2,388 (US$54) per share. No further PLDT shares have been repurchased since then as its share price has been strong. Under the approved share buyback program, PLDT may still acquire up to 2.3 million shares from the market on an opportunistic basis.

Additional Investments

On 24 June 2014, Beacon Electric Asset Holdings Inc. ("Beacon Electric") sold 56.35 million shares or approximately 5% interest of Meralco to MPIC for Pesos 235 (US$5.3) per share. Beacon Electric is a special purpose company jointly-owned by PLDT's indirect subsidiary PLDT Communications and Energy Ventures, Inc. ("PCEV") and MPIC. The total consideration of the transaction was approximately Pesos 13.2 billion (US$296.9 million) of which Beacon Electric had received Pesos 3.0 billion (US$67.5 million) and the remaining approximately Pesos 10.2 billion (US$229.4 million) will be settled by MPIC in or before February 2015. PCEV's effective interest in Meralco reduced to approximately 22.5% while MPIC's effective interest in Meralco increased to approximately 27.5%. PCEV and MPIC's aggregate joint interest in Meralco remains at 49.96%.

On 7 August 2014, PLDT entered a global strategic partnership agreement with Rocket Internet AG ("Rocket") in which PLDT will invest €333.0 million (approximately US$454.4 million) for a 10% interest in the form of new shares to be issued by Rocket. PLDT and Rocket will jointly develop mobile and online payment technologies and services in emerging markets. The partnership will leverage on the combined strengths of PLDT's experience in mobile payments and remittance platforms with Rocket's global technology platform. Rocket is headquartered in Berlin, Germany, and has a primary focus on building proven, transaction-based business models in the online and mobile spaces.

On 15 August 2014, United Internet announced its strategic investment in Rocket. Under the terms of the partnership agreement, United Internet is investing a total of €435 million (US$593.6 million) for a 10.7% interest in Rocket. The investment consists of €333 million (approximately US$454.4 million) in cash and €102 million (US$139.2 million) represented by United Internet's equity participation in the portfolio of Global Founders Capital funds ("Global Founders Capital"). The equity participation of Global Founders Capital, valued at €153 million (US$208.8 million), will also be contributed into Rocket in exchange for new shares, which will bring Global Founders Fund's stake in Rocket to 53.7%. Following this transaction, PLDT's ownership in Rocket will be 8.6%.

On 21 August 2014, Rocket Internet announced that it increased stakes in its leading e-commerce business following Holtzbrinck Ventures ("HV") contribution of its entire stakes in seven of Rocket's most developed e-commerce businesses into Rocket in exchange for equity in Rocket. In return for this contribution, HV will receive a 2.5% interest in Rocket. Following this transaction, PLDT's ownership in Rocket will be 8.4%.

Broadband

PLDT's combined broadband subscribers increased 6% from the end of 2013 to 3.6 million and accounted for approximately 62% of the broadband subscriber market in the Philippines. Wireless broadband subscribers increased 6% from the end of 2013 to 2.6 million of which 2.1 million were Smart subscribers and the remaining were Sun subscribers. As at the end of June 2014, smartphone ownership doubled to over 20% of PLDT's cellular subscribers and mobile internet usage rose 121% period-on-period.

Fixed broadband subscribers increased 6% from the end of 2013 to over 1 million.

Broadband service revenues up 22% to Pesos 15.4 billion (US$346.4 million) from Pesos 12.7 billion (US$306.3 million)

- principally reflecting a 77% increase in mobile internet revenues which accounted for 24% of total broadband revenues
- fixed broadband revenues increased 13% which accounted for 44% of total broadband revenues
- wireless broadband revenues rose 7% and accounted for 32% of total broadband revenues

PLDT's extensive network modernization enables the PLDT Group to offer a wide range of affordable mobile, fixed and wireless broadband services to customers in different segments. Its data and broadband strategy includes the offer of low-denomination data/sachet apps, and promotes greater use of content (music, video, sports/games, e-books, social network/chat apps) and bundling to build usage habits and influence purchases decisions.

Wireless

PLDT Group's combined cellular subscriber base stood at 68.9 million (31 December 2013: 70.0 million), representing approximately 62% of the total cellular market in the Philippines based on subscribers and approximately 58% in terms of revenues. Smart and Sun's combined prepaid subscriber base stood at 66.3 million, accounting for 96% of the PLDT Group's total cellular subscriber base. The number of postpaid subscribers rose 8% to 2.6 million from the end of 2013 largely due to marketing efforts focused on growing this base through handset subsidies. PLDT's postpaid market share remained the biggest in the Philippine market with 55% of all postpaid cellular subscribers.

At the end of June 2014, the cellular SIM penetration rate (counting multiple SIMs) in the Philippines was at about 112%.

Wireless service revenues flat at Pesos 57.9 billion (US$1.3 billion)	■ the slight increase was owing to higher revenues from broadband and mobile data revenues ■ revenues from cellular voice, SMS and value-added-services ("VAS"), and broadband represented 45%, 37% and 15% of total wireless revenues, respectively ■ mobile internet revenues up 77% while usage increased 121% ■ cellular voice and broadband revenues up 3% and 28%, respectively ■ mostly offset by a 11% decline in SMS and VAS revenues
Wireless EBITDA down 9% to Pesos 25.5 billion (US$573.5 billion) from Pesos 28.1 billion (US$677.8 million)	■ mainly due to higher handset subsidies and cash operating expenses for the expanded network, as well as costs in connection with growing the postpaid business ■ reflecting residual post-typhoon Yolanda facilities restoration costs
EBITDA margin to 44% from 49%	■ reflecting structural change in the revenue mix and increasing proportion of postpaid revenues to total wireless revenues

The wireless business's marketing efforts resulted in an increase in the number of postpaid subscribers and higher mobile internet usage, and a shift from unlimited offers to bucket packages. PLDT wireless subscribers can access games and other content bundles.

Fixed Line

The number of PLDT fixed line subscribers increased slightly to 2.2 million of which over 1 million were fixed broadband subscribers. It accounted for about 70% of the fixed line market.

PLDT continues to lead in fixed line as it has the largest share in each of the retail and corporate segments of the market.

Fixed line service revenue up 6% to Pesos 28.1 billion (US$632.0 million) from Pesos 26.5 billion (US$639.2 million)	■ reflecting an increase in retail and corporate data revenues ■ increases of 14%, 7% and 18% in fixed broadband, corporate data and other network services, and data center revenues, respectively, which represent 46%, 47% and 7% of fixed line data revenues ■ LEC revenues, accounting for 29% of total fixed line revenues, were up 1% ■ partly offset by a lower combined international long distance and national long distance revenues which accounted for 14% of total fixed line revenues
Fixed line EBITDA up 11% to Pesos 12.6 billion (US$283.4 million) from Pesos 11.4 billion (US$275.0 million)	■ mainly owing to higher revenues and lower provisions for receivables ■ partly offset by a rise in cash operating expenses
EBITDA margin to 39% from 37%	

Upgraded network facilities enable the PLDT's fixed line business to offer a wide array of improved voice, data and other services. Its ongoing rollout of fiber-to-the home enables the delivery of high-speed broadband of up to 100 million bits per second. Approximately 47% of PLDT's fixed line subscribers are DSL subscribers. PLDT is the Philippine's first triple-play service provider, offering landline telephone services, high-speed broadband service and content from CignalTV.

Meralco

PLDT's indirect subsidiary PCEV owns 50% of Beacon Electric. As at 27 August 2014, Beacon Electric owns approximately 44.96% of Meralco.

Meralco, the largest electricity distribution utility in the Philippines, has a franchise that allows it to distribute electricity in most of Luzon until 2028. The franchise area produces nearly half of the Philippines' gross domestic product and Meralco accounts for over half of the total electricity sales in the Philippines. Meralco is investing in various power generation projects to help meet growing demand for power and to build new sources of earnings growth.

Meralco's performance in the first half of 2014 can be found in the MPIC section of this document.

2014 Outlook

Continuing strong growth in the demand for mobile data services and the steady proliferation of smartphones costing less than US$100 will underpin earnings growth in 2014 even as legacy service revenues such as international voice services continue to decline. PLDT management are offering guidance that 2014 core net income will rise 2% to Pesos 39.5 billion, helped in part by an increase in capital expenditure to Pesos 31-32 billion or 18-20% of service revenues to build the infrastructure necessary to support the growing demand for data services.

Reconciliation of Reported Results Between PLDT and First Pacific

PLDT's operations are principally denominated in peso, which averaged Pesos 44.46 (1H13: Pesos 41.46) to the U.S. dollar. Its financial results are prepared under Philippine Generally Accepted Accounting Principles (GAAP) and reported in peso. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Philippine GAAP and Hong Kong GAAP are largely based on International Financial Reporting Standards (IFRSs), however, certain adjustments need to be made to PLDT's reported peso results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

For the six months ended 30 June Peso millions	**2014**	2013
Net income under Philippine GAAP	**20,023**	19,707
Preference dividends[i]	**(30)**	(31)
Net income attributable to common shareholders	**19,993**	19,676
Differing accounting and presentational treatments[ii]		
– Reclassification of non-recurring items	**163**	(1,291)
– Others	**(2,052)**	(2,301)
Adjusted net income under Hong Kong GAAP	**18,104**	16,084
Foreign exchange and derivative (gains)/losses[iii]	**(352)**	979
PLDT's net income as reported by First Pacific	**17,752**	17,063
US$ millions		
Net income at prevailing average rates for 1H14: Pesos 44.46 and 1H13: Pesos 41.46	**399.3**	411.6
Contribution to First Pacific Group profit, at an average shareholding of 1H14: 25.6% and 1H13: 25.6%	**102.1**	105.2

(i) First Pacific presents net income after deduction of preference dividends.

(ii) Differences in accounting treatment under Philippine GAAP, compared with Hong Kong GAAP, and other presentational differences. The principal adjustments include:

- Reclassification of non-recurring items: Certain items, through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 1H14 of Pesos 163 million mainly represents impairment provision for transport network assets. Adjustment for 1H13 of Pesos 1,291 million mainly represents gain on disposal of BPO business of Pesos 2.0 billion, partly offset by manpower reduction costs of Pesos 0.8 billion.
- Others: The adjustments principally relate to the accrual of withholding tax on PLDT's net income in accordance with the requirements of Hong Kong Accounting Standard (HKAS)12 "Income Taxes", and the recognition of amortization for certain intangible assets identified as a result of the Group's acquisition of an additional 2.7% interest in PLDT in November 2011.

(iii) To illustrate the underlying operational results and profit contributions, foreign exchange and derivative gains/losses (net of related tax) are excluded and presented separately.

MPIC's infrastructure portfolio as at 27 August 2014 comprises the following assets offering water distribution, electricity distribution and power generation, toll roads and hospital services:

- 52.8% in Maynilad
- 50.0% in Beacon Electric which owns 44.96% of Meralco
- 5.0% in Meralco
- 99.9% in MPTC which owns 75.6% of MNTC, 46.0% of Tollways Management Corporation ("TMC") and 100% of Cavitex Infrastructure Corporation ("CIC")
- 100% interest in FPM Infrastructure which owns 29.45% interest of DMT of Thailand
- 60.1% interest in NSHI which in turn owns:
  33.2% in Medical Doctors, Inc. ("MDI")
  100% in Colinas Verdes Hospital Managers Corporation, the operator of Cardinal Santos Medical Center ("CSMC")
  51.0% in Riverside Medical Center, Inc. ("RMCI")
  34.8% in Davao Doctors Hospital, Inc. ("DDH")
  100% in East Manila Hospital Managers Corporation, the operator of Our Lady of Lourdes Hospital ("OLLH")
  85.6% in Asian Hospital, Inc. ("AHI") which owns 100% of Asian Hospital and Medical Center
  51.0% in De Los Santos Medical Center Inc. ("DLSMC")
  51.0% in Central Luzon Doctors' Hospital ("CLDH")
  51.0% in DLS-STI Megaclinic, Inc. ("Megaclinic")

MPIC's contribution to the Group rose 12% to US$59.1 million (1H13: US$53.0 million) as a result of higher contributions from each of its businesses, partly offset by a 7% depreciation of the peso against the U.S. dollar.

Consolidated core net income up 18% to Pesos 4.6 billion (US$104.4 million) from Pesos 3.9 billion (US$95.1 million)	■ Maynilad, Meralco/Beacon Electric, MPTC and DMT, and Hospitals accounted for 41%, 33%, 21% and 5%, respectively, of MPIC's consolidated profit contribution from operations ■ reflecting an 8% rise in contribution from Maynilad to Pesos 2.2 billion (US$50.4 million) on higher billed water volume ■ a 22% increase in contribution from Meralco/Beacon Electric to Pesos 1.8 billion (US$39.9 million) on higher energy sales, increase in non-electric revenues and lower interest expense in Beacon Electric ■ a 21% rise in contribution from MPTC and share in DMT's earnings to Pesos 1.1 billion (US$25.4 million). MPTC's performance reflecting higher traffic volumes on NLEX and Manila-Cavitex Toll Expressway ("CAVITEX"), higher average kilometers travelled on NLEX ■ a 12% rise in contribution from Hospitals to Pesos 294 million (US$6.6 million) reflecting growth in most hospitals and consolidation of DLSMC and CLDH ■ lower interest expense resulted from debt refinancing in 2013
Consolidated reported net income up 15% to Pesos 4.2 billion (US$95.5 million) from Pesos 3.7 billion (US$89.0 million)	■ due largely to higher core net income ■ partly offset by MPIC's business development costs, taxes incurred in hospital group reorganization and additional personnel cost from Maynilad's manpower rightsizing program
Revenues up 9% to Pesos 16.6 billion (US$374.2 million) from Pesos 15.3 billion (US$368.7 million)	■ reflecting revenue growth at all businesses

Debt Profile

As at 30 June 2014, MPIC reported consolidated debt of Pesos 58.1 billion (US$1.3 billion), up 14% from Pesos 51.0 billion (US$1.1 billion) as at 31 December 2013. Of the total, 98% was denominated in peso. Fixed-rate loans accounted for 97% of the total and the average pre-tax interest cost was approximate 6.1%.

Interim Dividend

The MPIC board of directors declared an interim cash dividend of Pesos 0.026 (U.S. 0.060 cent) per share, 73% higher than the interim dividend of 2013. The interim dividend represents a payout ratio of 15% of core net income to shareholders while it was 10% a year earlier.

Additional Investments/New Partnership

On 31 March 2014, AFCSI, in which MPIC has a 20% shareholding, signed a 10-year concession agreement with the Department of Transportation and Communications to build and implement a new Automated Fare Collection System project for the LRT and Metro Rail Transit ("MRT") lines in Metro Manila. As of 27 August 2014, MPIC invested approximately Pesos 300 million (US$6.7 million) in AFCSI. Other shareholders of AFCSI include AC Infrastructure Holdings Corporation, BPI Card Finance Corporation, Smart Communications, Inc., Globe Telecom, Inc. and Meralco Financial Services Corporation.

On 16 May 2014, MPIC and Singapore's sovereign wealth fund GIC entered a definitive partnership agreement to facilitate the further expansion of the hospital group of MPIC. On 2 July 2014, GIC invested Pesos 3.7 billion (US$84.8 million) for a 14.4% interest in NSHI. NSHI is the holding company for all of MPIC's hospital investments. GIC also advanced Pesos 6.5 billion (US$148.9 million) to MPIC by way of an exchangeable bond which can be exchanged for an additional 25.5% interest of NSHI in the future, subject to certain conditions.

On 5 June 2014, the LRMC, which MPIC's subsidiary Metro Pacific Light Rail Corporation is a member, offered the only bid for constructing the LRT1 11.7 km South Extension. The bidding price was Pesos 9.35 billion (US$210.3 million). Other members of LRMC include AC Infrastructure Holdings Corporation and Macquarie Infrastructure Holdings (Philippines) Pte. Limited. LRMC has not yet received the final notice of award of the LRT1 extension project from the Philippine Government.

On 31 July 2014, MPIC completed the acquisition of 75% shareholding in FPM Infrastructure from First Pacific for a consideration of approximately US$101.3 million. From the initial shareholding of 25%, FPM Infrastructure became a wholly-owned subsidiary of MPIC and its sole asset is a 29.45% interest in DMT.

MPIC and Global Green International Energy ("GGIE"), a Singapore-based company, have partnered for a renewable energy project. MPIC and GGIE plan to invest up to Pesos 330 million (US$7.6 million) in equity, out of the total project cost of Pesos 660 million (US$15.1 million). The facility will have the ability to convert 20-25 metric tonnes/day of municipal solid waste into 10,000 liters of biodiesel and 24,000 kWh (2 megawatts) of electricity daily. The facility is expandable to 6 megawatts.

Maynilad

Maynilad operates a concession that runs until 2037 for water distribution and sewerage for the West Zone of Metro Manila, comprising a population of approximately 9.7 million people in 12 cities and 5 municipalities as at 30 June 2014. During the period, Maynilad spent Pesos 2.0 billion (US$45.0 million) on its water distribution system. This was lower than both the budget and the same period last year due to right of way issues and difficulty in acquiring land for sewage treatment facilities.

Maynilad's system currently delivers 24-hour water supply to 98% of its customers while approximately 100% of customers receive water pressure of at least seven pounds per square inch.

During the period, Maynilad drew 4% less water from the Angat Dam but achieved a 5% increase in the volume of water sold reflecting long-term benefits generated from its substantial capital investment for improving the water system since it was acquired by MPIC in 2007.

Core net income up 10% to Pesos 4.5 billion (US$101.2 million) from Pesos 4.1 billion (US$98.9 million)	■ owing largely to higher billed water volume and water connections
Reported net income up 21% to Pesos 4.0 billion (US$90.0 million) from Pesos 3.3 billion (US$79.6 million)	■ reflecting higher core net income coupled with lower debt refinancing costs
Revenues up 6% to Pesos 9.0 billion (US$202.4 million) from Pesos 8.5 billion (US$205.0 million)	■ reflecting a 5% increase in billed water volume, a 6% increase in billed customers and a 1% rise in average all-in tariff from clean-up of delinquent customer accounts
Average non-revenue water down to 34% from 40%	■ reflecting lower leakage as a result of 20,235 leaks repaired, lower theft, continued pipe rehabilitation and more efficient management of water pressure and supply ■ the above resulted in recovery of over 139 million liters of water per day
Total billed water volume up 5% to 230 million cubic meters from 219 million cubic meters	■ reflecting a 6% rise in billed customers to 1,162,959 from 1,101,463

Maynilad's water tariff for the next rate rebasing for the period from 2013 to 2017 is in arbitration proceedings. Hearings in the binding arbitration to settle Maynilad's tariff dispute with the Metropolitan Waterworks and Sewerage System ("MWSS") are scheduled to be completed by 1 September 2014.

Maynilad has also allotted Pesos 8.2 billion of its Pesos 18 billion capital expenditure budget for waste water management projects.

MPIC's wholly owned subsidiary, MetroPac Water Investments Corporation, which effectively owns 19.9% in Cebu Manila Water Development, Inc. ("CMWD") continues exploring investment opportunities in water distribution. CMWD holds a 20-year concession for the bulk supply of water to the Metropolitan Cebu Water District.

Meralco

During the period, the volume of electricity sold by Meralco rose 3% to 17,299 GWh with growth driven by a 5% increase in industrial demand and a 3% increase in commercial demand, partly offset by a 1% decrease in residential demand. Natural gas accounted for 45% of Meralco's fuel sources, followed by coal at 31%. The remaining 24% included hydro, geothermal and biomass sources.

System loss fell to 6.68% at end-June 2014 from 6.85% a year earlier, reflecting Meralco's continuing efforts on improving system efficiency, refinement of its loss reduction programs and a steady decline in electricity theft. Meralco has budgeted Pesos 10.7 billion (US$240.7 million) for this year to improve its electricity distribution system for a franchise area which produces over half of the Philippines' gross domestic product.

Core net income up 8% to Pesos 9.9 billion (US$222.7 million) from Pesos 9.2 billion (US$221.9 million)	■ reflecting a 5% sales volume increase in industrial demand and a 3% increase in commercial demand ■ partly offset by a 1% sales volume decrease in residential segment
Reported net income up 2% to Pesos 9.6 billion (US$215.9 million) from Pesos 9.4 billion (US$226.7 million)	■ reflecting sales volume as referred to above
Revenues down 7% to Pesos 132.2 billion (US$3.0 billion) from Pesos 141.7 billion (US$3.4 billion)	■ mainly reflecting the downward adjustment of pass-through charges from electricity generators, adjustment on contestable revenues and lower system loss charge ■ despite sales volume as referred to above

Meralco continues its efforts to reduce electricity costs and further improve operational efficiency and increase service reliability. Its capital expenditure increased 23% to Pesos 4.9 billion (US$110.2 million) from Pesos 4.0 billion (US$96.5 million).

During the period, Meralco expanded its electricity distribution portfolio by securing a 25-year concession agreement with the Philippine Economic Zone Authority to operate the distribution system of the CAVITE Ecozone.

Meralco PowerGen Corporation ("Meralco PowerGen")'s investments in PacificLight in Singapore and in GBPC in the Philippines are part of Meralco's power generation plan. However, the project to build two 300 megawatts coal-fired plant in Subic Bay continues to be held back by regulatory and legal constraints, despite efforts to implement it for over three years.

MPTC

MPTC, through its interests in MNTC, TMC and CIC operates the NLEX, the Subic Freeport Expressway, the SCTEX and CAVITEX. The concession for NLEX runs until 2037, for SCTEX until 2043 and for CAVITEX until 2033 for the original toll road and to 2046 for its extension.

Core net income up 13% to Pesos 1.2 billion (US$27.0 million) from Pesos 1.0 billion (US$24.1 million)	■ reflecting strong traffic growth on the NLEX and CAVITEX ■ higher shareholding in MNTC
Reported net income up 13% to Pesos 1.1 billion (US$24.7 million) from Pesos 981 million (US$23.7 million)	■ reflecting higher core net income
Revenues up 5% to Pesos 4.3 billion (US$96.7 million) from Pesos 4.1 billion (US$98.9 million)	■ reflecting a 7% and 8% rise in average daily vehicle entries to NLEX and CAVITEX, respectively

The construction of the 8-kilometer NLEX Harbour Link extension is on track, its Segment 9 and 10 are expected to open by the first quarter of 2015 and in 2016, respectively. This extension will link NLEX to the North Manila Port area. The evaluation for Segment 8.2 extension's final alignment is ongoing.

MNTC signed a joint venture agreement with PNCC to build an elevated expressway to connect the Northern and Southern toll road systems. The "Metro Expressway Link" project will connect the Harbour Link to Southern Luzon via a four-lane elevated expressway across Central Manila. However, in July 2014, the Department of Justice of the Philippines rejected the original joint venture agreement and ordered the project to repeat the competitive challenge process "Swiss Challenge", thereby setting the project back to where it was three years ago. In order to minimize the inevitable further delays this will bring and in the best interest of the public and MPIC's shareholders, Metro Pacific Tollways Development Corporation, a subsidiary of MPIC, has agreed to subject the project to a Swiss Challenge.

The preparation of CAVITEX's expansion plan is progressing as per schedule and construction is expected to commence in 2015.

MPTC and MPIC plan to fund the estimated total of approximately Pesos 28 billion (US$641.5 million) for construction of NLEX Harbour Link and Citilink projects and the expansion of CAVITEX over the next few years by utilizing internal resources and external borrowings.

Hospitals

MPIC's Hospital group comprises eight full-service hospitals and Megaclinic, MPIC's first mall-based diagnostic and ambulatory care center. MPIC operates the largest private provider of premier hospital services in the Philippines. It delivers medical services including diagnostic, therapeutic and preventive medicine services in all three major island groupings in the country. This division comprises five hospitals in Metro Manila, and one in each of Central Luzon, Bacolod City and Davao, with approximately 2,150 beds.

There were a total of 5,393 accredited medical doctors and consultants at the end of June 2014. Average bed occupancy rate was 65% and there were 3,439 students for the period.

Both core and reported net income up 15% to Pesos 458 million (US$10.3 million) from Pesos 397 million (US$9.6 million)	■ reflecting higher revenues from the increased size of operations ■ positive contribution from cost savings initiatives including bulk purchasing of supplies
Revenues up 16% to Pesos 6.9 billion (US$155.2 million) from Pesos 5.9 billion (US$142.3 million)	■ reflecting a 14% rise in revenues from CSMC, 13% from DDH, 10% from AHI, 6% from RMCI and MDI, and 3% from OLLH ■ the inclusion of revenues from DLSMC and CLDH

The partnership with GIC will accelerate the expansion and growth of the Hospital division not only in hospital services but also in other health-related fields in the Philippines and possibly abroad.

2014 Outlook

MPIC is on track to deliver its sixth successive increase in full-year core net income in 2014 to Pesos 8.0 billion as a result of increasing demand for the services its businesses provide. Clarity on the regulatory regime for water distribution may come before year-end and MPIC management continue to seek resolution of its regulatory issues with the Philippine Government in the toll roads business even as Meralco gears up for its own rate rebasing exercise in 2015. MPIC is seeking further investments domestically via PPP initiatives and private-sector investments and abroad, too, in a diversification of its regulatory risk.

Reconciliation of Reported Results Between MPIC and First Pacific

MPIC's operations are principally denominated in peso, which averaged Pesos 44.46 (1H13: Pesos 41.46) to the U.S. dollar. Its financial results are prepared under Philippine GAAP and reported in peso. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Philippine GAAP and Hong Kong GAAP are largely based on IFRSs, however, certain adjustments need to be made to MPIC's reported peso results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

For the six months ended 30 June Peso millions	2014	2013
Net income under Philippine GAAP	4,247	3,690
Preference dividends[i]	(3)	(3)
Net income attributable to common shareholders	4,244	3,687
Differing accounting and presentational treatments[ii]		
– Reclassification of non-recurring items	340	262
– Others	68	(3)
Adjusted net income under Hong Kong GAAP	4,652	3,946
Foreign exchange and derivative losses/(gains)[iii]	54	(10)
MPIC's net income as reported by First Pacific	4,706	3,936
US$ millions		
Net income at prevailing average rates for 1H14: Pesos 44.46 and 1H13: Pesos 41.46	105.8	94.9
Contribution to First Pacific Group profit, at an average shareholding of 1H14: 55.8% and 1H13: 55.9%	59.1	53.0

(i) First Pacific presents net income after deduction of preference dividends.

(ii) Differences in accounting treatment under Philippine GAAP, compared with Hong Kong GAAP, and other presentational differences. The principal adjustment includes:

– Reclassification of non-recurring items: Certain items, through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 1H14 of Pesos 340 million principally represents MPIC's business development costs and taxes incurred in hospital group reorganization and Maynilad's manpower rightsizing costs. Adjustment for 1H13 of Pesos 262 million principally represents debt refinancing costs of MPIC parent company, Maynilad and Beacon Electric.

(iii) To illustrate the underlying operational results and profit contributions, foreign exchange and derivative losses/gains (net of related tax) are excluded and presented separately.

Indofood
THE SYMBOL OF QUALITY FOODS

Indofood's contribution to the Group increased 3% to US$92.8 million (1H13: US$90.5 million) principally reflecting a higher core net income which increased 27% in rupiah terms, partly offset by a 17% depreciation of the average rupiah exchange rate against the U.S. dollar.

Core net income up 27% to Rupiah 2.2 trillion (US$191.2 million) from Rupiah 1.8 trillion (US$181.9 million)	■ driven by higher average selling prices in all major businesses, and the contribution of Cultivation & Processed Vegetables Group earnings
Net income up 34% to Rupiah 2.3 trillion (US$194.8 million) from Rupiah 1.7 trillion (US$174.7 million)	■ reflecting higher core net income ■ recorded foreign exchange gains contrast to losses in the same period of 2013
Consolidated net sales up 26% to Rupiah 34.1 trillion (US$2.9 billion) from Rupiah 26.9 trillion (US$2.8 billion)	■ all groups registered sales growth mainly driven by higher average selling prices, and sales contribution from Beverages and Cultivation & Processed Vegetables ■ sales contribution from Consumer Branded Products ("CBP"), Bogasari, Agribusiness, Distribution and Cultivation & Processed Vegetables Group amounted to 44%, 24%, 17%, 7% and 8% of the total, respectively
Gross profit margin to 27.5% from 24.0%	■ mainly on improved Agribusiness Group performance and contribution from Cultivation & Processed Vegetables Group
Consolidated operating expenses up 38% to Rupiah 5.1 trillion (US$434.0 million) from Rupiah 3.7 trillion (US$379.5 million)	■ due mainly to higher salaries, wages and employee benefits in conjunction with new hiring to strengthen the company and to support the business development ■ higher spending on advertising and promotions ■ higher rental and depreciation in conjunction with business expansion
EBIT margin to 12.9% from 10.9%	■ reflecting strong performance of the Agribusiness Group ■ improved gross profit margin despite higher operating expenses as referred to above
Net gearing to 0.26 times from 0.27 times at the end of 2013	

Debt Profile

As at 30 June 2014, Indofood recorded gross debt of Rupiah 30.7 trillion (US$2.6 billion), up from Rupiah 27.4 trillion (US$2.2 billion) as at 31 December 2013. Of this total, 41% matures within one year and the remaining matures between July 2015 and 2020, 42% was denominated in rupiah, 40% was denominated in U.S. dollar, and 18% was other currency denominated borrowings.

Additional Investment

In June 2014, PT Salim Ivomas Pratama Tbk ("SIMP"), through its subsidiary PT Lajuperdana Indah, acquired a 100% interest in PT Madusari Lampung Indah ("MLI") for a consideration of Rupiah 228 billion (US$19.4 million). MLI's principal business is sugar cane cultivation. Its principal asset comprised of approximately 3,800 hectares HGU (Hak Guna Usaha, land utilization permits in Indonesia) land located in Ogan Komering Ulu Timur Regency, South Sumatra Province.

CBP

The CBP Group comprises Noodles, Dairy, Snack Foods, Food Seasonings, Nutrition & Special Foods and Beverages Divisions.

Indofood's Noodles Division is one of the world's largest producers of instant noodles. It has 15 production plants in Indonesia and one in Malaysia with a combined annual production capacity of over 16 billion packs per year. Indomie, Supermi, Sarimi, Sakura, Pop Mie, Pop Bihun and Mi Telur Cap 3 Ayam are popular Indofood brands.

PT Indolakto, the operating subsidiary in the Dairy Division, is one of the largest dairy products manufacturers in Indonesia with the flagship brand Indomilk encompassing sweetened condensed milk, UHT milk, sterilized bottled milk, pasteurized liquid milk and powdered milk. Other brands include Indoeskrim for ice cream and Orchid Butter for butter. Consumption per capita for dairy products in Indonesia remains low when compared with other ASEAN countries. Indolakto's annual production capacity for all of its dairy products is around 550 thousand tonnes.

The Snack Foods Division maintained its leadership position through its leading brands Chitato, Lays (potato chips) and Qtela (cassava, soybean, sweet potato chips, as well as curly and prawn crackers). Biscuits are marketed under the brand names Trenz and Wonderland. Its four factories have a combined annual production capacity of more than 50 thousand tonnes.

The Food Seasonings Division manufactures a wide range of culinary products, of which instant seasonings and chili sauce are the most popular. The Division also produces soy sauce, tomato sauce and other condiments with combined annual production capacity of more than 135 thousand tonnes. Its culinary products are produced for Indofood Group and a 50:50 joint venture with Nestle SA which is responsible for the marketing of culinary products.

The Nutrition & Special Foods Division produces and markets food for babies and children, and milk for expectant and lactating mothers under two brands: the premium Promina brand aimed at higher-income groups, and the mass-marketed SUN brand. Cereal snacks under the brand name of Govit targeted at children aged 6-12 years old, and cereal drinks under the brand name of Provita, a convenient and nutritious product for working adults. It has annual production capacity of 24 thousand tonnes.

The Beverages Division's product portfolio includes carbonated soft drinks and fruit juice drinks under PepsiCo brands, packaged water under the CLUB brand, ready-to-drink teas under the ICHI OCHA brand, and ready-to-drink coffee under the Caféla brand.

Sales up 24% to Rupiah 15.0 trillion (US$1.3 billion) from Rupiah 12.2 trillion (US$1.2 billion)	■ reflecting higher average selling price and contribution from Beverages Division
Sales volume	■ Noodles up 2% to 6.7 billion packs from 6.6 billion packs ■ Dairy down 4% to 170.3 thousand tonnes from 178.1 thousand tonnes ■ Snack Foods up 11% to 17.9 thousand tonnes from 16.2 thousand tonnes ■ Food Seasonings down 11% to 48.4 thousand tonnes from 54.3 thousand tonnes ■ Nutrition & Special Foods down 9% to 7.1 thousand tonnes from 7.8 thousand tonnes ■ Beverages at 559.9 million liters
EBIT margin to 10.8% from 12.8%	■ due mainly to higher raw material costs and selling and general administrative expenses, particularly salaries, wages and employee benefits, advertising and promotion, freight and handling, and distribution expenses

The market for consumer food products in Indonesia has been growing with promising prospects. The joint venture with JASDAQ-listed JC Comsa to produce a variety of flour-based products for the food service industry as well as manage a restaurant chain. Recently the Group announced the joint venture with Oji to enter into paper diapers market.

Bogasari

Bogasari has been operating in Indonesia for more than four decades. With flour mills located in Jakarta and Surabaya, Bogasari produces wheat flour and pasta for domestic and international markets. Its brands include Cakra Kembar, Segitiga Biru and Lencana Merah for wheat flour, La Fonte for pasta, and convenient pre-mixed flour brand Chesa. Bogasari also has its own maritime unit employing four Panamax and five Handymax vessels mainly to transport wheat from suppliers in Australia and the northern hemisphere. In addition, it operates a packaging factory that produces polypropylene bags.

Sales up 13% to Rupiah 10.2 trillion (US$869.6 million) from Rupiah 9.0 trillion (US$927.4 million)	■ due mainly to higher average selling prices ■ higher sales volumes
Sales volume of food flour up 4% to 1,455 thousand tonnes from 1,404 thousand tonnes	■ owing mainly to higher demand from external consumers
EBIT margin to 8.1% from 9.0%	■ reflecting higher raw material costs due to rupiah depreciation

The flour industry is expected to continue growing steadily in the years ahead as Indonesia's wheat consumption per capita remains low in comparison with the global average. The growing popularity of modern fast-food franchises and associated lifestyle changes, primarily within younger generations, will accelerate growth in the industry.

Agribusiness

The Agribusiness Group consists of two divisions: Plantations and Edible Oils & Fats ("EOF"), which operate through Indofood's 60.5%-owned Singapore-listed subsidiary IndoAgri and IndoAgri's 73.5%-owned Indonesia-listed subsidiary SIMP, which in turn owns 59.5% of Indonesia listed subsidiary PT PP London Sumatra Indonesia Tbk ("Lonsum"). The Agribusiness Group is one of the largest oil palm producers with leading businesses in Indonesia's branded cooking oil segment.

The Agribusiness Group is vertically integrated, producing a number of leading food products derived from palm oil. Its operations cover the entire value chain from research and development, breeding of oil palm seeds and oil palm cultivation to milling, refining, branding and marketing of cooking oil, margarine, shortening and other palm oil products. The Agribusiness Group also operates rubber, sugar cane, cocoa and tea, and industrial timber plantations.

Plantations

SIMP and Lonsum have a total planted area of 294,673 hectares. Oil palm is the dominant crop, with 29% of oil palms younger than seven years and an average age of approximately 13 years. Total planted area of oil palm was 242,064 hectares, while it was 239,921 hectares at the end of 2013.

Production of nucleus fresh fruit bunches increased 18% period-on-period mainly driven by higher production from South Sumatra and Kalimantan estates. During the period, crude palm oil ("CPO") production increased 25% to 444 thousand tonnes. This Division operates 22 palm oil mills with a total annual processing capacity of 5.6 million tonnes of fresh fruit bunches.

The Division also farms 52,608 hectares planted with other crops. At the end of June 2014, the total planted area of rubber, sugar cane, cocoa and tea, and industrial timber and the remaining crops were 21,517 hectares, 12,014 hectares, 2,969 hectares and 16,108 hectares, respectively.

In Indonesia, sugar cane harvested rose 90% to 369 thousand tonnes and sugar production doubled to 30 thousand tonnes.

In Brazil, the planted area of sugar cane was 47,714 hectares, while the volume of sugar cane harvested reached 1,283 thousand tonnes, raw sugar production was 58 thousand tonnes and ethanol output was 52 thousand cubic meters.

EOF

This Division manufactures cooking oils, margarines and shortening and markets products under various brands for both export and domestic consumption. Bimoli and Palmia are leading cooking oil and margarine brands in Indonesia. As of 30 June 2014, the Division had refinery capacity of over 1.4 million tonnes of CPO per annum and approximately 65% of this Division's input needs are sourced from the Plantations Division's CPO production.

Sales up 8% to Rupiah 7.0 trillion (US$592.0 million) from Rupiah 6.4 trillion (US$658.9 million)	■ reflecting higher CPO prices hence higher average selling prices of palm and edible oil products ■ higher sales volumes of palm kernel, cooking oil and margarine products ■ 90% of sales were in Indonesia, 5% to Asia and the remaining 5% to Europe, Africa, the Middle East, Oceania and America
EBIT margin to 15.7% from 4.8%	■ reflecting higher average selling prices for palm products ■ the decrease in fertilizer costs was offset by a rise in labor costs
Sales volume	■ owing to timing in shipment, despite higher production, CPO sales volume down 3% to 423 thousand tonnes from 433 thousand tonnes ■ sugar up 21% to 24 thousand tonnes from 20 thousand tonnes ■ rubber up 5% to 7.9 thousand tonnes from 7.6 thousand tonnes ■ palm kernel up 4% to 92 thousand tonnes from 88 thousand tonnes ■ oil palm seeds down 70% to 3.4 million from 11.2 million seeds due to lower pace of new planting in Indonesia ■ EOF up 2% to 404 thousand tonnes from 397 thousand tonnes reflecting higher demand for branded products, partly offset by lower coconut oil and bulk oil sales

The Indonesian economy continues to expand and is one of the world's largest consumers of palm oil. The Agribusiness Group's expansion focuses on new oil palm and sugar plantings in Indonesia. The Agribusiness Group expects to complete one new palm oil mill in the third quarter of this year and two new mills in 2015 which located in Kalimantan. The Agribusiness Group aims to increase the sugar plantation area to 18,000 hectares to increase the utilization of its sugar processing facilities with combined annual capacity of approximately 2.2 million tonnes. The adoption of Companhia Mineira de Açúcar e Álcool Participações ("CMAA")'s plantation technical know-how is expected to reduce operating costs of the sugar business in Indonesia and to improve productivity. Agribusiness is expected to be benefited from the recovery of CPO prices and the gradual increase in demand for biofuel.

Distribution

The Distribution Group is a major component of Indofood's Total Food Solutions chain of operations as it has the most extensive distribution network of stock points in Indonesia for Indofood and third party products. Indofood increased its market penetration and service standard through its stock points which are located in areas with a high density of retail outlets, ensuring high product availability. To ensure product visibility and increase availability, the Group engages merchandisers and canvassers in addition to marketing and promotions. The Distribution Group's prospects are particularly aligned with the fortunes of the CBP Group.

Sales up 15% to Rupiah 2.5 trillion (US$210.1 million) from Rupiah 2.1 trillion (US$220.3 million)	■ due mainly to higher sales of CBP Group
EBIT margin to 4.1% from 3.6%	

The Distribution Group continues to leverage its distribution network serving 370,000 retail outlets for boosting product penetration. Its sales force continues to enhance communication with retail outlets to better understand and respond to customers' needs while its team of merchandisers continues to ensure high product visibility in retail outlets.

Cultivation & Processed Vegetables

China Minzhong Food Corporation Limited ("CMFC") is a vertically-integrated vegetable processor and cultivator headquartered at the New Industrial Park in Putian City, Fujian Province, People's Republic of China ("PRC"). Its industrialized farming facilities are located in Tianjin and Shanghai, while open-field farming operations are in Fujian, Jiangxi, Hubei and Sichuan Provinces and in Inner Mongolia. CMFC's 3,094 hectares of vegetable cultivation bases across PRC provide diversified sources of cultivation and a steady supply of fresh vegetables all year round, including champignon mushrooms, black fungus, Shanghai green, Shiitake mushrooms, choy sum and king oyster mushrooms. Its seven processing facilities located in the PRC provide the capability to produce over 100 types of processed vegetables, including air-dried, freeze-dried, fresh-packed and brined products. CMFC has a diversified customer base in over 32 countries around the world.

Sales for the period was Rupiah 2.6 trillion (US$220.1 million)	■ sales contributed mainly from processed vegetables 52%, cultivation 32% and branded products 16%
Sales volume	■ processed vegetables at 15 thousand tonnes ■ fresh vegetable production of 158 thousand tonnes
EBIT margin at 23.6%	

In view of the steady increase in demand for vegetable products in the PRC and international markets, CMFC continues to expand its industrialized farming footprint across China and leverage its modern agriculture technology to improve cultivation yields and cost efficiencies. CMFC is focusing on shifting its product mix towards high value products, expanding its industrialized farming footprint and its sales and distribution networks across China, as well as improving cultivation yields.

2014 Outlook

Despite a weaker macro-economic condition, the potential of Indonesian economy remains promising in the long term, supported among others by increasing income per capita, favourable demographic profile and domestic private consumption. Indofood will continue to execute its strategies to accelerate growth in its existing business and expand its business operations both domestically and beyond Indonesia.

Reconciliation of Reported Results Between Indofood and First Pacific

Indofood's operations are principally denominated in rupiah, which averaged Rupiah 11,751 (1H13: Rupiah 9,750) to the U.S. dollar. Its financial results are prepared under Indonesian GAAP and reported in rupiah. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Accordingly, certain adjustments need to be made to Indofood's reported rupiah results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

For the six months ended 30 June Rupiah billions	**2014**	2013
Net income under Indonesian GAAP	**2,289**	1,703
Differing accounting and presentational treatments[i]		
– Gain/(loss) on changes in fair value of plantations	**68**	(459)
– Foreign exchange accounting	**27**	27
– Others	**(97)**	(39)
Adjusted net income under Hong Kong GAAP	**2,287**	1,232
Foreign exchange and derivative (gains)/losses[ii]	**(42)**	71
(Gain)/loss on changes in fair value of plantations[ii]	**(68)**	459
Indofood's net income as reported by First Pacific	**2,177**	1,762
US$ millions		
Net income at prevailing average rates for 1H14: Rupiah 11,751 and 1H13: Rupiah 9,750	**185.3**	180.7
Contribution to First Pacific Group profit, at an average shareholding of 1H14: 50.1% and 1H13: 50.1%	**92.8**	90.5

(i) Differences in accounting treatment under Indonesian GAAP, compared with Hong Kong GAAP, and other presentational differences. The principal adjustments include:
- Gain/loss on changes in fair value of plantations: Under Indonesian GAAP, Indofood measures its plantations (biological assets) on a historical cost basis. HKAS 41 "Agriculture" requires the measurement of plantations at fair value less costs to sell. The adjustment relates to the change in fair value of plantations during the period.
- Foreign exchange accounting: The adjustment relates to the reversal of the amortization of foreign exchange losses that were previously capitalized by Indofood on certain fixed assets under construction, as the originating capitalized foreign exchange losses have already been written off by First Pacific.
- Others: The adjustments principally relate to the accrual of withholding tax on Indofood's dividends in accordance with the requirements of HKAS 12 "Income Taxes".

(ii) To illustrate the underlying operational results and profit contributions, foreign exchange and derivative gains/losses (net of related tax) and gain/loss on changes in fair value of plantations are excluded and presented separately.

PHILEX MINING CORPORATION

Philex's natural resources portfolio comprises:

Philex for metal-related assets
- 100% in Silangan Mindanao Mining Co., Inc.

Philex Petroleum Corporation ("Philex Petroleum")* for energy-related assets
- 53.1% in Pitkin Petroleum Plc which owns oil and gas exploration assets in Peru and the Philippines
- 48.8%** in Forum Energy Plc ("Forum") whose main asset is a 70.0% interest in Service Contract 72 ("SC72") which is in the exploration stage and a 2.3% interest in the Galoc oil field (SC 14C-1) which is in the production stage, both of these assets are located in the West Philippine Sea

* 64.8% held by Philex, 11.4% held by First Pacific and 5.4% held by Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific.

** 36.4% held directly by Philex Petroleum and 24.1% held by its 51.2%-owned Canadian subsidiary FEC Resources Inc., and 3.3% held by First Pacific.

Philex's first half 2014 contribution to the Group increased 94% to US$6.2 million (1H13: US$3.2 million) principally reflecting higher volumes of gold and copper shipped and a greater number of operating days, rising to 178 from 115 in the same period of last year.

During the period, Philex settled its environmental obligations with the Philippine Government amounting to Pesos 189 million (approximately US$4.3 million) related to the Tailings Storage Facility No. 3 ("TSF3") incident in the third quarter of 2012. Consequently, on 18 June 2014, the Philippine Pollution Adjudication Board issued a lifting notice of the suspension order on Padcal mine operations.

In addition, Philex has completed the construction of the third and final chute of the new open spillway water management system for managing water draining from TSF3, over 90% of which comes from the surrounding hillsides with the remainder draining from Padcal mine.

Total ore milled increased 57% to 4.8 million tonnes (1H13: 3.0 million tonnes) owing to a full period of operation compared with approximately four months in the same period last year, with an average grade of 0.436 grams (1H13: 0.523 grams) of gold per tonne of ore and 0.218% (1H13: 0.249%) copper. Concentrate production rose 47% to 35,024 dry metric tonnes (1H13: 23,867 dry metric tonnes). Gold production increased 28% to 52,286 ounces (1H13: 40,845 ounces) and copper production increased 33% to 18.2 million pounds (1H13: 13.7 million pounds).

During the period, the average realized price for gold rose slightly to US$1,341 per ounce (1H13: US$1,313 per ounce) and the average realized copper price was down 1% to US$3.09 per pound (1H13: US$3.13 per pound).

First Pacific renewed a short-term loan facility maturing in March 2015, of up to approximately US$150 million which will be primarily used for the development of the Silangan project. As of 30 June 2014, the outstanding loan from First Pacific remained US$80 million, Philex had Pesos 2.7 billion (US$61.8 million) of cash and cash equivalents, and Pesos 6.9 billion (US$158.0 million) of borrowings comprising loans from First Pacific and banks.

Core net income down 32% to Pesos 559 million (US$12.6 million) from Pesos 818 million (US$19.7 million)	■ reflecting the absence of a gain from proceeds of an insurance settlement in 2013 from business interruption claims in relation to the TSF3 incident ■ adverse impact of significantly lower ore grades ■ resulting in higher production costs on a per ounce and per pound bases
Net income down 42% to Pesos 627 million (US$14.1 million) from Pesos 1.1 billion (US$25.9 million)	■ reflecting lower core net income ■ reflecting the absence of a gain from proceeds of an insurance settlement in 2013 in relation to TSF3 incident
Operating revenue up 38% to Pesos 5.8 billion (US$130.5 million) from Pesos 4.2 billion (US$101.3 million)	■ reflecting a longer operating period for the production of gold and copper ■ revenues from gold contributed 53% of the total, with copper accounting for 42% and the balance of 5% attributable to silver, coal and petroleum
EBITDA down 6% to Pesos 1.7 billion (US$38.2 million) from Pesos 1.8 billion (US$43.4 million)	■ reflecting the increase in production costs outpacing growth in revenues
Operating costs and expenses up 63% to Pesos 4.9 billion (US$110.2 million) from Pesos 3.0 billion (US$72.4 million)	■ primarily due to higher mining and milling costs as a result of a longer period of operation and change in mineralogy making the ore more expensive to process ■ impact of amortization of TSF3 rehabilitation costs
Operating cost per tonne of ore milled up 19% to Pesos 893 (US$20.1) from Pesos 749 (US$18.1)	■ reflecting the impact of higher mining and milling costs ■ partly offset by higher tonnage
Capital expenditure (including exploration costs) up 38% to Pesos 2.9 billion (US$65.2 million) from Pesos 2.1 billion (US$50.7 million)	■ reflecting exploration expenditure for the Silangan project amounting to Pesos 1.9 billion (US$42.7 million) and other exploration properties, and capital expenditure for the Padcal mine

Silangan Project

The gold and copper mine development project is located in Surigao del Norte, Northern Mindanao in the Philippines, and comprises the Boyongan and Bayugo deposits. A portion of the Bayugo deposits are located on what is known as the Kalayaan property which is subject to a joint venture agreement with Manila Mining Corporation.

The project secured environmental compliance certifications in 2013. The metallurgical studies to determine the optimal processes for higher metal recovery from the ore body are in their advanced stages. Detailed hydrogeological studies and drilling of the mine decline are ongoing. The results of the pre-feasibility study have been presented to the Philex board on 1 August 2014.

Mineral Resources and Proved Reserves

Listed below are the mineral resources and proved reserves of the Padcal mine and Silangan Project based on the most recent data:

	Padcal mine (As at 31 December 2013*)	Silangan Project (as at 5 August 2011) Boyongan	Bayugo
Resources (million tonnes)	173(i)	273(i)	125(i)
Gold (gram/tonne)	0.48	0.72	0.66
Copper (%)	0.24	0.52	0.66
Contained copper (thousand lbs)	900,860	3,120,000	1,820,000
Contained gold (ounces)	2,680,000	6,300,000	2,700,000
Copper equivalent(ii) cutoff (%)	0.317	–	–
Copper equivalent cutoff (%)	–	0.50	0.50
Proved reserves (million tonnes)	65.8		
Gold (gram/tonne)	0.40		
Copper (%)	0.20		
Recoverable copper (thousand lbs)	239,200		
Recoverable gold (ounces)	627,000		
Copper equivalent(ii) cutoff (%)	0.317		

* Based on the Competent Person's report disclosed in March 2014
(i) Measured and indicated
(ii) Copper equivalent = % copper + 0.64 x gram/tonne gold; Metal prices: US$3.00/lb copper, US$1,500/oz gold; Metal recoveries: 82% copper, 72% gold

SC72

In April 2012, Forum received a Competent Person's report interpreting 2D and 3D seismic data obtained in 2011 in SC72, located in the West Philippine Sea. The report produced a best estimate of 2.6 trillion cubic feet of gas-in-place and 65 million barrels of oil-in-place classified as Contingent Resources, and 8.8 trillion cubic feet of gas-in-place and 220 million barrels of oil-in-place classified as Prospective Resources.

The property covered by SC72 is located in an area where there are maritime disputes between the Philippine and Chinese governments. In July 2014, the Philippines' Department of Energy granted another year of extension to August 2016 for the completion of a two well drilling program by Forum.

2014 Outlook

Padcal mine faces a challenge year although a full year of production is anticipated in contrast with 2013's shortened production period, the lower ore grades and higher overall production costs will adversely impact earnings. The Silangan project will proceed to the next stage and aims to complete a Definitive Feasibility Study by mid-2015.

Reconciliation of Reported Results Between Philex and First Pacific

Philex's operations are principally denominated in peso, which averaged Pesos 44.46 (1H13: Pesos 41.46) to the U.S. dollar. Its financial results are prepared under Philippine GAAP and reported in peso. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Philippine GAAP and Hong Kong GAAP are largely based on IFRSs, however, certain adjustments need to be made to Philex's reported peso results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

For the six months ended 30 June Peso millions	2014	2013
Net income under Philippine GAAP	627	1,075
Differing accounting and presentational treatments[(i)]		
– Reclassification of non-recurring items	–	(293)
– Revenue recognition regarding sale of mine products	265	(239)
– Depreciation of revaluation increment of assets	(156)	(136)
– Others	(68)	(156)
Adjusted net income under Hong Kong GAAP	668	251
Foreign exchange and derivative (gains)/losses[(ii)]	(68)	36
Philex's net income as reported by First Pacific	600	287
US$ millions		
Net income at prevailing average rates for 1H14: Pesos 44.46 and 1H13: Pesos 41.46	13.5	6.9
Contribution to First Pacific Group profit, at an average shareholding of 1H14: 46.2% and 1H13: 46.2%	6.2	3.2

(i) Differences in accounting treatments under Philippine GAAP, compared with Hong Kong GAAP, and other presentational differences. The principal adjustments include:
- Reclassification of non-recurring items: Certain items, through occurrence or size are not considered usual operating items which are reallocated and presented separately. Adjustment for 1H13 of Pesos 293 million principally represents a gain on insurance settlement of Pesos 285 million in respect of clean-up costs and damages in respect of the accidental discharge of water and tailings from its tailing pond No. 3 in August 2012.
- Revenue recognition regarding sale of mine products: Philex recognizes revenue based on the production of mine products. HKAS 18 "Revenue" requires the recognition of revenue based on the satisfaction of certain conditions, which includes the transfer of significant risks and rewards of ownership of the products to the buyers and the absence of continuing managerial involvement to the degree usually associated with ownership and effective control over the products sold.
- Depreciation of revaluation increment of assets: A fair value assessment was performed at the date of acquisition of Philex and certain revaluation increment adjustments have been made to property, plant and equipment. The adjustment relates to the recognition of additional depreciation based on the revalued fair value of property, plant and equipment.
- Others: The adjustments principally relate to the adjustments for the Group's direct share of Philex Petroleum's results and accrual of withholding tax on Philex's net income in accordance with the requirements of HKAS 12 "Income Taxes".

(ii) To illustrate the underlying operational results and profit contributions, foreign exchange and derivative gains/losses (net of related tax) are excluded and presented separately.

PacificLight

First Pacific through a 60%/40%–owned entity with Meralco PowerGen holds a 70% interest in PLP. PLP is the first power plant in Singapore fully fueled by liquefied natural gas ("LNG"). The plant's fuel is provided by BG Group under a long-term agreement through SLNG Terminal developed by the Singaporean Government. Its combined cycle combustion turbine power plant consists of two 400 gross megawatts natural gas-fired turbines with net capacity of 781 megawatts. PLP began selling electricity in July 2013 and launched commercial operations of the power plant on 1 February 2014. Vesting contracts, which are given by the regulator at a pre-set price, account for 40% of total generation. Sale of the remaining 60% would be through retail contracts and supply to the merchant market.

For the first six months of 2014, First Pacific's share of FPM Power's loss was US$5.8 million, reflected its operating and interest expenses partly offset by the profit from electricity sales. During the period, PLP's consolidated revenue was S$426.7 million (US$338.9 million). The volume of electricity generated and sold amounted to approximately 1,938 thousand megawatt hours (translating to a market share of approximately 8.6%) of which 78% was for retail and vesting contracts and the remaining 22% for merchant market sales. As at the end of June 2014, PLP's workforce was at approximately 110.

Debt Profile

As at 30 June 2014, FPM Power's net debt stood at US$504.8 million while gross debt stood at US$553.4 million with maturity until 2028. All of the borrowings were floating rate bank loans.

2014 Outlook

While the electricity market in Singapore remains challenging due to excess capacity, PLP expects to maintain its 8.6% market share in terms of generation sales for the year as a whole.

Reconciliation of reported results between FPM Power/PLP and First Pacific

PLP's operations are principally denominated in S$, which averaged S$1.259 (For the second quarter of 2013: S$1.255) to the U.S. dollar. Its financial results are prepared under Singapore GAAP and reported in S$. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Singapore GAAP and Hong Kong GAAP are largely based on IFRSs, however, certain standard consolidation adjustments need to be made to PLP's reported S$ results to calculate its loss shared by First Pacific. An analysis of these adjustments follows.

For the six months ended 30 June S$ millions	**2014**	2013
PLP's net loss under Singapore GAAP	**(27.4)**	(7.3)
Pre-acquisition loss[(i)]	**–**	2.2
PLP's post-acquisition net loss under Singapore GAAP	**(27.4)**	(5.1)
Differing accounting and presentational treatments[(ii)]		
– Intra-group elimination for consolidation accounting	**15.1**	–
– Amortization of vesting contract	**(0.7)**	–
– Others	**2.4**	–
Adjusted PLP's net loss under Hong Kong GAAP	**(10.6)**	(5.1)
Foreign exchange and derivative (gains)/losses[(iii)]	**(2.1)**	3.1
Adjusted PLP's net loss	**(12.7)**	(2.0)
US$ millions		
Net loss at prevailing average rates for 1H14: S$1.259 and second quarter 2013: S$1.255	**(10.1)**	(1.6)
FPM Power's share of PLP's net loss, at an average shareholding of 1H14: 70.0% and second quarter 2013: 70.0%	**(7.1)**	(1.1)
Adjusted FPM Power's net loss[(iv)]	**(2.6)**	(1.6)
Adjusted FPM Power's net loss as reported by First Pacific	**(9.7)**	(2.7)
First Pacific Group's share of loss, at an average shareholding of 1H14: 60.0% and second quarter 2013: 60.0%	**(5.8)**	(1.6)

(i) The Group acquired PLP on 28 March 2013. Therefore, its pre-acquisition loss is excluded from the calculation of its loss shared by First Pacific.

(ii) Differences in accounting treatments under Singapore GAAP, compared with Hong Kong GAAP, and other presentational differences. The principal adjustments include:
- Intra-group elimination for consolidation accounting: Intra-group transactions between FPM Power and PLP are eliminated upon FPM Power's consolidation accounting. The principal consolidation adjustments include elimination of PLP's shareholder loan interest expenses and management service fee charged by FPM Power.
- Amortization of vesting contract: A fair value assessment was performed at the date of acquisition of PLP and the fair value of PLP's vesting contract entered with the regulator in the respect of the supply of electricity has been measured and recognized as an intangible asset. The adjustment relates to the amortization of the carrying amount of the vesting contract.
- Others: The adjustments principally related to reversal of additional interest expenses arising from settlement/realization of cash flow hedge reserve under interest rate swaps which are pre-acquisition in nature and hence eliminated at First Pacific level.

(iii) To illustrate the underlying operational results and profit contributions, foreign exchange and derivative gains/losses (net of related tax) are excluded and presented separately.

(iv) Adjusted FPM Power's net loss for 1H14 excludes foreign exchange and derivative gains of US$1.9 million (1H13: foreign exchange and derivative losses of US$2.8 million).

On 15 November 2013, First Pacific and its infrastructure subsidiary MPIC, through a 75%/25%–owned entity FPM Infrastructure, acquired a 29.45% interest in DMT for a consideration of US$132 million. DMT is a major toll road operator in Bangkok, Thailand.

On 31 July 2014, First Pacific completed the transfer of its 75% shareholding in FPM Infrastructure to MPIC at cost of approximately US$101.3 million. FPM Infrastructure became a wholly-owned subsidiary of MPIC.

In the first half of 2014, First Pacific's share of FPM Infrastructure's contribution was US$1.9 million.

During the period, the adverse impact from the protest activities and curfew in Bangkok was smaller than expected. When compared to the same period of 2013, toll revenues flat at Baht 1.0 billion (US$30.7 million) with EBITDA margin at 79%. Traffic volume for the original 15.4 kilometers tollway was an average of 76,000 vehicles per day whereas that of the Northern Extension was an average of 47,212 vehicles per day.

In relation to claims associated with a serious flood happened in the last quarter of 2011, in June 2014, DMT received a total of approximately Baht 42 million (US$1.3 million) as insurance settlement for business interruption claims and related professional fees for insurance advisory services. Compensation from the Government of Thailand of approximately Baht 15 million (US$0.5 million) for the related waiver of toll fees is pending.

Debt Profile

As at 30 June 2014, net debt stood at Baht 6.0 billion (US$183.5 million) while gross debt stood at Baht 6.2 billion (US$191.8 million) with an average maturity of approximately 3.3 years. All borrowings are fixed rate debentures.

Net interest expense flat at Baht 152 million (US$4.7 million) during the period, but will keep reducing upon bond redemption each year.

Interim Dividend

Given DMT's performance was stable in the period, its board of directors declared an interim dividend of Baht 0.3 (U.S. 0.9 cent) per share, representing a 73% payout of core net income.

2014 Outlook

Since the political unrest in Thailand had been relieved by the Thai Military in May 2014, the overall economic situation has gradually improved. DMT management believes that traffic volume growth will continue, making possible higher toll revenues and net profit in 2014 notwithstanding a higher budget for business development.

Review of Operations – FP Natural Resources/RHI

First Pacific and its indirect agribusiness subsidiary IndoAgri, through a 70%/30%–owned entity FP Natural Resources, have a 34.0% interest in RHI. First Pacific's economic interest in RHI is 26.9%.

During the period, FP Natural Resources contributed a profit of US$1.6 million to the Group.

The Philippine sugar industry is the third-largest in Southeast Asia after Thailand and Indonesia. The investment in RHI is integral to First Pacific's plan to expand and geographically diversify its agribusiness portfolio while leveraging on the expertise to be found within First Pacific Group's agribusinesses which now extend from Indonesia to the Philippines and Brazil.

RHI is the largest raw sugar producer in the Philippines, the combined raw sugar production with its 45.1%-owned associated company Hawaiian-Philippine Company ("HPC") accounting for nearly one-fifth of the entire country's sugar production and 29% more than the number two Philippine producer. It has three sugar mills, one in Batangas and two in Negros Occidental, with milling capacity of 35,500 tonnes of cane per day. Its refinery facility at Batangas has a capacity of 18,000 Lkg/day (one Lkg is a unit of measure equal to one 50-kilogram bag of sugar). RHI also has an ethanol plant in Negros Occidental with daily production capacity of 100,000 liters.

For the first six months in 2014, RHI's revenues reached Pesos 4.5 billion (US$101.2 million) reflecting higher sales of refined sugar and ethanol. Operating expenses at Pesos 294 million (US$6.6 million), higher than the same period of last year due to higher taxes paid and employee compensation. Reported net income was Pesos 364 million (US$8.2 million) owing to higher revenues, lower interest expenses, and higher earnings of HPC.

During the first six months in 2014, RHI produced a total of 3.5 million Lkg of raw sugar. It processed 2.0 million Lkg of refined sugar, approximately 10% of the country's total. Approximately 92% of total revenues were generated from local sales.

Debt Profile

As at 30 June 2014, long-term debt of RHI stood at Pesos 5.2 billion (US$118.3 million) with an average maturity of approximately seven years at an annual interest of approximately 4.5%. Short-term debt stood at Pesos 843 million (US$19.3 million) with an average interest of approximately 3.5%.

Interim Dividend

The RHI board of directors approved a dividend policy of paying 35% of net income as dividends to shareholders. An interim dividend of Pesos 0.12 (U.S. 0.275 cent) per share was declared, payable on 15 September 2014 to shareholders on record as of 22 August 2014.

2014 Outlook

Revenues are expected to increase significantly over the previous year as carryover inventory of refined sugar helps to make up for lower production of refined sugar. Ethanol sales are seen rising even more strongly as a result of the first full-year contribution from the Roxol ethanol unit. Net profit is seen rising as a result of higher revenues, lower operating and interest costs, and higher contribution from the HPC.

Financial Review

Liquidity and Financial Resources

Net Debt and Gearing

(A) Head Office Net Debt

The increase in net debt principally reflects the payment for the Company's 2013 final dividend and investment in a 4.8% interest in Goodman Fielder. The Head Office's borrowings at 30 June 2014 comprise bonds of US$1,485.1 million (with an aggregated face value of US$1,500 million) which are due for redemption between 2017 and 2023, and bank loans of US$249.7 million (with an aggregated face value of US$250 million) which are due for repayment in 2016 and 2018.

Changes in Head Office Net Debt

US$ millions	Borrowings	Cash and cash equivalents[i]	Net debt
At 1 January 2014	1,733.5	(573.2)	1,160.3
Movement	1.3	107.3	108.6
At 30 June 2014	**1,734.8**	**(465.9)**	**1,268.9**

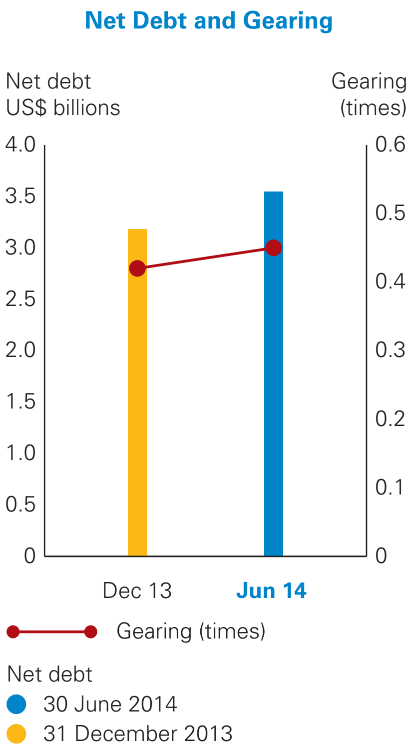
Head Office Cash Flow

For the six months ended 30 June US$ millions	2014	2013
Dividend and fee income	**145.7**	153.4
Head Office overhead expense	**(14.6)**	(12.5)
Net cash interest expense	**(43.6)**	(38.6)
Taxes	**(0.2)**	(0.2)
Net cash inflow from operating activities	**87.3**	102.1
Net investments[ii]	**(109.7)**	(363.9)
Loans to an associated company, net	**–**	(104.4)
Financing activities		
– Proceeds from the issue of shares upon the exercise of share options	**0.6**	9.1
– Dividend paid	**(71.7)**	(64.2)
– Repurchase of shares	**(13.8)**	(8.9)
– Proceeds from the issue of unsecured bonds, net	**–**	395.1
– Net loan repayments	**–**	(393.7)
Decrease in Cash and Cash Equivalents	**(107.3)**	(428.8)
Cash and cash equivalents at 1 January	**573.2**	584.1
Cash and Cash Equivalents at 30 June	**465.9**	155.3

(i) Includes pledged deposits and restricted cash
(ii) Includes principally investment in a 4.8% interest in Goodman Fielder of US$61.9 million in 1H14 (1H2013: Investment financings to FPM Power of US$330 million).

Use of Rights Issue Proceeds

In July 2013, the Company completed a rights offering on the basis of one rights share for every eight existing shares at a price of HK$8.1 (US$1.04) per rights share. The offering raised approximately US$494.5 million (net of expenses) to finance potential acquisition and strategic investments, and for any residual balance for general corporate purpose. The proceeds raised from this rights issue had not yet been utilized up to 31 December 2013. During the first half of 2014, the Company has utilized US$61.9 million of these proceeds for its investment in a 4.8% interest in Goodman Fielder. The remaining amount of the rights issue proceeds had not yet been utilized up to 30 June 2014 and is prepared to be used by the Company to fund its additional investments in Goodman Fielder.



(B) Group Net Debt and Gearing

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

Consolidated

	At 30 June 2014			At 31 December 2013		
US$ millions	Net debt/ (cash)(i)	Total equity	Gearing (times)	Net debt/ (cash)(i)	Total equity	Gearing (times)
Head Office	1,268.9	2,273.2	0.56x	1,160.3	2,284.4	0.51x
MPIC	915.3	2,673.8	0.34x	764.8	2,535.1	0.30x
Indofood	863.6	3,685.3	0.23x	841.1	3,497.9	0.24x
FPM Power	504.8	553.3	0.91x	418.2	567.8	0.74x
FPM Infrastructure	(4.3)	137.1	–	(0.6)	133.6	–
FP Natural Resources	(1.2)	106.1	–	(1.3)	57.5	–
Group adjustments(ii)	–	(1,572.7)	–	–	(1,558.1)	–
Total	3,547.1	7,856.1	0.45x	3,182.5	7,518.2	0.42x

Associated

	At 30 June 2014			At 31 December 2013		
US$ millions	Net debt(i)	Total equity	Gearing (times)	Net debt(i)	Total equity	Gearing (times)
PLDT	1,835.8	2,984.3	0.62x	1,626.0	3,092.9	0.53x
Philex	96.2	605.8	0.16x	48.4	583.7	0.08x
DMT	183.5	185.1	0.99x	186.7	182.9	1.02x
RHI	136.5	136.7	1.00x	156.3	126.1	1.24x

(i) Includes short-term deposits, pledged deposits and restricted cash
(ii) 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.

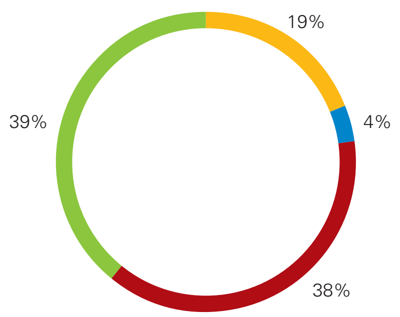
Head Office's gearing increased principally because of its payments for investments in Goodman Fielder.

MPIC's gearing increased principally because of MPTC's payments for investments, Maynilad's payments for capital expenditure and MPIC's partial payment for its acquisition of a 5.0% interest in Meralco from Beacon Electric, partly offset by a growth of MPIC's equity as a result of its profit recorded for the period.

Indofood's gearing decreased principally because of a growth of its equity as a result of its profit recorded during the period.

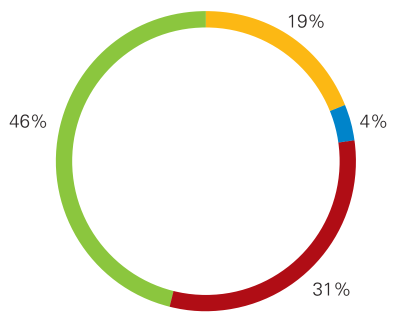
The Group's gearing increased to 0.45 times level principally as a result of a higher net debt level which reflects its investments in Goodman Fielder, MPTC's payments for investments and Maynilad's payments for capital expenditure, partly offset by a growth of the Group's equity principally reflecting its profit recorded for the period.

Maturity Profile of Consolidated Debt 30 June 2014



	US$ millions
Within one year	1,169.6
One to two years	236.6
Two to five years	2,329.1
Over five years	2,451.4
Total	**6,186.7**

Maturity Profile of Consolidated Debt 31 December 2013



	US$ millions
Within one year	1,067.0
One to two years	225.6
Two to five years	1,751.3
Over five years	2,574.4
Total	**5,618.3**

PLDT's gearing increased principally because of an increase in net debt reflecting its payments for capital expenditure and reduced equity because of dividends paid. Philex gearing increased principally because of its payments for capital expenditure, partly offset by a growth of Philex's equity as a result of its profit recorded for the period.

Maturity Profile

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

Consolidated

	Carrying Amounts		Nominal Values	
US$ millions	**At 30 June 2014**	At 31 December 2013	**At 30 June 2014**	At 31 December 2013
Within one year	**1,169.6**	1,067.0	**1,174.0**	1,066.8
One to two years	**236.6**	225.6	**236.4**	224.7
Two to five years	**2,329.1**	1,751.3	**2,338.1**	1,754.6
Over five years	**2,451.4**	2,574.4	**2,458.1**	2,586.9
Total	**6,186.7**	5,618.3	**6,206.6**	5,633.0

The change in the Group's debt maturity profile from 31 December 2013 to 30 June 2014 principally reflects (i) Indofood's refinancing of its Rupiah 1.6 trillion of bonds mature in June 2014 and (ii) MPIC's new long term borrowings to finance capital expenditure for toll road business and acquisition of additional interests in MNTC.

Associated

	PLDT				Philex				DMT				RHI			
	Carrying amounts		Nominal values		Carrying amounts		Nominal values		Carrying amounts		Nominal values		Carrying amounts		Nominal values	
US$ millions	**At 30 June 2014**	At 31 December 2013	**At 30 June 2014**	At 31 December 2013	**At 30 June 2014**	At 31 December 2013	**At 30 June 2014**	At 31 December 2013	**At 30 June 2014**	At 31 December 2013	**At 30 June 2014**	At 31 December 2013	**At 30 June 2014**	At 31 December 2013	**At 30 June 2014**	At 31 December 2013
Within one year	**321.4**	341.7	**324.6**	344.4	**158.0**	139.1	**158.0**	139.1	**48.2**	40.2	**48.2**	40.2	**19.3**	10.3	**19.3**	10.3
One to two years	**292.0**	287.3	**296.2**	290.1	**–**	1.2	**–**	1.2	**43.2**	50.3	**43.2**	50.4	**21.5**	28.8	**21.5**	28.8
Two to five years	**919.6**	983.4	**923.4**	986.1	**–**	–	**–**	–	**65.4**	64.9	**65.6**	65.1	**37.2**	113.4	**37.2**	113.4
Over five years	**1,284.9**	732.2	**1,286.3**	732.6	**–**	–	**–**	–	**35.0**	34.7	**35.1**	34.9	**59.6**	8.2	**59.6**	8.2
Total	**2,817.9**	2,344.6	**2,830.5**	2,353.2	**158.0**	140.3	**158.0**	140.3	**191.8**	190.1	**192.1**	190.6	**137.6**	160.7	**137.6**	160.7

The change in PLDT's debt maturity profile from 31 December 2013 to 30 June 2014 principally reflects loan repayments and new borrowings arranged to finance capital expenditure and/or refinance its loan obligations which were utilized for service improvements and expansion programs. The increase in Philex's debt principally reflects payments for capital expenditure. The reduction in RHI's debt principally reflects its repayments.

Charges on Group Assets

At 30 June 2014, certain bank and other borrowings were secured by the Group's property, plant and equipment, plantations, accounts receivable, pledged deposits, cash and cash equivalents and inventories equating to a net book value of US$1,128.7 million (31 December 2013: US$1,128.7 million), receipts from future toll collections and funds in the related accounts of CIC and the Group's interests of 6.9% (31 December 2013: 6.9%) in PLDT, 43.0% (31 December 2013: 43.0%) in MPIC and 100% (31 December 2013: 100%) in CIC.

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.

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 peso and the rupiah. Accordingly, any change in these currencies, against their respective 30 June 2014 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 peso and rupiah exchange rates against the U.S. dollar.

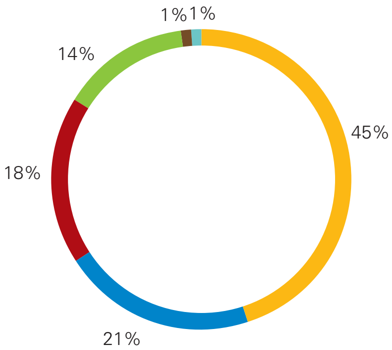
Company	Basis	Effect on adjusted NAV US$ millions	Effect on adjusted NAV per share HK cents
PLDT	(i)	37.8	6.86
MPIC	(i)	16.7	3.02
Indofood	(i)	24.6	4.47
Philex	(i)	6.1	1.12
Goodman Fielder	(i)	0.6	0.11
Philex Petroleum	(i)	0.5	0.10
FP Natural Resources	(ii)	0.8	0.14
Head Office - Other assets	(iii)	0.8	0.15
Total		**87.9**	**15.97**

(i) Based on quoted share prices at 30 June 2014 applied to the Group's economic interest
(ii) Based on quoted share price of RHI at 30 June 2014 applied to the Group's effective economic interest and the value of other assets measured at cost
(iii) Based on the principal amount of loans receivable from Philex

(B) Group Risk

The results of the Group's operating units are denominated in local currencies, principally the peso, the rupiah, the Singapore dollar, the baht and the renminbi, which are translated and consolidated to give the Group's results in U.S. dollars.

Analysis of Total Borrowings by Currency



	US$ millions
US$	2,780.6
Peso	1,303.5
Rupiah	1,088.9
S$	873.6
Renminbi	79.2
Others	60.9
Total	**6,186.7**

Net Debt by Currency

It is often necessary for operating units 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' net debt/(cash) by currency follows.

Consolidated

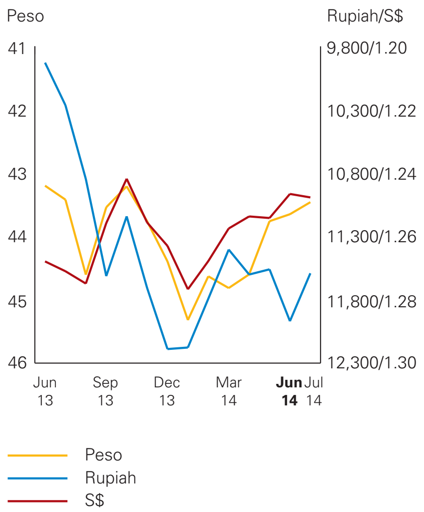
US$ millions	US$	Peso	Rupiah	S$	Renminbi	Others	Total
Total borrowings	2,780.6	1,303.5	1,088.9	873.6	79.2	60.9	**6,186.7**
Cash and cash equivalents[i]	(794.9)	(432.8)	(766.2)	(86.5)	(528.3)	(30.9)	**(2,639.6)**
Net Debt/(Cash)	1,985.7	870.7	322.7	787.1	(449.1)	30.0	**3,547.1**
Representing:							
Head Office	1,316.2	(22.0)	–	–	–	(25.3)	**1,268.9**
MPIC	22.6	892.7	–	–	–	–	**915.3**
Indofood	651.1	–	322.7	279.4	(449.1)	59.5	**863.6**
FPM Power	(2.6)	–	–	507.7	–	(0.3)	**504.8**
FPM Infrastructure	(0.4)	–	–	–	–	(3.9)	**(4.3)**
FP Natural Resources	(1.2)	–	–	–	–	–	**(1.2)**
Net Debt/(Cash)	1,985.7	870.7	322.7	787.1	(449.1)	30.0	**3,547.1**

Associated

US$ millions	US$	Peso	Baht	Others	Total
Net Debt/(Cash)					
PLDT	1,183.5	655.2	–	(2.9)	**1,835.8**
Philex	91.5	4.7	–	–	**96.2**
DMT	–	–	183.5	–	**183.5**
RHI	–	136.5	–	–	**136.5**

(i) Includes short-term deposits, pledged deposits and restricted cash

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

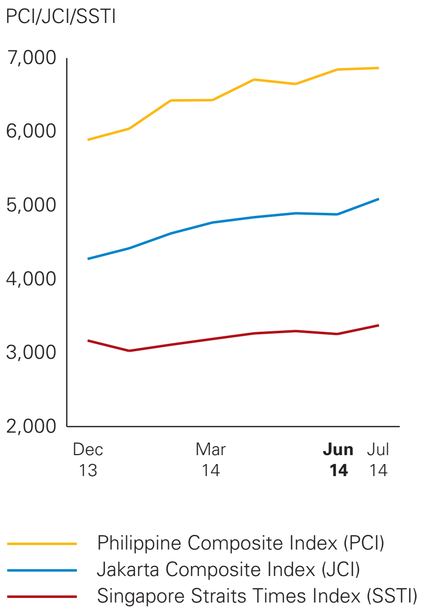


As a result of unhedged U.S. dollar net debt, the Group's results are sensitive to fluctuations in U.S. dollar exchange rates. The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in the principal operating currencies of subsidiary and associated companies. 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]	1,316.2	–	1,316.2	–	**–**
MPIC	22.6	–	22.6	0.2	**0.1**
Indofood	651.1	–	651.1	6.5	**2.4**
FPM Power	(2.6)	–	(2.6)	–	**–**
FPM Infrastructure[i]	(0.4)	–	(0.4)	–	**–**
FP Natural Resources[i]	(1.2)	–	(1.2)	–	**–**
PLDT	1,183.5	201.7	981.8	9.8	**1.8**
Philex	91.5	–	91.5	0.9	**0.3**
Total	**3,260.7**	**201.7**	**3,059.0**	**17.4**	**4.6**

(i) As the Group reports its results in U.S. dollars, unhedged U.S. dollar net debt/cash at Head Office, FPM Infrastructure and FP Natural Resources do not give rise to any significant exchange exposure.

Stock Market Indices



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.

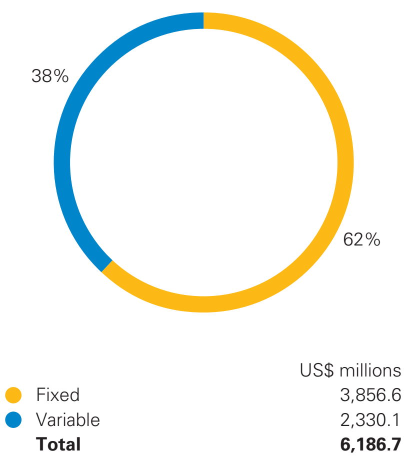
First Pacific's listed investments are located in the Philippines, Indonesia and Singapore. Accordingly, in addition to operating factors within the Company's control, the Company also has an equity market risk in respect of general investor sentiment towards these countries. Changes in the stock market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

	Philippine Composite Index	Jakarta Composite Index	Singapore Straits Times Index
At 31 December 2013	5,890	4,274	3,167
At 30 June 2014	**6,844**	**4,879**	**3,256**
Increase during the first half of 2014	+16.2%	+14.2%	+2.8%

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 follows.

Interest Rate Profile



Consolidated

US$ millions	Fixed interest rate borrowings	Variable interest rate borrowings	Cash and cash equivalents(i)	Net debt/ (cash)
Head Office	1,485.1	249.7	(465.9)	**1,268.9**
MPIC	1,288.0	42.8	(415.5)	**915.3**
Indofood(ii)	543.7	2,024.0	(1,704.1)	**863.6**
FPM Power(ii)	539.8	13.6	(48.6)	**504.8**
FPM Infrastructure	–	–	(4.3)	**(4.3)**
FP Natural Resources	–	–	(1.2)	**(1.2)**
Total	3,856.6	2,330.1	(2,639.6)	**3,547.1**

Associated

US$ millions	Fixed interest rate borrowings	Variable interest rate borrowings	Cash and cash equivalents(i)	Net debt
PLDT	1,720.5	1,097.4	(982.1)	**1,835.8**
Philex	80.0	78.0	(61.8)	**96.2**
DMT	191.8	–	(8.3)	**183.5**
RHI	–	137.6	(1.1)	**136.5**

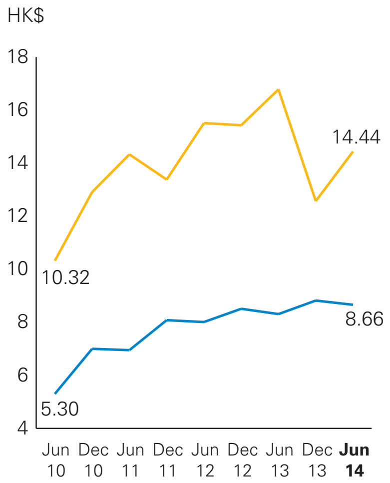
(i) Includes short-term deposits, pledged deposits and restricted cash

(ii) At 30 June 2014, CMFC, a subsidiary company of Indofood, had interest rate swap agreements which effectively changed US$150.0 million of its bank loans (with a carrying amount of US$146.9 million) from London Interbank Offered Rate (LIBOR)-based variable interest rate to fixed interest rate. PLP, a subsidiary company of FPM Power, had interest rate swap agreements which effectively changed S$670.0 million of its bank loans (with a carrying amount of US$539.8 million) from Singapore Swap Offer Rate (SOR)-based variable interest rate to fixed interest rate.

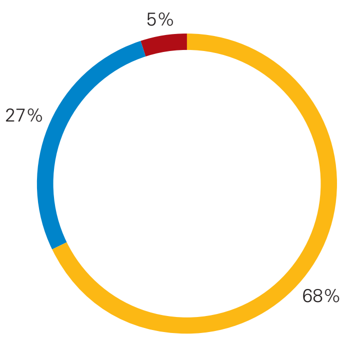
The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in average annual interest rates in respect of the variable interest rate borrowings.

US$ millions	Variable interest rate borrowings	Profit effect of 1% change in interest rates	**Group net profit effect**
Head Office	249.7	2.5	**2.5**
MPIC	42.8	0.4	**0.2**
Indofood	2,024.0	20.2	**7.6**
FPM Power	13.6	0.1	**0.1**
PLDT	1,097.4	11.0	**2.0**
Philex	78.0	0.8	**0.3**
RHI	137.6	1.4	**0.2**
Total	**3,643.1**	**36.4**	**12.9**

Share Price vs Adjusted NAV Per Share



Adjusted NAV by Country 30 June 2014



	US$ millions
Philippines	6,191.7
Indonesia	2,460.8
Others	496.7
Total	**9,149.2**

Adjusted NAV Per Share

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

US$ millions	Basis	**At 30 June 2014**	At 31 December 2013
PLDT	(i)	**3,781.7**	3,317.2
MPIC	(i)	**1,666.9**	1,413.0
Indofood	(i)	**2,460.8**	2,380.4
Philex	(i)	**614.7**	407.0
Goodman Fielder	(i)	**60.1**	–
Philex Petroleum	(i)	**52.5**	49.9
FPM Power	(ii)	**335.3**	330.0
FPM Infrastructure	(ii)	**101.3**	101.3
FP Natural Resources	(iii)	**75.9**	25.9
Head Office – Other assets	(iv)	**80.0**	80.0
– Net debt		**(1,268.9)**	(1,160.3)
Total Valuation		**7,960.3**	6,944.4
Number of Ordinary Shares in Issue (millions)		**4,298.7**	4,309.7
Value per share – U.S. dollars		**1.85**	1.61
– HK dollars		**14.44**	12.57
Company's closing share price (HK$)		**8.66**	8.82
Share price discount to HK$ value per share (%)		**40.0**	29.8

(i) Based on quoted share prices applied to the Group's economic interest
(ii) Represents investment costs in FPM Power and FPM Infrastructure
(iii) Mainly represents RHI (based on quoted share price applied to the Group's effective economic interest) and other assets
(iv) Represents loans receivable from Philex

Employee Information

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

For the six months ended 30 June US$ millions	2014	2013
Employee Remuneration (including Directors' Remuneration)		
Basic salaries	224.0	197.8
Bonuses	52.8	48.3
Pension contributions	47.2	31.1
Benefits in kind	43.3	41.9
Share-based compensation benefit expenses	10.2	4.7
Total	377.5	323.8

	2014	2013
Number of employees		
– At 30 June	92,879	85,128
– Average for the period	89,373	80,837

For details regarding the Group's remuneration policies for Directors and senior executives, please refer to page 82 of the Company's 2013 Annual Report.

Condensed Interim Consolidated Financial Statements

Condensed Consolidated Income Statement

		(Unaudited)	
For the six months ended 30 June		**2014**	2013
US$ millions	Notes		
Turnover	2	**3,612.1**	3,123.8
Cost of sales		**(2,574.8)**	(2,216.7)
Gross Profit		**1,037.3**	907.1
Selling and distribution expenses		**(260.7)**	(228.4)
Administrative expenses		**(279.4)**	(255.3)
Other operating income/(expenses), net		**38.4**	(168.5)
Interest income		**42.8**	37.2
Finance costs	3	**(173.3)**	(158.3)
Share of profits less losses of associated companies and joint ventures		**152.8**	162.6
Profit Before Taxation	4	**557.9**	296.4
Taxation	5	**(115.5)**	(42.5)
Profit for the Period		**442.4**	253.9
Attributable to:			
Owners of the parent	6	**186.3**	142.7
Non-controlling interests		**256.1**	111.2
		442.4	253.9
Earnings Per Share Attributable to Owners of the Parent (U.S. cents)	7		
Basic		**4.34**	3.64
Diluted		**4.31**	3.59

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

The accompanying notes form an integral part of these Condensed Interim Consolidated Financial Statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June US$ millions	(Unaudited) **2014**	 2013
Profit for the Period	**442.4**	253.9
Other Comprehensive Income/(Loss)		
Items that may be Reclassified Subsequently to Profit or Loss:		
Exchange differences on translating foreign operations	**103.1**	(221.5)
Unrealized gains on available-for-sale assets	**0.7**	17.6
Realized gains on available-for-sale assets	**(5.0)**	(0.8)
Unrealized gains on cash flow hedges	**0.6**	7.9
Income tax related to cash flow hedges	**(0.6)**	(0.9)
Share of other comprehensive income/(loss) of associated companies and joint ventures	**5.5**	(68.3)
Items that will not be Reclassified to Profit or Loss:		
Actuarial gains/(losses) on defined benefit pension plans	**2.3**	(2.7)
Revaluation deficit of assets	**–**	(1.6)
Share of other comprehensive loss of associated companies and joint ventures	**(11.1)**	(2.7)
Other Comprehensive Income/(Loss) for the Period, Net of Tax	**95.5**	(273.0)
Total Comprehensive Income/(Loss) for the Period	**537.9**	(19.1)
Attributable to:		
Owners of the parent	**222.9**	(7.6)
Non-controlling interests	**315.0**	(11.5)
	537.9	(19.1)

The accompanying notes form an integral part of these Condensed Interim Consolidated Financial Statements.

Condensed Consolidated Statement of Financial Position

US$ millions	Notes	At 30 June 2014 (Unaudited)	At 31 December 2013 (Audited)
Non-current Assets			
Property, plant and equipment	9	**3,091.3**	2,920.1
Plantations		**1,247.6**	1,164.4
Associated companies and joint ventures	10	**3,722.6**	3,406.6
Goodwill		**1,079.4**	1,047.1
Other intangible assets	11	**2,534.9**	2,386.8
Accounts receivable, other receivables and prepayments	12	**26.5**	18.5
Available-for-sale assets		**162.9**	63.7
Deferred tax assets		**184.0**	162.9
Pledged deposits	13	**26.1**	11.1
Other non-current assets		**391.7**	423.3
		12,467.0	11,604.5
Current Assets			
Cash and cash equivalents and short-term deposits		**2,559.4**	2,375.4
Pledged deposits and restricted cash	13	**54.1**	49.3
Available-for-sale assets		**174.1**	101.8
Accounts receivable, other receivables and prepayments	12	**888.9**	754.1
Inventories		**842.1**	695.7
Plantations		**3.4**	2.0
		4,522.0	3,978.3
Current Liabilities			
Accounts payable, other payables and accruals	14	**1,398.9**	980.7
Short-term borrowings		**1,169.6**	1,067.0
Provision for taxation		**59.5**	32.6
Current portion of deferred liabilities, provisions and payables	15	**262.4**	250.4
		2,890.4	2,330.7
Net Current Assets		**1,631.6**	1,647.6
Total Assets Less Current Liabilities		**14,098.6**	13,252.1
Equity			
Issued share capital		**43.0**	43.1
Shares held for share award scheme	16	**(9.6)**	(9.6)
Retained earnings		**1,676.0**	1,575.7
Other components of equity		**1,931.7**	1,900.7
Equity attributable to owners of the parent		**3,641.1**	3,509.9
Non-controlling interests		**4,215.0**	4,008.3
Total Equity		**7,856.1**	7,518.2
Non-current Liabilities			
Long-term borrowings		**5,017.1**	4,551.3
Deferred liabilities, provisions and payables	15	**840.1**	816.0
Deferred tax liabilities		**385.3**	366.6
		6,242.5	5,733.9
		14,098.6	13,252.1

The accompanying notes form an integral part of these Condensed Interim Consolidated Financial Statements.

On behalf of the Board of Directors

MANUEL V. PANGILINAN
Managing Director and Chief Executive Officer
27 August 2014

Condensed Consolidated Statement of Changes in Equity

	Equity attributable to owners of the parent										
US$ millions	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive income/(loss) (Note 17)	Differences arising from changes in equities of subsidiary companies	Capital and other reserves	Retained earnings	Total	Non-controlling interests	**(Unaudited) Total equity**
Balance at 1 January 2013	38.3	–	1,312.2	33.8	133.1	242.3	0.5	1,479.8	3,240.0	4,010.7	7,250.7
Profit for the period	–	–	–	–	–	–	–	142.7	142.7	111.2	253.9
Other comprehensive loss for the period	–	–	–	–	(149.4)	–	(0.9)	–	(150.3)	(122.7)	(273.0)
Total comprehensive (loss)/income for the period	–	–	–	–	(149.4)	–	(0.9)	142.7	(7.6)	(11.5)	(19.1)
Issue of shares upon the exercise of share options	0.2	–	13.2	(4.3)	–	–	–	–	9.1	–	9.1
Repurchase and cancellation of shares	(0.1)	–	–	–	–	–	0.1	(6.1)	(6.1)	–	(6.1)
Employee share-based compensation benefits	–	–	–	4.1	–	–	–	–	4.1	–	4.1
Reserve of a disposal group of associated companies classified as held for sale	–	–	–	–	–	–	13.3	–	13.3	–	13.3
Dilution and divestment of interests in subsidiary companies	–	–	–	–	(6.7)	57.2	–	–	50.5	177.6	228.1
Revaluation deficit of assets transferred to retained earnings	–	–	–	–	–	–	1.4	(1.4)	–	–	–
2012 final dividend paid	–	–	–	–	–	–	–	(64.2)	(64.2)	–	(64.2)
Acquisition of subsidiary companies	–	–	–	–	–	–	–	–	–	27.4	27.4
Capital contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	–	115.2	115.2
Dividends payable and paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(164.7)	(164.7)
Balance at 30 June 2013	38.4	–	1,325.4	33.6	(23.0)	299.5	14.4	1,550.8	3,239.1	4,154.7	7,393.8
Balance at 1 January 2014	43.1	(9.6)	1,821.8	46.1	(285.2)	303.1	14.9	1,575.7	3,509.9	4,008.3	**7,518.2**
Profit for the period	–	–	–	–	–	–	–	186.3	186.3	256.1	**442.4**
Other comprehensive income for the period	–	–	–	–	36.6	–	–	–	36.6	58.9	**95.5**
Total comprehensive income for the period	–	–	–	–	36.6	–	–	186.3	222.9	315.0	**537.9**
Issue of shares upon the exercise of share options	–	–	0.9	(0.3)	–	–	–	–	0.6	–	**0.6**
Repurchase and cancellation of shares	(0.1)	–	–	–	–	–	0.1	(13.8)	(13.8)	–	**(13.8)**
Employee share-based compensation benefits	–	–	–	9.8	–	–	–	–	9.8	–	**9.8**
Reclassification	–	–	–	–	12.8	–	(12.8)	–	–	–	**-**
Acquisition and dilution of interests in subsidiary companies	–	–	–	–	–	(16.6)	–	–	(16.6)	(18.5)	**(35.1)**
Appropriation to statutory reserve funds	–	–	–	–	–	–	0.5	(0.5)	–	–	**-**
2013 final dividend paid	–	–	–	–	–	–	–	(71.7)	(71.7)	–	**(71.7)**
Capital contributions from non-controlling shareholders	–	–	–	–	–	–	–	–	–	12.6	**12.6**
Dividends payable and paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(102.4)	**(102.4)**
Balance at 30 June 2014	**43.0**	**(9.6)**	**1,822.7**	**55.6**	**(235.8)**	**286.5**	**2.7**	**1,676.0**	**3,641.1**	**4,215.0**	**7,856.1**

The accompanying notes form an integral part of these Condensed Interim Consolidated Financial Statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June US$ millions	Notes	(Unaudited) **2014**	2013
Profit Before Taxation		**557.9**	296.4
Adjustments for:			
Finance costs	3	**173.3**	158.3
Depreciation	4	**106.0**	79.3
Amortization of intangible assets	4	**41.8**	43.6
Employee share-based compensation benefit expenses		**10.2**	4.7
Impairment losses	4	**5.5**	2.6
Share of profits less losses of associated companies and joint ventures		**(152.8)**	(162.6)
Interest income		**(42.8)**	(37.2)
(Gain)/loss on changes in fair value of plantations	4	**(19.1)**	164.6
Foreign exchange and derivative (gains)/losses, net	4	**(6.0)**	15.2
Gain on disposal of available-for-sale assets	4	**(5.0)**	(0.9)
(Increase)/decrease in other non-current assets		**(1.1)**	17.3
(Gain)/loss on sale of property, plant and equipment	4	**(0.3)**	0.3
Others		**14.5**	2.6
		682.1	584.2
Increase in working capital		**(117.1)**	(208.2)
Net cash generated from operations		**565.0**	376.0
Interest received		**41.4**	35.4
Interest paid		**(169.9)**	(147.9)
Taxes paid		**(79.3)**	(97.8)
Net Cash Flows From Operating Activities		**357.2**	165.7
Dividends received from associated companies		**146.4**	148.1
Proceeds from disposal of available-for-sale assets		**11.7**	12.9
Preferred share dividends received from a joint venture		**9.1**	9.8
Proceeds from disposal of property, plant and equipment		**1.7**	8.5
Proceeds from divestment of interests in an associated company		**0.5**	–
Dividends received from available-for-sale assets		**0.4**	2.6
Proceeds from disposal of plantations		**0.2**	1.0
Purchase of property, plant and equipment		**(207.3)**	(304.6)
Acquisition of available-for-sale assets	18(A)	**(180.9)**	(5.5)
(Increase)/decrease in time deposits with original maturity of more than three months		**(178.3)**	0.3
Investments in intangible assets		**(68.4)**	(89.7)
Investments in plantations		**(51.1)**	(49.0)
Acquisition of a business	18(B)	**(44.3)**	–
Increased investments in associated companies	18(C)	**(42.6)**	(2.6)
Increase in pledged deposits and restricted cash		**(22.0)**	(42.3)
Investments in associated companies		**(7.2)**	(165.1)
Investment in convertible notes		**(4.9)**	–
Acquisition of subsidiary companies	18(B)	**(3.0)**	(456.5)
Investments in joint ventures		**(1.1)**	(66.7)
Loans to an associated company		**–**	(104.4)
Net Cash Flows Used in Investing Activities		**(641.1)**	(1,103.2)
Proceeds from new borrowings		**834.9**	1,935.0
Capital contributions from non-controlling shareholders		**12.6**	115.2
Proceeds from issue of shares to non-controlling shareholders by subsidiary companies		**0.9**	149.3
Proceeds from issue of shares upon the exercise of share options		**0.6**	9.1
Borrowings repaid		**(386.3)**	(1,563.2)
Dividends paid to shareholders		**(71.7)**	(64.2)
Increased investments in a subsidiary company		**(32.0)**	–
Dividends paid to non-controlling shareholders by subsidiary companies		**(26.8)**	(29.6)
Payments for concession fees payable		**(19.4)**	(20.1)
Repurchase of a subsidiary company's shares		**(14.1)**	–
Repurchase of shares		**(13.8)**	(8.9)
Proceeds from divestment of interests in subsidiary companies		–	85.2
Net Cash Flows From Financing Activities		**284.9**	607.8
Net Increase/(Decrease) in Cash and Cash Equivalents		**1.0**	(329.7)
Cash and cash equivalents at 1 January		**2,002.8**	2,161.7
Exchange translation		**13.0**	(39.7)
Cash and Cash Equivalents at 30 June		**2,016.8**	1,792.3
Representing			
Cash and cash equivalents and short-term deposit as stated in the condensed consolidated statement of financial position		**2,559.4**	1,808.2
Less time deposits with original maturity of more than three months		**(540.3)**	–
Less bank overdrafts		**(2.3)**	(15.9)
Cash and Cash Equivalents at 30 June		**2,016.8**	1,792.3

The accompanying notes form an integral part of these Condensed Interim Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements

1. Basis of Preparation and Impact of New and Revised HKFRSs

(A) Basis of Preparation

The condensed interim consolidated financial statements have been prepared in accordance with 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 Group's 2013 audited financial statements, except for the adoption of new financial reporting standards and interpretations effective on 1 January 2014 as described below.

(B) Impact of New and Revised HKFRSs

With effect from 1 January 2014, 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)-Ints)) effective for annual periods commencing on or after 1 January 2014 issued by the HKICPA:

HKAS 32 Amendments	"Offsetting Financial Assets and Financial Liabilities"
HKAS 36 Amendments	"Recoverable Amount Disclosures for Non-Financial Assets"
HKAS 39 Amendments	"Novation of Derivatives and Continuation of Hedge Accounting"
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	"Investment Entities"
HK(IFRIC)-Int 21	"Levies"

The Group's adoption of the above pronouncements has had no effect on both the profit attributable to owners of the parent for the six-month periods ended 30 June 2014 and 30 June 2013 and the equity attributable to owners of the parent at 30 June 2014 and 31 December 2013.

2. Turnover and Operating Segmental Information

For the six months ended 30 June US$ millions	**2014**	2013
Turnover		
Sale of goods	**2,860.3**	2,713.4
Sale of electricity	**338.9**	–
Rendering of services	**412.9**	410.4
Total	**3,612.1**	3,123.8

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 telecommunications, infrastructure, consumer food products and natural resources. Geographically, the Board of Directors considers the businesses of the Group are principally operating in the Philippines, Indonesia, Singapore, Thailand and the People's Republic of China. Details of the Group's principal investments are provided on pages 89 and 90.

The Board of Directors assesses the performance of the operating segments based on a measure of recurring profit. This basis measures the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains/losses, gain/loss on changes in fair value of plantations and non-recurring items. Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items.

The revenue, results and other information for the six months ended 30 June 2014 and 2013, and total assets and total liabilities at 30 June 2014 and 31 December 2013 regarding the Group's operating segments are as follows:

By Principal Business Activity – 2014

For the six months ended/at 30 June US$ millions	Telecom-munications	Infrastructure	Consumer Food Products	Natural Resources	Head Office	2014 Total
Revenue						
Turnover	–	713.1	2,899.0	–	–	**3,612.1**
Results						
Recurring profit	102.1	55.2	94.4	6.2	(71.8)	**186.1**
Assets and Liabilities						
Non-current assets (other than financial instruments and deferred tax assets)						
– Associated companies and joint ventures	1,395.0	1,495.8	201.5	630.3	–	**3,722.6**
– Others	–	3,942.3	4,317.7	–	33.7	**8,293.7**
	1,395.0	5,438.1	4,519.2	630.3	33.7	**12,016.3**
Other assets	–	952.7	3,407.1	–	612.9	**4,972.7**
Total assets	1,395.0	6,390.8	7,926.3	630.3	646.6	**16,989.0**
Borrowings	–	1,884.2	2,567.7	–	1,734.8	**6,186.7**
Other liabilities	–	1,330.3	1,496.3	–	119.6	**2,946.2**
Total liabilities	–	3,214.5	4,064.0	–	1,854.4	**9,132.9**
Other Information						
Depreciation and amortization	–	(59.3)	(87.5)	–	(11.2)	**(158.0)**
Gain on changes in fair value of plantations	–	–	19.1	–	–	**19.1**
Impairment losses	–	(2.1)	(3.4)	–	–	**(5.5)**
Interest income	–	4.2	34.6	–	4.0	**42.8**
Finance costs	–	(57.4)	(66.9)	–	(49.0)	**(173.3)**
Share of profits less losses of associated companies and joint ventures	112.4	36.6	(3.6)	7.4	–	**152.8**
Taxation	–	(6.5)	(92.8)	–	(16.2)	**(115.5)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	–	422.9	216.0	–	0.4	**639.3**

By Geographical Market – 2014

For the six months ended/at 30 June US$ millions	Philippines	Indonesia	Singapore	Thailand	PRC	Others	2014 Total
Revenue							
Turnover	384.3	2,452.8	350.9	13.1	176.7	234.3	**3,612.1**
Assets							
Non-current assets (other than financial instruments and deferred tax assets)	6,263.9	3,793.4	1,322.2	133.6	383.1	120.1	**12,016.3**

By Principal Business Activity – 2013

For the six months ended 30 June/at 31 December US$ millions	Telecom-munications	Infrastructure	Consumer Food Products	Natural Resources	Head Office	2013 Total
Revenue						
Turnover	–	368.7	2,755.1	–	–	3,123.8
Results						
Recurring profit	105.2	51.4	90.5	3.2	(65.2)	185.1
Assets and Liabilities						
Non-current assets (other than financial instruments and deferred tax assets)						
– Associated companies and joint ventures	1,427.7	1,168.6	191.7	618.6	–	3,406.6
– Others	–	3,794.9	4,060.0	–	34.9	7,889.8
	1,427.7	4,963.5	4,251.7	618.6	34.9	11,296.4
Other assets	–	791.2	2,835.9	–	659.3	4,286.4
Total assets	1,427.7	5,754.7	7,087.6	618.6	694.2	15,582.8
Borrowings	–	1,640.5	2,244.3	–	1,733.5	5,618.3
Other liabilities	–	1,067.3	1,269.1	–	109.9	2,446.3
Total liabilities	–	2,707.8	3,513.4	–	1,843.4	8,064.6
Other Information						
Depreciation and amortization	–	(44.2)	(77.5)	–	(5.9)	(127.6)
Loss on changes in fair value of plantations	–	–	(164.6)	–	–	(164.6)
Impairment losses	–	(0.2)	(2.4)	–	–	(2.6)
Interest income	–	6.2	25.7	–	5.3	37.2
Finance costs	–	(53.6)	(49.0)	–	(55.7)	(158.3)
Share of profits less losses of associated companies and joint ventures	116.6	28.8	10.2	7.0	–	162.6
Taxation	–	(8.5)	(26.1)	–	(7.9)	(42.5)
Additions to non-current assets (other than financial instruments and deferred tax assets)	–	533.8	494.6	–	35.0	1,063.4

By Geographical Market – 2013

For the six months ended 30 June/at 31 December US$ millions	Philippines	Indonesia	Singapore	Thailand	PRC	Others	2013 Total
Revenue							
Turnover	376.0	2,533.2	18.3	9.8	8.4	178.1	3,123.8
Assets							
Non-current assets (other than financial instruments and deferred tax assets)	5,861.1	3,531.3	1,262.9	129.3	388.3	123.5	11,296.4

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	**2014**	2013
Profit before taxation	**557.9**	296.4
Exclusion of:		
– Foreign exchange and derivative (gains)/losses, net (Note 6)	**(8.2)**	22.6
– (Gain)/loss on changes in fair value of plantations (Note 4)	**(19.1)**	164.6
– Non-recurring items	**14.9**	16.7
Deduction of attributable taxation and non-controlling interests	**(359.4)**	(315.2)
Recurring Profit	**186.1**	185.1

3. Finance Costs

For the six months ended 30 June US$ millions	2014	2013
Finance costs on bank loans and other loans		
– Wholly repayable within five years	**102.5**	107.3
– Not wholly repayable within five years	**79.3**	57.6
Less: Finance costs capitalized in		
– Plantations	**(4.5)**	(2.5)
– Intangible assets	**(2.8)**	–
– Property, plant and equipment	**(1.2)**	(4.1)
Total	**173.3**	158.3

4. Profit Before Taxation

For the six months ended 30 June US$ millions	2014	2013
Profit Before Taxation is Stated after (Charging)/Crediting		
Cost of inventories sold	**(1,547.9)**	(1,570.7)
Employees' remuneration	**(377.5)**	(323.8)
Cost of services rendered	**(135.1)**	(116.4)
Depreciation (Note 9)	**(106.0)**	(79.3)
Amortization of intangible assets	**(41.8)**	(43.6)
Impairment losses		
– Inventories[(i)]	**(2.4)**	(2.4)
– Available-for-sale assets[(ii)]	**(1.8)**	–
– Accounts receivable[(iii)]	**(1.3)**	(0.2)
Gain/(loss) on changes in fair value of plantations (Note 2)	**19.1**	(164.6)
Foreign exchange and derivative gains/(losses), net (Note 6)	**6.0**	(15.2)
Gain on disposal of available-for-sale assets	**5.0**	0.9
Dividends received from available-for-sale assets	**0.4**	2.6
Gain/(loss) on sale of property, plant and equipment	**0.3**	(0.3)

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

5. Taxation

No Hong Kong profits tax (2013: Nil) has been provided as the Group had no estimated assessable profits (2013: 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	2014	2013
Subsidiary Companies – Overseas		
Current taxation	**115.8**	58.9
Deferred taxation	**(0.3)**	(16.4)
Total	**115.5**	42.5

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$41.9 million (2013: US$35.0 million) and which is analyzed as follows.

For the six months ended 30 June US$ millions	2014	2013
Associated Companies and Joint Ventures – Overseas		
Current taxation	**42.7**	41.4
Deferred taxation	**(0.8)**	(6.4)
Total	**41.9**	35.0

6. Profit Attributable to Owners of the Parent

The profit attributable to owners of the parent includes US$4.9 million of net foreign exchange and derivative gains (2013: US$15.4 million of losses), which represent the foreign exchange translation differences on the Group's unhedged foreign currency denominated borrowings and payables and the changes in the fair values of derivatives, US$2.9 million of gain (2013: US$23.6 million of loss) on changes in fair value of plantations and US$7.6 million (2013: US$3.4 million) of net non-recurring losses.

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

For the six months ended 30 June US$ millions	2014	2013
Foreign exchange and derivative gains/(losses), net		
– Subsidiary companies (Note 4)	**6.0**	(15.2)
– Associated companies and joint ventures	**2.2**	(7.4)
Subtotal (Note 2)	**8.2**	(22.6)
Attributable taxation and non-controlling interests	**(3.3)**	7.2
Total	**4.9**	(15.4)

The non-recurring losses for 2014 mainly represent MPIC's business development costs and taxes incurred in hospital group reorganization and Maynilad's manpower rightsizing costs. The non-recurring losses for 2013 mainly represent the Group's debt refinancing costs (US$18.0 million), partly offset by PLDT's gain on disposal of business process outsourcing business (US$12.1 million).

7. Earnings Per Share Attributable to Owners of the Parent

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the parent of US$186.3 million (2013: US$142.7 million) and the weighted average number of ordinary shares of 4,299.7 million (2013: 3,917.9 million) in issue less shares held for a share award scheme of 8.7 million (2013: Nil) during the period.

The calculation of diluted earnings per share is based on: (a) the profit for the period attributable to owners of the parent of US$186.3 million (2013: US$142.7 million) reduced by the dilutive impact of US$0.1 million (2013: US$0.1 million) in respect of the exercise of share options issued by the Group's subsidiary and associated companies and (b) a share base equal to the aggregate of the weighted average number of ordinary shares of 4,299.7 million (2013: 3,917.9 million) in issue less shares held for a share award scheme of 8.7 million (2013: Nil) during the period (as used in the basic earnings per share calculation) and the weighted average number of ordinary shares of 33.0 million (2013: 49.1 million) assumed to have been issued at no consideration on the deemed exercise of share options of the Company during the period.

8. Ordinary Share Interim Dividend

At a meeting held on 27 August 2014, the Directors declared an interim cash dividend of U.S. 1.03 cents (2013: U.S. 1.03 cents) per ordinary share, equivalent to a total amount of US$44.0 million (2013: US$44.4 million).

9. Property, Plant and Equipment

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

US$ millions	2014	2013
At 1 January	**2,920.1**	1,824.3
Exchange translation	**47.1**	(69.3)
Additions	**209.7**	309.7
Acquisition of a business and subsidiary companies (Note 18(B))	**21.8**	737.4
Depreciation (Note 4)	**(106.0)**	(79.3)
Disposals	**(1.4)**	(8.8)
At 30 June	**3,091.3**	2,714.0

10. Associated Companies and Joint Ventures

US$ millions	At 30 June 2014	At 31 December 2013
PLDT	**1,395.0**	1,427.7
MPIC(i)	**1,362.2**	1,039.3
Philex(ii)	**630.3**	618.6
Indofood(iii)	**140.1**	133.4
DMT	**133.5**	129.3
RHI	**61.5**	58.3
Total	**3,722.6**	3,406.6

(i) Principally represents MPIC's investments in Beacon Electric and Meralco

(ii) As a result of an accidental discharge of water and tailings from one of the two underground tunnels that drain water from its Tailing Storage Facility No. 3 (TSF3) of the Padcal mine on 1 August 2012, Philex suspended its Padcal mine's operations to conduct a remediation and rehabilitation of its TSF3 since August 2012. In connection with this accident, Philex has paid in February 2013 Pesos 1.0 billion (approximately US$25 million) of a tailings fee charged by the Mines and Geosciences Bureau (MGB) of the Philippine government. Philex has substantially recovered the payment of this fee through a receipt of US$25 million (approximately Pesos 1.0 billion) from an insurance claim in February 2013. Following the payment of this fee, MGB issued an order granting Philex the authority to resume operations for a period of four months starting from 8 March 2013 to undertake urgent remediation measures for its TSF3. After the lapse of the four-month period, Padcal mine continues to operate following an indefinite extension of the temporary lifting of the suspension order. On 18 June 2014, Philex received a Formal Lifting Order on the suspension of Padcal mine operations from the Pollution Adjudication Board of the Department of Environment and Natural Resources of the Philippine government. The order was issued after Philex settled its environmental obligations with the Philippine government under the Clean Water Act of 2004 or Republic Act 9275 on 6 June 2014.

(iii) Principally represents Indofood's investments in CMAA and PT Asahi Indofood Beverage Makmur (AIBM)

11. Other Intangible Assets

US$ millions	At 30 June 2014	At 31 December 2013
Concession assets – Water distribution	**1,599.8**	1,554.6
Concession assets – Toll roads	**610.1**	578.9
Brands – Dairy	**227.3**	231.2
Brand and distribution network – Packaged drinking water	**76.7**	–
Vesting contract	**16.6**	17.1
Software	**4.4**	5.0
Total	**2,534.9**	2,386.8

Concession assets – Water distribution mainly represent the exclusive right granted by MWSS on behalf of the Philippine government for Maynilad to provide water distribution and sewerage services and charge users for these services provided in the area of West Metro Manila during its concession period. Concession assets – Toll roads represent 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) MNTC in respect of the Manila North Expressway (also known as NLEX) and (b) CIC in respect of CAVITEX during their concession periods. Brands – Dairy represent the brands held by PT Indolakto, a subsidiary company of Indofood, for its various milk-related products, which include Indomilk, Cap Enaak, Tiga Sapi, Indoeskrim, Nice and Orchid. Brand and distribution network – Packaged drinking water represent the brand CLUB and the distribution and customer network in Indonesia held by PT Tirta Makmur Perkasa (TMP), a subsidiary company of Indofood, for its packaged drinking water business. Vesting contract represents 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 February 2014 to January 2024.

12. Accounts Receivable, Other Receivables and Prepayments

Included in accounts receivable, other receivables and prepayments are accounts receivable of US$527.2 million (31 December 2013: US$477.8 million) with an ageing profile as follows.

US$ millions	**At 30 June 2014**	At 31 December 2013
0 to 30 days	**461.3**	450.8
31 to 60 days	**36.2**	9.3
61 to 90 days	**12.8**	4.4
Over 90 days	**16.9**	13.3
Total	**527.2**	477.8

Indofood generally allows customers 30 to 90 days of credit. MPIC (a) allows 14 days of credit for its water service customers, (b) collects toll fees by CIC, and through its associated company, TMC, by cash, by prepaid and reloadable electronic toll collection devices and by credit card payment and (c) generally collects charges when services are rendered to its hospital customers, except for certain corporate customers which are allowed an average of 30 days of credit. PLP generally allows customers 30 days of credit.

13. Pledged Deposits and Restricted Cash

At 30 June 2014, the Group had US$26.1 million (31 December 2013: US$11.1 million) of pledged bank deposits which form part of the Group's securities for its secured bank borrowings and US$54.1 million (31 December 2013: US$49.3 million) of cash which was set aside to cover principal and interest payments of certain borrowings and restricted as to use.

14. Accounts Payable, Other Payables and Accruals

Included in accounts payable, other payables and accruals are accounts payable of US$413.5 million (31 December 2013: US$345.1 million) with an ageing profile as follows.

US$ millions	**At 30 June 2014**	At 31 December 2013
0 to 30 days	**385.4**	324.9
31 to 60 days	**6.4**	4.2
61 to 90 days	**3.2**	2.8
Over 90 days	**18.5**	13.2
Total	**413.5**	345.1

15. Deferred Liabilities, Provisions and Payables

US$ millions	Pension	Long-term liabilities	Others	**2014 Total**	2013 Total
At 1 January	345.6	224.4	496.4	**1,066.4**	810.9
Exchange translation	5.9	3.8	6.0	**15.7**	(33.1)
Additions	47.2	14.2	37.7	**99.1**	76.2
Acquisition of subsidiary companies	–	–	–	**–**	126.1
Payment and utilization	(26.6)	(21.6)	(30.5)	**(78.7)**	(89.2)
At 30 June	372.1	220.8	509.6	**1,102.5**	890.9
Presented as:					
Current Portion	–	12.5	249.9	**262.4**	145.8
Non-current Portion	372.1	208.3	259.7	**840.1**	745.1
Total	372.1	220.8	509.6	**1,102.5**	890.9

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

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 and (b) Maynilad's deferred credits (which represent foreign exchange gains and other payables which will be refunded to the customers and foreign exchange differences arising from retranslation of the portion of Maynilad's foreign currency denominated concession fees payable and loans). In respect of the disputed amounts with MWSS, no final resolution has been reached at 30 June 2014.

The others mainly represent (a) unsecured loans provided by non-controlling shareholders of FPM Power, PLP and Indofood's subsidiary companies (IndoAgri and PT Indofood Asahi Sukses Beverage); (b) Maynilad's real property tax payables on certain common purpose facilities; (c) contractual obligations of MNTC and CIC to restore their service concession assets to a specified level of serviceability during their service concession periods and to maintain these assets in good condition prior to the handover of these assets to the Philippine government at the end of their concession periods; (d) provision for certain business tax payables and (e) provisions for various claims and potential claims against the Group.

16. Shares Held for Share Award Scheme

Particulars of the share awards of the Company granted to the Directors and senior executives of the Company at 30 June 2014 are set out below.

(a) Particulars of the Company's Purchase Awards

	Unvested shares held at 1 January 2014 and 30 June 2014	Grant date	Fully vested by
Executive Directors			
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	**2,726,660**	12 July 2013	September 2017
Robert C. Nicholson	**1,772,329**	12 July 2013	September 2017
Non-executive Director			
Napoleon L. Nazareno	**381,733**	12 July 2013	September 2017
Independent Non-executive Directors			
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	**381,733**	12 July 2013	September 2017
Margaret Leung Ko May Yee, *SBS, JP*	**238,582**	12 July 2013	March 2018
Philip Fan Yan Hok	**238,582**	12 July 2013	March 2018
Senior Executives	**1,254,265**	12 July 2013	September 2017
	860,000	12 July 2013	July 2018
Total	**7,853,884**		

(b) Particulars of the Company's Subscription Awards

	Unvested shares held at 1 January 2014 and 30 June 2014	Grant date	Fully vested by
Senior Executives	**627,133**	29 August 2013	September 2017
	220,000	29 August 2013	July 2018
Total	**847,133**		

Further information regarding the Company's share award scheme has been set out on pages 176 and 177 of the Company's 2013 Annual Report.

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

US$ millions	Exchange reserve	Unrealized gains/ (losses) on available-for-sale assets	Unrealized (losses)/ gains on cash flow hedges	Income tax related to cash flow hedges	Actuarial (losses)/ gains on defined benefit pension plans	Share of other comprehensive (loss)/income of associated companies and joint ventures	**Total**
Balance at 1 January 2013	142.0	29.2	(0.1)	–	(22.2)	(15.8)	133.1
Other comprehensive (loss)/income for the period	(148.3)	8.4	2.9	(0.4)	(1.5)	(10.5)	(149.4)
Dilution and divestment of interests in subsidiary companies	(6.7)	–	–	–	–	–	(6.7)
Balance at 30 June 2013	(13.0)	37.6	2.8	(0.4)	(23.7)	(26.3)	(23.0)
Balance at 1 January 2014	(226.6)	37.0	3.0	(0.5)	(30.3)	(67.8)	**(285.2)**
Other comprehensive income/(loss) for the period	44.9	(2.1)	0.2	(0.2)	0.8	(7.0)	**36.6**
Reclassification	–	–	–	–	–	12.8	**12.8**
Balance at 30 June 2014	**(181.7)**	**34.9**	**3.2**	**(0.7)**	**(29.5)**	**(62.0)**	**(235.8)**

18. Notes to the Condensed Consolidated Statement of Cash Flows

(A) Acquisition of Available-for-sale Assets

2014's cash outflow of US$180.9 million principally relates to Group's investments in unit investment trust funds (US$72.0 million) and acquisition of a 4.8% interest in Goodman Fielder (US$61.9 million).

(B) Acquisition of a Business and Subsidiary Companies

	Provisional fair value recognized on acquisition		
US$ millions	Indofood's acquisition of a packaged drinking water business	Indofood's acquisition of MLI	**2014 Total**
Consideration			
Cash and cash equivalents	44.3	11.5	**55.8**
Other non-current assets[(i)]	46.8	7.9	**54.7**
Total	91.1	19.4	**110.5**
Net Assets			
Property, plant and equipment (Note 9)	12.7	9.1	**21.8**
Other intangible assets	78.1	–	**78.1**
Deferred tax assets	–	2.2	**2.2**
Other non-current assets	–	0.7	**0.7**
Cash and cash equivalents and short-term deposits	–	8.5	**8.5**
Inventories	0.3	–	**0.3**
Accounts payable, other payables and accruals	–	(0.4)	**(0.4)**
Provision for taxation	–	(0.7)	**(0.7)**
Total Net Assets Acquired	91.1	19.4	**110.5**
Net Cash Outflow per the Condensed Consolidated Statement of Cash Flows			
– Acquisition of a business	(44.3)	–	**(44.3)**
– Acquisition of subsidiary companies	–	(3.0)	**(3.0)**
Total	(44.3)	(3.0)	**(47.3)**

(i) Represents deposits made in 2013

On 15 November 2013, TMP, a subsidiary company of Indofood, entered into a conditional sale and purchase agreement with Tirta Bahagia (TB) group, which engages in the packaged drinking water business under the brand "CLUB" in Indonesia. Pursuant to the agreement, TMP could purchase from the TB group the assets used for and/or related to the marketing, sale and distribution of packaged drinking water. In December 2013, TMP made a deposit of Rupiah 550 billion (US$46.8 million) to the TB group in respect of this acquisition, which was included in other non-current assets at 31 December 2013. The transaction was completed on 27 January 2014. TMP's acquisition of these assets is regarded as a business combination of the Group. The transaction costs of US$0.03 million incurred by TMP for this business combination have been recognized as administrative expenses in the condensed consolidated income statement.

On 29 May 2013, PT Lajuperdana Indah (LPI), a subsidiary company of Indofood, agreed to acquire a 100% interest in MLI at a total consideration of Rupiah 228 billion (US$19.4 million). MLI principally engages in the business of cultivation of sugar cane in the South Sumatra Province of Indonesia. In September and December 2013, LPI made deposits totaling Rupiah 93 billion (US$7.9 million) in respect of this acquisition, which were included in other non-current assets at 31 December 2013. The transaction costs of US$0.01 million incurred by LPI for this business combination have been recognized as administrative expenses in the condensed consolidated income statement.

The net assets of the packaged drinking water business and MLI recognized in the Group's 2014 condensed interim consolidated financial statements were based on provisional assessments of their fair values while the Group is still evaluating the fair values of their assets acquired and liabilities and contingent liabilities assumed. The valuation and assessment had not been completed by the date the Group's 2014 condensed interim consolidated financial statements were approved for issue by the Board of Directors. If new information obtained within one year of the acquisition dates about facts and circumstances that existed at the acquisition dates identify adjustments to the above provisional amounts, or any provisions that existed at the acquisition dates, then the accounting for the acquisition will be revised.

Since the dates of acquisition, the above acquired business and subsidiary company recorded in aggregate a turnover of US$35.5 million and profit for the period of US$1.8 million which are included in the condensed consolidated income statement of the Group. If the acquisitions had taken place on 1 January 2014, the turnover and profit for the period ended 30 June 2014 of the Group would have been US$3,619.2 million and US$442.8 million, respectively.

2013's net cash outflow of US$456.5 million mainly relates to FPM Power's acquisition of PLP, MPTC's acquisition of CIC and Indofood's acquisition of PT Mentari Pertiwi Makmur.

(C) Increased Investments in Associated Companies

2014's cash outflow of US$42.6 million related to a partial payment by MPIC for its acquisition of a 5% interest in Meralco from Beacon Electric (US$35.1 million) (including transaction costs of US$0.2 million) and Indofood's additional investments in AIBM (US$7.5 million).

(D) Major Non-cash Transaction

On 26 June 2014, MPIC acquired a 5% interest in Meralco from Beacon Electric at an aggregate consideration of Pesos 13.2 billion (US$296.9 million), of which Pesos 1.45 billion (US$32.6 million) was offset against Beacon Electric's common share dividends declared on 24 June 2014.

19. Commitments and Contingent Liabilities

(A) Capital Expenditure

US$ millions	At 30 June 2014	At 31 December 2013
Commitments in respect of subsidiary companies:		
Authorized, but not contracted for	**1,068.3**	1,135.8
Contracted, but not provided for	**321.8**	390.5
Total	**1,390.1**	1,526.3

Pursuant to the conditional share purchase agreements dated 15 May 2014 entered into between the Group and Goodman Fielder's two major shareholders, the Group was obligated to acquire an additional 5% interest in Goodman Fielder at a total consideration of approximately US$64.4 million, subject to the obtaining of regulatory approval from the Australian Foreign Investment Review Board. Up to 27 August 2014, the Group has not yet obtained such approval.

The Group's other capital expenditure commitments principally relate to Indofood's purchase of property, plant and equipment, investments in plantations, and Maynilad's and MNTC's construction of water and toll road infrastructures.

(B) Contingent Liabilities

(a) At 30 June 2014, except for US$96.6 million (31 December 2013: US$87.3 million) guarantees 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 2013: Nil).

(b) On 29 June 2011, the Supreme Court of the Philippines promulgated a Decision in the case of Wilson P. Gamboa vs. Finance Secretary of the Philippines Margarito B. Teves, et. al. (Philippine G.R. No. 176579) (the Gamboa Case), where the Court of the Philippines held that "the term 'capital' in Section 11, Article XII of the 1987 Constitution of the Philippines 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)". The Decision of the Supreme Court of the Philippines reversed earlier opinions issued by the Philippine Securities and Exchange Commission (SEC) that non-voting preferred shares are included in the computation of the 60%-40% Filipino-alien equity requirement of certain economic activities, such as telecommunications which is a public utility under Section 11, Article XII of the 1987 Constitution of the Philippines.

While PLDT is not a party to the Gamboa Case, the Supreme Court of the Philippines directed the Philippine SEC in the Gamboa Case "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 of the Philippines, to impose the appropriate sanctions under the law".

The parties to the case filed Motions for Reconsideration of the decision and the Supreme Court of the Philippines allowed them to argue before the Court of the Philippines their respective positions on 17 April 2012 and 26 June 2012. Thereafter, the parties filed their respective memoranda on their positions. On 9 October 2012, the Court of the Philippines issued a Resolution denying with finality all Motions for Reconsideration of the respondents.

Meantime, on 5 July 2011, the Board of Directors of PLDT approved the amendments to the Seventh Article of Amended Articles of Incorporation of PLDT consisting of the sub-classification of its authorized preferred capital into preferred shares with full voting rights, or Voting Preferred Shares, and serial preferred shares without voting rights, and other conforming amendments, or Amendments to the Articles. The Amendments to the Articles of Incorporation require the approval by the stockholders of PLDT and the approval of the Philippine SEC. In a special meeting held on 22 March 2012, the Amendments to the Articles of Incorporation were approved by the stockholders of PLDT. On 5 June 2012, the Philippine SEC approved the Amendments to the Articles of Incorporation of PLDT. On 15 October 2012, PLDT and BTF Holdings, Inc. (BTFHI), a wholly-owned company of The Board of Trustees for the Account of the Beneficial Trust Fund Created Pursuant to the Benefit Plan of PLDT Company (PLDT-BTF), entered into a Subscription Agreement whereby PLDT issued 150 million Voting Preferred Shares to BTFHI at Peso 1.00 per share. With the issuance of the Voting Preferred Shares to BTFHI, a Filipino corporation, the percentage of the voting stock of PLDT (common and preferred shares) held by foreigners was reduced from 56.62% to 18.37% as at 15 April 2013.

On 20 May 2013, the Philippine SEC Memorandum Circular No. 8, Series of 2013 was issued providing for the Philippines' Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or her Existing Laws by Corporations Engaged in Nationalized and Partly-Nationalized Activities. Section 2 of the said Philippine Circular states that "All covered corporations shall, at all times, observe the constitutional or statutory ownership requirement. For purposes of determining compliance therewith, 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." PLDT is consistently compliant with the guidelines prescribed by the Philippine SEC Memorandum Circular No. 8, Series of 2013 (In fact, as at 14 November 2013, PLDT's foreign ownership was 31.95% of its outstanding shares entitled to vote (Common and Voting Preferred Shares) and 17.56% of its total outstanding capital stock).

On 10 June 2013, Jose M. Roy III filed before the Supreme Court of the Philippines a Petition for Certiorari under Rule 65 of the Rules of Court of the Philippines against the Philippine SEC, Philippine SEC Chairperson Teresita Herbosa and PLDT, claiming (1) that Philippine SEC Memorandum Circular No. 8 which imposes the 60-40 Filipino-foreign ownership limit on the total outstanding stock and on shares entitled to vote in the election of directors, violates the decision of the Supreme Court of the Philippines in Gamboa vs. Teves, et al., which according to the Petitioner required that: (a) the 60-40 ownership requirement be imposed on "each 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-BTF is not a Filipino-owned entity and consequently, the corporations owned by PLDT-BTF, including BTFHI, which owns 150 million Voting Preferred Shares in PLDT, cannot be considered a Filipino-owned corporation (the Jose Roy III Petition).

Wilson C. Gamboa, Jr., Daniel V. Cartagena, John Warren P. Gabinete, Antonio V. Pesina, Jr., Modesto Martin Y. Mamon and Gerardo C. Erebaren, or the Intervenors, filed a Motion for Leave to file a Petition-In-Intervention dated 16 July 2013 which the Supreme Court of the Philippines granted in a Resolution dated 6 August 2013 (the "Petition-In-Intervention"). The Petition-In-Intervention raised identical arguments and issues as that of the Petition.

PLDT, through counsels, filed its Comment on the Jose Roy III Petition on 5 September 2013. In its Comment, PLDT raised the following defenses: (a) Petitioner's direct recourse to the Supreme Court of the Philippines in filing the petition violates the fundamental doctrine of the hierarchy of courts. There are no compelling reasons to invoke the Supreme Court of the Philippines' original jurisdiction; (b) The Petition was prematurely brought before the Supreme Court of the Philippines. Petitioner failed to exhaust administrative remedies before the Philippine SEC, and there are facts yet to be established (in the lower courts) that are necessary for a proper and complete ruling; (c) The Petition is in the nature of a petition for mandamus and/or declaratory relief which, under Rules 65 and 63 of the Rules of Court of the Philippines, are not within the exclusive and/or original jurisdiction of the Supreme Court of the Philippines, as provided under Article VIII, Sections 5(1), 5(5), 6 and 11 of the Constitution of the Philippines and Rule 56 of the Rules of Court of the country; (d) The Petition must be dismissed in as much as it is challenging the validity and constitutionality of a Memorandum Circular, which was issued in the exercise of the Philippine SEC's quasi-legislative power, for which a petition for certiorari is an inappropriate remedy; (e) Assuming arguendo that the issuance of Philippine SEC Memorandum Circular No. 8 involved the exercise by the Philippine SEC of its quasi-judicial power, the Petition still cannot prosper since the issue of the validity and constitutionality of Philippine SEC Memorandum Circular No. 8 does not pertain to errors of jurisdiction on the part of the Philippine SEC; (f) Petitioner is not the proper party to question the constitutionality of the Philippine SEC Guidelines and PLDT's compliance with the Gamboa decision and the Petition is likewise not a valid taxpayer's suit and should not be entertained by the Supreme Court of the Philippines; (g) The Petition seeks relief that effectively deprives the necessary and indispensable parties affected thereby (such as, BTFHI, MediaQuest Holdings, Inc., PLDT-BTF, and all corporations in which PLDT-BTF made an investment and their subsidiaries) of their constitutional right to due process, all of whom were not impleaded as parties; and (h) Philippine SEC Memorandum Circular No. 8 merely implemented the dispositive portion of the Gamboa Case Decision.

Particularly, for the defense under (h) above, PLDT argued that: (a) the only binding and enforceable part of the Gamboa Case Decision is the dispositive portion, which defined the term "capital" under Article XII, Section 11 of the 1987 Constitution of the Philippines as "shares of stock entitled to vote in the election of directors", and such dispositive portion of the Gamboa Case Decision is properly reflected and enforced in Philippine SEC Memorandum Circular No. 8. The Other Gamboa Statements were just "obiter dicta" or expressions of opinion which have no precedential value and binding effect; and (b) with respect to the nationality of PLDT-BTF and BTFHI, the fundamental requirements which needs to be satisfied in order for PLDT-BTF and BTFHI to be considered Filipino is for PLDT-BTF's Trustees to be Filipinos and 60% of the Fund will accrue to the benefit of Philippine nationals. This is reflected in Section 3(a) of Republic Act No. 7042 of the Philippines, as amended, or the Foreign Investment Act of the country, which provides that the term "Philippine national" includes a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of "Philippine nationals". Both requirements are present with respect to the PLDT-BTF. Consequently, there is no question that PLDT-BTF and BTFHI are Filipino shareholders for purposes of classifying their 150 million shares of Voting Preferred Stock in PLDT and as a result, more than 60% of PLDT's total voting stock is Filipino-owned. PLDT is thus compliant with the Philippine nationality requirement under Article XII, Section 11 of the 1987 Constitution of the Philippines.

PLDT, through its counsels, filed its Comment on the Petition-In-Intervention on 22 October 2013. PLDT raised identical defenses and arguments in its Comment on the Petition-In-Intervention as that of its Comment on the Petition.

In May 2014, Petitioner and Petitioners-In-Intervention filed their Consolidated Reply with a Motion for the issuance of a Temporary Restraining Order (TRO) to stop the holding by PLDT of its 2014 Annual Stockholders' Meeting scheduled on 10 June 2014. On 22 May 2014, PLDT filed its Consolidated Rejoinder and Opposition to the TRO application of petitioners.

For the main case, PLDT raised the following arguments: (a) Res Adjudicata by conclusiveness of judgment finds no application in this case inasmuch as the requisites thereof, i.e., identity of parties and issues, are absolutely wanting; (b) Petitioners remain unfit to challenge the validity of Philippine SEC Memorandum Circular No. 8 as they lack Locus Standi; (c) Petitioners direct recourse to the Supreme Court of the Philippines through a petition for certiorari to assail a quasi-legislative issuance of the Philippine SEC is fatally defective; (d) The absence of a conflict between the body of the decision and resolution in the Gamboa Case and its dispositive portion does not make the Philippine Honorable Supreme Court's opinion on matters, which were not raised as issues there, relevant or binding; such irrelevant statements remain non-binding Obiter Dicta; and (e) To compel the Philippine SEC to investigate BTFHI without impleading it as an indispensable party is a clear violation of BTFHI's constitutional right to due process.

For the TRO application, PLDT argued against the issuance of the TRO as follows: (a) Petitioners have no clear and unmistakable right founded on, or granted by law, or one that is enforceable as a matter of law, as to be entitled to the injunctive relief prayed for; (b) There is no grave and irreparable injury because petitioners are not placed in any better or worse position whether or not the 2014 PLDT Annual Stockholders' Meeting is enjoined; (c) Granting injunctive relief in favor of Petitioners will be a prejudgment of the main case; and (d) PLDT and its stockholders have a clear duty and right in respect of PLDT's 2014 Annual Stockholders' Meeting, and enjoining that meeting will cause greater injury to PLDT's stockholders who will be denied their basic and fundamental right to vote, and to PLDT, which will be prevented from fulfilling its legal duty to conduct its Annual Stockholders' Meeting. The TRO was not issued thus, PLDT was able to hold its 2014 Annual Stockholders' Meeting on 10 June 2014, as scheduled.

The resolution of the Petition for Certiorari and TRO application remains pending with the Supreme Court of the Philippines.

20. 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 2014 are set out below.

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

	Share options held at 1 January 2014	Share options exercised during the period	**Share options held at 30 June 2014**	Share option exercise price per share[i] (HK$)	Market price per share immediately before the date of grant[i] (HK$)	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Directors									
Manuel V. Pangilinan	19,528,606	–	**19,528,606**	4.9457	4.9363	5 September 2007	September 2012	September 2008	September 2017
	10,224,972	–	**10,224,972**	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
Edward A. Tortorici	5,112,486	–	**5,112,486**	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	10,348,694	–	**10,348,694**	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
	5,112,486	–	**5,112,486**	10.2299	7.72	29 August 2013	September 2017	September 2013	August 2023
Robert C. Nicholson	13,704,933	–	**13,704,933**	4.9457	4.9363	5 September 2007	September 2012	September 2008	September 2017
	6,646,232	–	**6,646,232**	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	7,281,203	–	**7,281,203**	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
Non-Executive Directors									
Benny S. Santoso	1,066,177	–	**1,066,177**	4.9457	4.9363	5 September 2007	September 2008	September 2008	September 2017
	715,748	–	**715,748**	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	1,097,139	–	**1,097,139**	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
	715,748	–	**715,748**	10.2299	7.72	29 August 2013	September 2017	September 2013	August 2023
Napoleon L. Nazareno	3,404,916	–	**3,404,916**	4.9457	4.5575	11 December 2009	December 2010	December 2010	December 2019
	1,097,139	–	**1,097,139**	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
Independent Non-Executive Directors									
Graham L. Pickles	1,431,496	–	**1,431,496**	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	1,097,139	–	**1,097,139**	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	3,405,651	–	**3,405,651**	4.9457	4.9363	5 September 2007	September 2008	September 2008	September 2017
	1,097,139	–	**1,097,139**	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
Margaret Leung Ko May Yee, *SBS, JP*	715,748	–	**715,748**	10.2299	10.4450	22 March 2013	March 2018	March 2015	March 2023
	1,097,139	–	**1,097,139**	10.2729	9.7213	4 June 2013	March 2018	March 2015	June 2023
Philip Fan Yan Hok	715,748	–	**715,748**	10.2299	10.4450	22 March 2013	March 2018	March 2015	March 2023
	1,097,139	–	**1,097,139**	10.2729	9.7213	4 June 2013	March 2018	March 2015	June 2023
Senior Executives	1,904,057	(1,904,057)	**–**	1.6331	1.6145	1 June 2004	December 2008	June 2005	May 2014
	359,830	(359,830)	**–**	3.0389	3.0898	7 June 2006	December 2010	June 2007	June 2016
	37,603,889	–	**37,603,889**	4.9457	4.9363	5 September 2007	September 2012	September 2008	September 2017
	3,992,137	(100,000)	**3,892,137**	5.1932	5.2127	18 June 2010	June 2015	June 2012	June 2020
	15,644,206	–	**15,644,206**	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	31,922,364	–	**31,922,364**	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
	17,178,000	–	**17,178,000**	10.2514	7.72	29 August 2013	July 2018	July 2015	August 2023
Total	205,318,161	(2,363,887)[ii]	**202,954,274[iii]**						

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

(ii) The weighted average closing prices of the Company's shares immediately before and at the dates on which these share options were exercised are HK$8.77 and HK$8.73, respectively.

(iii) The number of outstanding share options vested and exercisable at 30 June 2014 was 100,245,185.

	Share options held at 1 January 2013	Share options exercised during the period	Share options granted during the period	Share options held at 30 June 2013	Share option exercise price per share[i] (HK$)	Market price per share immediately before the date of grant[i] (HK$)	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Directors										
Manuel V. Pangilinan	19,098,934	–	–	19,098,934	5.0569	5.0473	5 September 2007	September 2012	September 2008	September 2017
	–	–	10,000,000	10,000,000	10.46	10.68	22 March 2013	September 2017	September 2013	March 2023
Edward A. Tortorici	–	–	5,000,000	5,000,000	10.46	10.68	22 March 2013	September 2017	September 2013	March 2023
	–	–	10,121,000	10,121,000	10.504	9.94	4 June 2013	September 2017	September 2013	June 2023
Robert C. Nicholson	16,337,388	–	–	16,337,388	5.0569	5.0473	5 September 2007	September 2012	September 2008	September 2017
	–	–	6,500,000	6,500,000	10.46	10.68	22 March 2013	September 2017	September 2013	March 2023
	–	–	7,121,000	7,121,000	10.504	9.94	4 June 2013	September 2017	September 2013	June 2023
Non-Executive Directors										
Benny S. Santoso	2,993,431	(2,993,431)	–	–	1.6698	1.6508	1 June 2004	June 2005	June 2005	May 2014
	3,330,719	(2,288,000)	–	1,042,719	5.0569	5.0473	5 September 2007	September 2008	September 2008	September 2017
	–	–	700,000	700,000	10.46	10.68	22 March 2013	September 2017	September 2013	March 2023
	–	–	1,073,000	1,073,000	10.504	9.94	4 June 2013	September 2017	September 2013	June 2023
Napoleon L. Nazareno	3,330,000	–	–	3,330,000	5.0569	4.66	11 December 2009	December 2010	December 2010	December 2019
	–	–	1,073,000	1,073,000	10.504	9.94	4 June 2013	September 2017	September 2013	June 2023
Independent Non-Executive Directors										
Graham L. Pickles	3,330,719	(3,330,719)	–	–	5.0569	5.0473	5 September 2007	September 2008	September 2008	September 2017
	–	–	1,400,000	1,400,000	10.46	10.68	22 March 2013	September 2017	September 2013	March 2023
	–	–	1,073,000	1,073,000	10.504	9.94	4 June 2013	September 2017	September 2013	June 2023
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	412,394	–	–	412,394	1.6698	1.6508	1 June 2004	June 2005	June 2005	May 2014
	3,330,719	–	–	3,330,719	5.0569	5.0473	5 September 2007	September 2008	September 2008	September 2017
	–	–	1,073,000	1,073,000	10.504	9.94	4 June 2013	September 2017	September 2013	June 2023
Margaret Leung Ko May Yee, *SBS, JP*	–	–	700,000	700,000	10.46	10.68	22 March 2013	March 2018	March 2015	March 2023
	–	–	1,073,000	1,073,000	10.504	9.94	4 June 2013	March 2018	March 2015	June 2023
Philip Fan Yan Hok	–	–	700,000	700,000	10.46	10.68	22 March 2013	March 2018	March 2015	March 2023
	–	–	1,073,000	1,073,000	10.504	9.94	4 June 2013	March 2018	March 2015	June 2023
Jun Tang[ii]	3,330,000	(3,330,000)	–	–	5.0569	4.66	11 December 2009	December 2011	December 2011	December 2019
Senior Executives	6,538,201	(4,187,038)	–	2,351,163	1.6698	1.6508	1 June 2004	December 2008	June 2005	May 2014
	743,113	–	–	743,113	3.1072	3.1593	7 June 2006	December 2010	June 2007	June 2016
	41,300,938	(2,512,270)	–	38,788,668	5.0569	5.0473	5 September 2007	September 2012	September 2008	September 2017
	4,740,000	(200,000)	–	4,540,000	5.31	5.33	18 June 2010	June 2015	June 2012	June 2020
	–	–	15,300,000	15,300,000	10.46	10.68	22 March 2013	September 2017	September 2013	March 2023
	–	–	31,220,000	31,220,000	10.504	9.94	4 June 2013	September 2017	September 2013	June 2023
Total	108,816,556	(18,841,458)[iii]	95,200,000	185,175,098[iv]						

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

(ii) Mr. Jun Tang retired from the Board of Directors with effect from 30 May 2013.

(iii) The weighted average closing prices of the Company's shares immediately before and at the dates on which these share options were exercised are HK$10.32 and HK$10.24, respectively.

(iv) The number of outstanding share options vested and exercisable at 30 June 2013 was 87,815,098.

Further information regarding the Company's share option scheme has been set out on pages 193 to 198 of the Company's 2013 Annual Report.

(B) Particulars of MPIC's Share Option Scheme

	Share options held at 1 January 2014	Share options exercised during the period	**Share options held at 30 June 2014**	Share option exercise price per share (Peso)	Market price per share immediately before the date of grant (Peso)	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Director									
Manuel V. Pangilinan	6,250,000	–	**6,250,000**	4.60	4.59	14 October 2013	October 2015	October 2014	October 2018
Edward A. Tortorici	5,000,000	–	**5,000,000**	4.60	4.59	14 October 2013	October 2015	October 2014	October 2018
Robert C. Nicholson	10,000,000	–	**10,000,000**	2.73	2.65	2 July 2010	July 2013	January 2011	July 2015
	5,000,000	–	**5,000,000**	4.60	4.59	14 October 2013	October 2015	October 2014	October 2018
Senior Executives	36,080,000	(13,710,000)	**22,370,000**	2.73	2.65	2 July 2010	July 2013	January 2011	July 2015
	3,500,000	–	**3,500,000**	3.50	3.47	21 December 2010	August 2013	August 2011	August 2015
	350,000	(350,000)	**–**	3.53	3.53	8 March 2011	March 2014	March 2012	March 2016
	1,705,000	(927,000)	**778,000**	3.66	3.67	14 April 2011	April 2013	April 2012	April 2016
	103,750,000	–	**103,750,000**	4.60	4.59	14 October 2013	October 2015	October 2014	October 2018
Total	171,635,000	(14,987,000)[i]	**156,648,000[ii]**						

(i) The weighted average closing prices of MPIC's shares immediately before and at the dates on which these share options were exercised are Pesos 4.95 and Pesos 4.99, respectively.

(ii) The number of outstanding share options vested and exercisable at 30 June 2014 was 36,648,000.

	Share options held at 1 January 2013	Share options exercised during the period	Share options cancelled during the period	Share options held at 30 June 2013	Share option exercise price per share (Peso)	Market price per share immediately before the date of grant (Peso)	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Director										
Robert C. Nicholson	10,000,000	–	–	10,000,000	2.73	2.65	2 July 2010	July 2013	January 2011	July 2015
Senior Executives	15,000,000	(10,000,000)	(5,000,000)	–	2.12	2.10	9 December 2008	January 2010	January 2009	January 2013
	25,050,000	(22,550,000)	(2,500,000)	–	2.73	2.65	10 March 2009	March 2010	March 2009	March 2013
	77,485,000	(34,915,000)	–	42,570,000	2.73	2.65	2 July 2010	July 2013	January 2011	July 2015
	10,000,000	(6,500,000)	–	3,500,000	3.50	3.47	21 December 2010	August 2013	August 2011	August 2015
	1,000,000	(650,000)	–	350,000	3.53	3.53	8 March 2011	March 2014	March 2012	March 2016
	2,750,000	(500,000)	–	2,250,000	3.66	3.67	14 April 2011	April 2013	April 2012	April 2016
Total	141,285,000	(75,115,000)[i]	(7,500,000)	58,670,000[ii]						

(i) The weighted average closing prices of MPIC's shares immediately before and at the dates on which these share options were exercised are Pesos 5.32 and Pesos 5.34, respectively.

(ii) The number of outstanding share options vested and exercisable at 30 June 2013 was 43,690,000.

Further information regarding MPIC's share option scheme has been set out on pages 199 to 201 of the Company's 2013 Annual Report.

(C) Particulars of CMFC's Share Option Scheme

	Share options held at 1 January 2014 and 30 June 2014	Share option exercise price per share (S$)	Market price per share immediately before the date of grant (S$)	Grant date	Fully vested by	Exercisable from	Exercisable until
Senior Executives	**2,462,000**	1.26	1.04	21 September 2011	September 2012	September 2012	September 2014
	2,678,000	0.74	0.71	4 September 2012	September 2013	September 2013	September 2015
Total	**5,140,000[i]**						

(i) The number of outstanding share options vested and exercisable at 30 June 2014 was 5,140,000.

Further information regarding CMFC's share option scheme has been set out on pages 201 and 202 to the Company's 2013 Annual Report.

21. Related Party Transactions

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

(A) Asia Link B.V. (ALBV), a wholly-owned subsidiary company of the Company, has a technical assistance agreement with Smart Communications, Inc. (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 four years from 23 February 2012, subject to renewal upon mutual agreement between the parties. The agreement provides for payments of technical service fees equivalent to 0.4% (reduced from 0.5% to 0.4% since 1 February 2014) (2013: 0.5%) of the consolidated net revenue of Smart.

The fees under the above arrangement amounted to Pesos 116 million (US$2.6 million) for the period ended 30 June 2014 (2013: Pesos 142 million or US$3.4 million). At 30 June 2014, the outstanding technical service fee payable amounted to Pesos 310 million (US$7.1 million) (31 December 2013: Pesos 336 million or US$7.6 million).

(B) In October 2012, the Company agreed to provide Philex an aggregate loan facility of up to US$200 million by installment, principally for financing Philex's capital expenditure of its Silangan project and Padcal mine, and for general working capital purposes. During November 2012 to March 2013, the Company, through certain indirect wholly-owned subsidiary companies, entered into loan agreements of Pesos 2.1 billion (US$48.1 million) and US$150 million with Philex. The loans made under these loan agreements are unsecured, with an interest rate at 5% per annum on the loan amounts, 1% of commitment fee on the available commitment amount of the facility and 1% of upfront fee on the facility amount, and are repayable within one year after drawdown. Philex has drawn down loans of Pesos 2.1 billion (US$48.1 million) and US$80 million under these loan agreements during November 2012 to March 2013 (equivalent to approximately US$128.1 million). In November 2013, Philex repaid Pesos 2.1 billion (US$48.1 million) and the Company reduced the aggregate loan facility to US$150 million.

At 30 June 2014 the outstanding loans amounted to US$80 million (31 December 2013: US$80 million) and is included in current accounts receivable, other receivables and prepayments. The repayment of this outstanding amount of US$80 million has been extended by the Company to March 2015 upon the original due date of repayment in March 2014. For the period ended 30 June 2014, the Group received interest income of US$1.9 million (2013: US$2.0 million), commitment fee of US$0.3 million (2013: US$0.3 million) and no (2013: US$1.5 million) upfront fee on these loans and loan facility to Philex.

(C) In March 2013, Meralco PowerGen, through its wholly-owned subsidiary company, MPG Asia Limited, provided a loan of US$110.0 million to FPM Power. In June 2014, Meralco PowerGen provided an additional loan of US$3.5 million to FPM Power. The loans are unsecured, interest free and have no fixed term of repayment. The loans of US$113.5 million (31 December 2013: US$110.0 million) remained outstanding at 30 June 2014 and are included in current portion of deferred liabilities, provisions and payables (Note 15).

(D) At 30 June 2014, Petronas Power Sdn. Bhd. (Petronas), the 30% shareholder of PLP, has outstanding loans due from PLP of approximately US$108.3 million, which have been included in non-current deferred liabilities, provisions and payables (Note 15). The loans are unsecured, subject to a variable Singapore Swap Offer Rate and London Interbank Offered Rate, which are payable semi-annually. The tenor for each loan is 10 years with principal repayment commencing on 31 December 2014. For the period ended 30 June 2014, PLP accrued interest expenses of US$2.9 million (2013: US$1.2 million) to Petronas, of which US$0.2 million (2013: US$1.2 million) have been capitalized as part of the carrying amount of PLP's property, plant and equipment during the period ended 30 June 2014. At 30 June 2014, PLP has approximately US$18,810 (31 December 2013: US$16,770) of outstanding interest payable due to Petronas which has been included in accounts payable, other payables and accruals.

(E) At 30 June 2014, Mr. Robert C. Nicholson, a Director of the Company, owned US$400,000 (31 December 2013: US$400,000) of bonds due 2017 issued by FPMH Finance Limited, US$200,000 (31 December 2013: US$200,000) of bonds due 2020 issued by FPT Finance Limited and US$600,000 (31 December 2013: US$600,000) of bonds due 2019 issued by FPC Finance Limited, all of which are wholly owned subsidiary companies of the Company. For the period ended 30 June 2014, Mr. Nicholson received interest income of US$39,125 (2013: US$39,125) on these bonds.

(F) At 30 June 2014, Mr. Edward A. Tortorici, a Director of the Company, owned US$600,000 (31 December 2013: US$600,000) of bonds due 2019 issued by FPC Finance Limited, a wholly-owned subsidiary company of the Company. For the period ended 30 June 2014, Mr. Tortorici received interest income of US$18,000 (2013: US$18,000) on these bonds.

(G) Key Management Personnel Compensation

	Consolidated	
US$ millions	**2014**	2013
Non-performance based		
– Salaries and benefits	**31.4**	29.3
– Pension contributions	**3.4**	3.0
Performance based		
– Bonuses and long-term monetary incentive awards	**25.3**	24.6
Share-based compensation benefit expenses	**10.2**	4.7
Total	**70.3**	61.6

(H) In the ordinary course of business, Indofood has engaged in trade transactions with certain of its associated companies, joint ventures and affiliated companies under certain framework agreements 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

	Consolidated	
For the six months ended 30 June US$ millions	**2014**	2013
Income Statement Items		
Sales of finished goods		
– to associated companies and joint ventures	**29.8**	40.3
– to affiliated companies	**47.6**	35.9
Purchases of raw materials and finished goods		
– from associated companies and joint ventures	**107.6**	55.8
– from affiliated companies	**–**	14.5
Management and technical services fee income and royalty income		
– from associated companies and joint ventures	**1.5**	1.5
– from affiliated companies	**9.3**	7.2
Rental income		
– from associated companies and joint ventures	**0.1**	–
Insurance expenses		
– to affiliated companies	**2.7**	2.6
Rental expenses		
– to affiliated companies	**1.0**	1.1
Transportation and pump services expenses		
– to affiliated companies	**0.2**	0.2

Approximately 3% (2013: 3%) of Indofood's sales and 5% (2013: 3%) of its purchases were transacted with these related parties.

Nature of Balances

US$ millions	Consolidated At 30 June 2014	At 31 December 2013
Statement of Financial Position Items		
Accounts receivable – trade		
– from associated companies and joint ventures	**9.7**	7.0
– from affiliated companies	**16.6**	10.5
Accounts receivable – non-trade		
– from associated companies and joint ventures	**1.5**	1.8
– from affiliated companies	**19.5**	14.2
Accounts payable – trade		
– to associated companies and joint ventures	**24.3**	11.8
– to affiliated companies	**0.3**	8.0
Accounts payable – non-trade		
– to associated companies and joint ventures	**0.3**	1.6
Deferred liabilities, provisions and payables		
– to affiliated companies	**42.8**	42.3

(I) On 30 January 2014, PT Wahana Inti Selaras (WIS), a company controlled by the Salim Family, and PT Ivomas Pratama (SIMP), a subsidiary company of Indofood, established PT Prima Sarana Mustika (PSM), which was engaged primarily in development of plantations' infrastructures, land clearing, rental services of heavy equipment, transportation and trading of agricultural equipment. Total capital contributions from WIS and SIMP to PSM each amounting to Rupiah 9 billion (US$0.8 million) and Rupiah 6 billion (US$0.5 million), respectively, for their equity ownership of 60% and 40%, respectively. On 25 April 2014, SIMP made its capital contribution amounting to Rupiah 6 billion (US$0.5 million) to PSM.

(J) On 20 January 2012, Maynilad renewed (i) the framework agreement with D.M. Consunji, Inc. (Consunji), a subsidiary company of DMCI Holdings Inc. (DMCI) (a 27.2% shareholder of Maynilad Water Holding Company, Inc., Maynilad's parent company) for the period from 20 January 2012 to 31 December 2014 on substantially the same terms as the previous framework agreement in relation to the provision of engineering, procurement and construction services provided by Consunji to Maynilad and (ii) the lease agreement with DMCI Project Developers, Inc. (DMCIPD), a subsidiary company of DMCI, for the renting of certain premises in Makati City by DMCIPD to Maynilad for the period from 1 February 2012 to 31 January 2015. For the period ended 30 June 2014, Maynilad entered into certain construction contracts with DMCI group for the latter's construction of water infrastructure for Maynilad.

All significant transactions with DMCI group, 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	Consolidated 2014	2013
Capital Expenditure Items		
Construction services for water infrastructure	**5.3**	2.6
Income Statement Items		
Rental expenses	**0.1**	0.1

(K) For the period ended 30 June 2014, MPIC's subsidiary company, MNTC, collected toll fees through TMC, an associated company of MPIC.

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

Nature of Transactions

	Consolidated	
For the six months ended 30 June US$ millions	**2014**	2013
Income Statement Items		
Operator's fee	**18.5**	18.7
Management income	**0.3**	0.8
Guarantee income	**0.3**	0.3
Interest income	**0.1**	0.1

Nature of Balances

	Consolidated	
US$ millions	**At 30 June 2014**	At 31 December 2013
Statement of Financial Position Items		
Accounts receivable – trade	**1.8**	3.9
Accounts payable – trade	**9.7**	7.6

(L) For the period ended 30 June 2014, MPIC and its 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

	Consolidated	
For the six months ended 30 June US$ millions	**2014**	2013
Income Statement Items		
Electricity expenses	**12.0**	10.8

Nature of Balances

	Consolidated	
US$ millions	**At 30 June 2014**	At 31 December 2013
Statement of Financial Position Items		
Accounts receivable – trade	**0.2**	0.1
Accounts payable – trade	**0.4**	0.5

(M) For the period ended 30 June 2014, MPIC received dividend income on preferred shares from Beacon Electric, a joint venture of the Group. In March 2010, MPIC subscribed Pesos 8.0 billion (US$183.3 million) for Beacon Electric's preferred shares and extended non-interest-bearing cash advances to Beacon Electric of Pesos 756 million (US$17.3 million). In June 2012, MPIC acquired approximately Pesos 3.6 billion (US$82.5 million) of Beacon Electric's preferred shares.

On 26 June 2014, MPIC acquired a 5% interest in Meralco from Beacon Electric at an aggregate consideration of Pesos 13.2 billion (US$296.9 million), of which Pesos 1.55 billion (US$34.9 million) was settled in cash and Pesos 1.45 billion (US$32.6 million) was offset against Beacon Electric's common share dividends declared on 24 June 2014. The outstanding payable of Pesos 10.2 billion (US$229.4 million) (with a carrying amount of Pesos 10.0 billion or US$229.4 million) was included in the accounts payable, other payables and accruals in the condensed consolidated statement of financial position at 30 June 2014.

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

Nature of Transactions

	Consolidated	
For the six months ended 30 June US$ millions	**2014**	2013
Income Statement Items		
Preferred share dividend income	**9.1**	9.8

Nature of Balances

	Consolidated	
US$ millions	**At 30 June 2014**	At 31 December 2013
Statement of Financial Position Items		
Associated companies and joint ventures		
– Preferred shares, at cost	**265.1**	260.7
– Amounts due from associated companies and joint ventures	**17.3**	17.0
Accounts payable, other payables and accruals	**229.4**	–

(N) For the period ended 30 June 2014, MPIC and its 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

	Consolidated	
For the six months ended 30 June US$ millions	**2014**	2013
Income Statement Items		
Voice and data service expenses	**1.0**	1.0
Income from advertising	**0.6**	0.5
Rental expenses	**0.1**	0.1
Income from utility facilities	**–**	0.1

Nature of Balances

	Consolidated	
US$ millions	**At 30 June 2014**	At 31 December 2013
Statement of Financial Position Items		
Accounts receivable – trade	**1.1**	0.2
Accounts payable – trade	**1.7**	1.6

22. Financial Instruments

(A) Financial Instruments by Category

(a) Financial Assets

US$ millions	At 30 June 2014 Loans and receivables	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Total	At 31 December 2013 Loans and receivables	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Total
Accounts and other receivables (Non-current)	**23.5**	**–**	**3.0**	**26.5**	17.5	–	1.0	18.5
Available-for-sale assets (Non-current)	**–**	**162.9**	**–**	**162.9**	–	63.7	–	63.7
Pledged deposits (Non-current)	**26.1**	**–**	**–**	**26.1**	11.1	–	–	11.1
Other non-current assets	**51.1**	**–**	**–**	**51.1**	51.9	–	–	51.9
Cash and cash equivalents and short-term deposits	**2,559.4**	**–**	**–**	**2,559.4**	2,375.4	–	–	2,375.4
Pledged deposits and restricted cash (Current)	**54.1**	**–**	**–**	**54.1**	49.3	–	–	49.3
Available-for-sale assets (Current)	**–**	**174.1**	**–**	**174.1**	–	101.8	–	101.8
Accounts and other receivables (Current)	**797.3**	**–**	**7.9**	**805.2**	701.4	–	6.5	707.9
Total	**3,511.5**	**337.0**	**10.9**(i)	**3,859.4**	3,206.6	165.5	7.5	3,379.6

(i) Represents derivative assets

(b) Financial Liabilities

US$ millions	At 30 June 2014 Financial liabilities at amortized cost	Financial liabilities at fair value	Total	At 31 December 2013 Financial liabilities at amortized cost	Financial liabilities at fair value	Total
Accounts payable, other payables and accruals	**1,110.5**	**–**	**1,110.5**	790.1	–	790.1
Short-term borrowings	**1,169.6**	**–**	**1,169.6**	1,067.0	–	1,067.0
Current portion of deferred liabilities, provisions and payables	**12.5**	**–**	**12.5**	13.6	–	13.6
Long-term borrowings	**5,017.1**	**–**	**5,017.1**	4,551.3	–	4,551.3
Deferred liabilities, provisions and payables	**170.4**	**13.1**	**183.5**	178.1	7.5	185.6
Total	**7,480.1**	**13.1**(ii)	**7,493.2**	6,600.1	7.5	6,607.6

(ii) Represents derivative liabilities

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

- Fair values of non-current accounts and other receivables and other assets are evaluated based on the discounted values of future cash flows using the interest rates that are specific to the tenor of the instruments' cash flows.

- Fair value of available-for-sale assets is derived from quoted market prices in active markets, if available. If such information is not available, the carrying amounts of available-for-sale assets are measured at cost less impairment provisions.

- Fair value of unquoted available-for-sale assets is measured by reference to the most recent transaction prices or carried at cost less any accumulated impairment losses.

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

- Derivative assets/liabilities in respect of derivative financial instruments, such as interest rate swaps and foreign exchange forward contracts, are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations of future cash flows. The models incorporate various inputs including the foreign exchange spot and forward rates and interest rate curves.

The following table shows a comparison between the carrying amounts and fair values of the Group's financial instruments with carrying amounts not equal or reasonably approximating to their fair values at 30 June 2014. The Group's financial instruments with carrying amounts equal or reasonably approximating to their fair values and unquoted available-for-sale assets that are measured at cost less any accumulated impairment losses at 30 June 2014 are not included in this table.

	At 30 June 2014		At 31 December 2013	
US$ millions	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial Assets/Liabilities				
Accounts and other receivables (Non-current)	**26.5**	**36.5**	18.5	24.2
Long-term borrowings	**(5,017.1)**	**(5,154.7)**	(4,551.3)	(4,707.2)
Deferred liabilities, provisions and payables (Non-current)	**(170.4)**	**(220.3)**	(178.1)	(209.5)
Net Amount	**(5,161.0)**	**(5,338.5)**	(4,710.9)	(4,892.5)

(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 the most recent transaction prices and 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 period:

	At 30 June 2014				At 31 December 2013			
US$ millions	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
– Listed equity investments	**162.1**	**–**	**–**	**162.1**	57.2	–	–	57.2
– Listed debentures	**39.6**	**–**	**–**	**39.6**	34.3	–	–	34.3
– Unlisted unit investment trust funds	**–**	**118.2**	**–**	**118.2**	44.9	–	–	44.9
– Unlisted investments	**–**	**2.1**	**–**	**2.1**	–	2.1	–	2.1
Derivative assets(i)	**–**	**10.9**	**–**	**10.9**	–	9.3	–	9.3
Derivative liabilities(ii)	**–**	**(13.1)**	**–**	**(13.1)**	–	(7.5)	–	(7.5)
Net Amount	**201.7**	**118.1**	**–**	**319.8**	136.4	3.9	–	140.3

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

The fair values of unlisted unit investment trust funds and investments, and derivative assets and derivative liabilities in Level 2 are measured by reference to the most recent transaction prices and using the valuation techniques as described in Note 22(B) to the condensed interim consolidated financial statements, respectively.

For financial instruments that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the period, there was no transfers among Level 1, Level 2 and Level 3 fair value measurements, except for the unlisted unit investment trust funds, measured at fair value by reference to the most recent transaction prices, which have been reclassified from Level 1 to Level 2 fair value measurement.

23. Events after the Reporting Period

(A) On 16 May 2014, MPIC and GIC, Singapore's sovereign wealth fund, through its private equity arm, entered into a definitive partnership agreement to facilitate the further expansion of the hospital group of MPIC. On 2 July 2014, GIC, through its affiliates, invested Pesos 3.7 billion (US$84.8 million) for a 14.4% interest in NSHI, a wholly-owned subsidiary company of MPIC and the holding company of the hospital group, and advanced to MPIC Pesos 6.5 billion (US$148.9 million) by way of an exchangeable bond which can be exchanged into a 25.5% interest in NSHI in the future, subject to certain conditions. These transactions are accounted for as equity transactions of the Group as there was no change in control and with any differences between the carrying value of the non-controlling interests and consideration received being recognized in the "Differences arising from changes in equities of subsidiary companies" account within the Group's equity.

(B) On 30 May 2014, the Company agreed to transfer its entire 75% interest in FPM Infrastructure to MPIC for a total consideration of US$101.3 million. The transaction was completed on 31 July 2014. Thereafter, MPIC's direct equity interest in FPM Infrastructure increased to 100% from 25%. The transaction has no material effect on the Group's financial results and position.

24. Comparative Amounts

Certain comparative amounts have been restated to conform with the current period's presentation.

25. 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 2014.

Review Statement of the Audit Committee

In accordance with the requirements of paragraph 39 of Appendix 16 of the Listing Rules issued by SEHK, the Audit Committee has reviewed the Interim Report for the six months ended 30 June 2014, including the accounting policies and practices adopted by the Group. The Audit Committee also has discussed auditing, internal control, risk management, and financial reporting matters with the Company's management and its external auditors.

Corporate Governance Report

Corporate Governance Practices

First Pacific is committed to building and maintaining high standards of corporate governance. Throughout the six months ended 30 June 2014, First Pacific has applied the principles and complied with all Code Provisions as contained in its own Corporate Governance Code (the First Pacific Code), which incorporates the principles and requirements set out in the Corporate Governance Code (Appendix 14 of the Listing Rules), where appropriate, with the exception of Code Provision A.6.8, as one of our Non-executive Directors, Mr. Tedy Djuhar and one of our Independent Non-executive Directors (INEDs), Mr. Philip Fan Yan Hok were unable to attend the Company's annual general meeting held on 28 May 2014 due to important engagements.

Upon adoption of the Policy on Board Diversity, the Company made relevant amendments to the First Pacific Code and Terms of Reference of the Nomination Committee in March 2014. The Company's corporate governance information can be found in the Corporate Governance section of the Company's website.

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 2014.

Continuing Connected Transactions

During the period, the INEDs agreed with the Directors in relation to the following continuing connected transactions and approved the disclosure of those transactions in the form of a published announcement:

- 9 May 2014 announcement: following the acquisition of a majority interest in PT Indoritel Makmur Internasional Tbk. and its subsidiaries (IndoRetail) by an associate of Mr. Anthoni Salim, IndoRetail and its 40% owned associated company, PT Indomarco Prismatama and its subsidiary (Indomaret), have become associates of Mr. Salim and, thus, connected persons of the Company. In connection with the transaction, Indomaret transferred its 78.2% interest in PT Inti Cakrawala Citra (Indogrosir) to an associate of Mr. Salim. As a result, Indogrosir became an associate of Mr. Salim and, thus, connected person of the Company. Indomaret and Indogrosir have, prior to the acquisition, entered into transactions in the ordinary course of business with the Indofood Group in connection with the sale of certain consumer goods including cooking oils, dairy products, noodles, snack foods, flour and beverages by the Indofood Group to Indomaret and Indogrosir. As a result, prior transactions between IndoRetail and Indogrosir with the Indofood Group have become continuing connected transactions of the Company and are required to be disclosed pursuant to the Listing Rule requirements.

Internal Control and Risk Management

The Board is responsible for maintaining an adequate system of internal controls in the Group and reviewing their effectiveness through the Audit Committee.

During the period ended 30 June 2014, the Audit Committee reviewed and advised that:

- The internal controls and accounting systems of the Group function effectively 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 2014, 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 corporation (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 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)]	44.79	–
Manuel V. Pangilinan	58,299,092[(P)(ii)]	1.36	29,753,578
Edward A. Tortorici	37,274,149[(P)]	0.87	20,573,666
Robert C. Nicholson	2,229,939[(P)(iii)]	0.05	27,632,368
Benny S. Santoso	–	–	3,594,812
Napoleon L. Nazareno	477,166[(P)(iv)]	0.01	4,502,055
Graham L. Pickles	–	–	2,528,635
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	898,838[(P)(v)]	0.02	4,502,790
Margaret Leung Ko May Yee, *SBS, JP*	238,582[(P)(vi)]	less than 0.01	1,812,887
Philip Fan Yan Hok	238,582[(P)(vii)]	less than 0.01	1,812,887

(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 56.8% of First Pacific Investments Limited which, in turn, is interested in 790,229,364 shares in the Company. Of this, 10.0% is held by Anthoni Salim directly, and 46.8% by Salerni International Limited. The remaining 43.2% interest in First Pacific Investments Limited is owned as to 30.0% by Sutanto Djuhar (a former Non-executive Director of the Company), 10.0% by Tedy Djuhar (a Non-executive Director of the Company) and 3.2% by a company controlled by the estate of the late Mr. Ibrahim Risjad (a former Non-executive Director of the Company).

(ii) It included Mr. Pangilinan's interests in 2,726,660 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.

(iii) It included Mr. Nicholson's interests in 1,772,329 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(iv) It included Mr. Nazareno's interests in 381,733 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(v) It included Prof. Chen's interests in 381,733 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(vi) It included Mrs. Leung's interests in 238,582 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(vii) It included Mr. Fan's interests in 238,582 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(B) Long Positions in Shares in Associated Corporations

- Manuel V. Pangilinan owned 21,342,404 common shares[(P)] (0.08%)* and 6,250,000 share options in MPIC, 229,033 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, 4,655,000 common shares[(P)] (0.09%)* in Philex, 891,250 common shares[(P)] (0.05%)* in Philex Petroleum Corporation (PPC), 40,000 common shares[(P)] (less than 0.01%)* (including 15,000 stock grants which remain unvested) in Meralco, as well as 50,000 common shares[(P)] (less than 0.01%)* in Roxas Holdings, Inc.
- Edward A. Tortorici owned 69,596 common shares[(C)] and 10,660,000 common shares[(P)] (collectively 0.04%)* and 5,000,000 share options in MPIC, 104,874 common shares[(P)] (0.05%)* in PLDT, 3,285,100 common shares[(P)] (0.07%)* as well as 1,515,000 share options in Philex, and 37,512 common shares[(P)] (less than 0.01%)* in PPC as well as US$600,000 of bonds due 2019 issued by FPC Finance Limited, which is a wholly-owned subsidiary of the Company.
- Robert C. Nicholson owned 1,250 common shares[(P)] (less than 0.01%)* in Philex, 156 common shares[(P)] (less than 0.01%)* in PPC, 15,000,000 share options in MPIC, as well as US$400,000 of bonds due 2017 issued by FPMH Finance Limited, US$200,000 of bonds due 2020 issued by FPT Finance Limited and US$600,000 of bonds due 2019 issued by FPC Finance Limited, all of which are wholly-owned subsidiaries of the Company.
- Tedy Djuhar owned 15,520,335 ordinary shares[(C)] (0.18%)* in Indofood.

- Anthoni Salim owned 1,329,770 ordinary shares[(P)] (0.02%)* in Indofood and an indirect interest of 4,396,103,450 Indofood shares (50.07%)* through the Company's group companies, a direct interest of 2,007,788 shares[(C)] (0.14%)* in Indofood Agri Resources Ltd. (IndoAgri) through his controlled corporations other than the Company and an indirect interest of 1,018,200,000 IndoAgri shares (71.84%)* through the Company's group companies and a direct interest of 20,483,364 shares (0.13%)* in PT Salim Ivomas Pratama Tbk (SIMP) through his controlled corporations other than the Company and an indirect interest of 12,448,625,000 SIMP shares (80.31%)* through the Company's group companies.
- Napoleon L. Nazareno owned 6,648 common shares[(P)] (less than 0.01%)* in MPIC, 19,927 common shares[(P)] (less than 0.01%)* in PLDT as well as 120,833 common shares[(P)] (0.01%)* (including 10,833 stock grants which remain unvested) in Meralco.

(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 2014.

Save for those disclosed above, as at 30 June 2014, none of the Directors and chief executive of the Company had any interests or short positions in respect of shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code.

Interests of Substantial Shareholders in the Company

The interests and short positions of substantial shareholders in the shares and underlying shares of the Company as at 30 June 2014 as recorded in the register required to be kept under Section 336 of the SFO are set out below:

(a) Salerni International Limited (Salerni), which was incorporated in the British Virgin Islands, was interested in 1,925,474,957 ordinary shares of the Company at 30 June 2014, representing approximately 44.79% of the Company's issued share capital at that date, by way of 502,058,994 ordinary shares of the Company held, representing approximately 11.68% of the Company's issued share capital at that date and also its 46.80% interest in First Pacific Investments Limited (FPIL-Liberia) and 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) FPIL-Liberia, which was incorporated in the Republic of Liberia, beneficially owned 790,229,364 ordinary shares at 30 June 2014, representing approximately 18.38% of the Company's issued share capital at that date. FPIL-Liberia is owned by Anthoni Salim (Chairman of the Company), Tedy Djuhar (a Non-executive Director of the Company), Sutanto Djuhar (a former Non-executive Director of the Company) and a company controlled by the estate of the late Ibrahim Risjad (a former Non-executive Director of the Company), in the proportion specified in note (i) of the table on page 85. Anthoni Salim, Chairman of the Company, is taken to be interested in the shares owned by FPIL-Liberia.

(c) FPIL-BVI, which was incorporated in the British Virgin Islands, beneficially owned 633,186,599 ordinary shares at 30 June 2014, representing approximately 14.73% of the Company's issued share capital at that date. Anthoni Salim, Chairman of the Company, beneficially owns the entire issued share capital of FPIL-BVI and, accordingly, is taken to be interested in the shares owned by FPIL-BVI.

(d) Lazard Asset Management LLC (Lazard), a United States incorporated company, notified the Company that it held 300,508,599 ordinary shares of the Company as at 20 May 2014, representing approximately 6.99% of the Company's issued share capital at that date. At 30 June 2014, the Company has not received any other notification from Lazard of any change to such holding.

(e) Brandes Investment Partners L.P. (Brandes), a United States incorporated company, notified the Company that it held 215,306,314 ordinary shares of the Company as at 8 April 2014, representing approximately 5.00% of the Company's issued share capital at that date. At 30 June 2014, 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 2014 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

On 20 March 2012, the Company's Directors approved a share repurchase program to spend, subject to the state of the financial markets, economic conditions affecting group companies and potential merger and acquisition opportunities, up to 10% of its annual recurring profit on share repurchases. Under this program, the Company has allocated approximately 50% of US$36.0 million, representing approximately 10% of the Group's recurring profit of US$360.3 million (before restatement made in 2013) in respect of the financial year ended 31 December 2012, to repurchase shares in the Company by way of "on-market" repurchases during the period from 1 June 2013 to 31 May 2014. On 25 March 2014, the Company's Directors approved to allocate US$32.7 million, representing approximately 10% of the Group's recurring profit of US$327.1 million in respect of the financial year ended 31 December 2013, to repurchase shares in the Company by way of "on-market" repurchases.

During the period ended 30 June 2014, the Company repurchased 13,376,000 (2013: 4,870,000) ordinary shares on SEHK at an aggregate consideration of HK$107.1 million (US$13.8 million) (2013: HK$47.6 million or US$6.1 million). These shares have been subsequently cancelled. Details of the repurchases are summarized as follows:

Month of repurchases	**Number of ordinary shares repurchased**	Purchase price paid per share Highest HK$	Lowest HK$	**Aggregate consideration paid HK$ millions**	**US$ millions**
January 2014	**8,412,000**	8.63	7.69	**68.1**	**8.8**
February 2014	**3,168,000**	7.84	7.47	**24.3**	**3.1**
March 2014	**706,000**	8.01	7.60	**5.4**	**0.7**
April 2014	**378,000**	8.61	7.82	**3.0**	**0.4**
June 2014	**712,000**	8.96	8.55	**6.3**	**0.8**
Total	**13,376,000**			**107.1**	**13.8**

The repurchases were effected by the Directors with a view to benefiting the shareholders as a whole by enhancing the Company's net assets and earnings per share.

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 2014 interim results	27 August 2014
Last day to register for interim dividend	11 September 2014
Payment of interim dividend	24 September 2014
Interim report posted to shareholders	26 September 2014
Financial year-end	31 December 2014
Preliminary announcement of 2014 results	24 March 2015*

* Subject to confirmation

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Web Site
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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: 4,298,658,997

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:
MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08, Bermuda

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

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Telephone : +852 2862 8555
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Principal Bankers
Bank of America NA
Malayan Banking Berhad
Mizuho Corporate Bank, Ltd.
Standard Chartered Bank (Hong Kong) Limited
The Hongkong & Shanghai Banking Corporation
Bank of Philippine Islands
China Banking Corporation
Metropolitan Bank & Trust Company

Summary of Principal Investments

As at 30 June 2014

Philippine Long Distance Telephone Company

PLDT (PSE: TEL; NYSE: PHI) is the leading telecommunications provider in the Philippines. Its shares are listed on the Philippine Stock Exchange and its American Depositary Receipts are listed on the New York Stock Exchange. It has one of the largest market capitalizations among Philippine listed companies. Through its principal business groups, PLDT offers a wide range of telecommunications services: Wireless (principally through subsidiary companies, Smart Communications, Inc. and Digitel Mobile Philippines, Inc. ("Sun")) and Fixed Line (principally through PLDT, ePLDT and Digital Telecommunications Philippines, Inc. ("Digitel")). PLDT has developed the Philippines' most extensive fiber optic backbone, and cellular and fixed line 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	:	26.0 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic/voting interest	:	55.8%/62.9%

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

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 consumer products and distribution to the market. It is based and listed in Indonesia; its Consumer Branded Products subsidiary PT Indofood CBP Sukses Makmur Tbk and agribusiness subsidiaries PT Salim Ivomas Pratama Tbk and PT PP London Sumatra Indonesia Tbk are also listed in Indonesia. Two other subsidiaries, Indofood Agri Resources Ltd. and China Minzhong Food Corporation Limited, are listed in Singapore, and an agribusiness associate Roxas Holdings Inc. is listed in the Philippines. Through its five complementary Strategic Business Groups, Indofood manufactures and distributes a wide range of food products: Consumer Branded Products (noodles, dairy, non-alcoholic beverages, snack foods, food seasonings, and nutrition and special foods), Bogasari (flour and pasta), Agribusiness (oil palm, rubber, sugar cane, cocoa and tea plantations, cooking oils, margarine and shortenings), Distribution and Cultivation & Processed Vegetables (fresh and processed vegetables).

Indofood is one of the world's largest manufacturer 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

Philex Mining Corporation

Philex (PSE: PX) is a Philippine-listed company engaged in the exploration and mining of mineral resources and, through a listed subsidiary Philex Petroleum Corporation (PSE: PXP), in oil and gas exploration.

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 and voting interests in Philex.

Further information on Philex can be found at www.philexmining.com.ph

FPM Power Holdings Limited

FPM Power controls PacificLight Power Pte. Ltd ("PLP"). PLP is the operator of Singapore's newest gas-fired power plant, housing an 800-megawatt natural gas-fired combined cycle facility. Its wholly-owned subsidiary PacificLight Energy Pte. Ltd. offers customised price packages to meet the needs of retail customers in Singapore.

Sector	:	Infrastructure/Utilities
Place of incorporation/business area	:	British Virgin Islands/Singapore
Issued number of shares	:	10,000
Particulars of issued shares held	:	Shares of US$1 par value
Economic/voting interests	:	68.4%[2]/60.0%

(2) Includes a 8.4% effective economic interest in FPM Power held by First Pacific through its indirect interests in Meralco.

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

Don Muang Tollway Public Company Limited

FPM Infrastructure Holdings Limited holds **Don Muang Tollway Public Company Limited** ("DMT"). DMT is a major toll road operator in Bangkok, Thailand. The concession for DMT runs until 2034 for the operation of a 21.9-kilometer six-lane elevated toll road from central Bangkok to Don Muang International Airport and further to the National Monument in the north of Bangkok.

Sector	:	Infrastructure
Place of incorporation/business area	:	Thailand
Issued number of shares	:	1.0 billion
Particulars of issued shares held	:	Shares of Baht 5.2 par value
Economic/voting interests	:	26.2%[3]/29.5%

(3) Includes a 4.1% effective economic interest in DMT held by First Pacific through its indirect interests in MPIC.

Further information on DMT can be found at www.tollway.co.th (in Thai)

Roxas Holdings, Inc.

FP Natural Resources Limited holds **Roxas Holdings, Inc.** ("RHI") (PSE: ROX). RHI is a Philippine based and listed company and the country's largest producer of raw sugar, the fourth largest sugar refiner and one of the country's largest bioethanol producers.

Sector	:	Consumer Food Products
Place of incorporation/business area	:	The Philippines
Outstanding number of shares	:	909.6 million
Particulars of outstanding shares held	:	Common shares of Peso 1 par value
Economic/voting interests	:	26.9%[4]/34.0%

(4) Includes a 3.1% effective economic interest in RHI held by First Pacific through its indirect interests in IndoAgri.

Further information on RHI can be found at www.rhi-cadp.com.ph

FIRST PACIFIC

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A Chinese version of this interim report is available at www.firstpacific.com or from the Company on request.
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