FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

Website: http://www.firstpacific.com

(Stock code: 00142)

2014 Annual Results - Audited

FINANCIAL HIGHLIGHTS

- Turnover increased by 13.9% to US$6,841.3 million (HK$53,362.1 million) from US$6,005.8 million (HK$46,845.2 million).
- Profit contribution from operations decreased by 1.0% to US$462.7 million (HK$3,609.1 million) from US$467.2 million (HK$3,644.2 million).
- Recurring profit decreased by 1.0% to US$323.9 million (HK$2,526.4 million) from US$327.1 million (HK$2,551.4 million).
- Foreign exchange and derivative losses decreased by 83.5% to US$9.3 million (HK$72.5 million) from US$56.3 million (HK$439.1 million).
- Non-recurring losses increased by 579.1% to US$234.3 million (HK$1,827.5 million) from US$34.5 million (HK$269.1 million).
- Profit attributable to owners of the parent decreased by 65.6% to US$81.0 million (HK$631.8 million) from US$235.3 million (HK$1,835.3 million).
- Recurring basic earnings per share (calculated based on recurring profit) decreased by 4.1% to U.S. 7.55 cents (HK58.9 cents) from U.S. 7.87 cents (HK61.4 cents).
- Basic earnings per share decreased by 66.6% to U.S. 1.89 cents (HK14.7 cents) from U.S. 5.66 cents (HK44.1 cents).
- A final dividend of HK13.00 cents (U.S. 1.67 cents) (2013: HK13.00 cents or U.S. 1.67 cents) per ordinary share has been recommended, making a total dividend per ordinary share equivalent to HK21.00 cents (U.S. 2.70 cents) (2013: HK21.00 cents or U.S. 2.70 cents) for the full year or a dividend payout ratio of approximately 36% (2013: 35%) of recurring profit.
- Equity attributable to owners of the parent decreased by 2.3% to US$3,428.4 million (HK$26,741.5 million) at 31 December 2014 from US$3,509.9 million (HK$27,377.2 million) at 31 December 2013.
- Consolidated gearing ratio increased to 0.45 times at 31 December 2014 from 0.43 times at 31 December 2013.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Notes	**2014** **US$m**	2013 (Restated)[i] US$m	**2014** **HK$m***	2013 (Restated)[i] HK$m*
Turnover	2	**6,841.3**	6,005.8	**53,362.1**	46,845.2
Cost of sales		**(4,924.0)**	(4,245.4)	**(38,407.2)**	(33,114.1)
Gross profit		**1,917.3**	1,760.4	**14,954.9**	13,731.1
Selling and distribution expenses		**(527.0)**	(452.4)	**(4,110.6)**	(3,528.7)
Administrative expenses		**(548.3)**	(518.9)	**(4,276.8)**	(4,047.4)
Other operating expenses, net		**(196.4)**	(102.1)	**(1,531.9)**	(796.4)
Interest income		**89.2**	69.0	**695.8**	538.2
Finance costs		**(356.8)**	(300.6)	**(2,783.0)**	(2,344.7)
Share of profits less losses of associated companies and joint ventures		**279.1**	255.1	**2,177.0**	1,989.8
Profit before taxation	3	**657.1**	710.5	**5,125.4**	5,541.9
Taxation	4	**(199.5)**	(145.7)	**(1,556.1)**	(1,136.5)
Profit for the year from continuing operations		**457.6**	564.8	**3,569.3**	4,405.4
Profit for the year from a discontinued operation	5	**63.2**	56.1	**492.9**	437.6
Profit for the year		**520.8**	620.9	**4,062.2**	4,843.0
Attributable to:					
Owners of the parent	6				
- For profit from continuing operations		**54.8**	210.2	**427.4**	1,639.6
- For profit from a discontinued operation		**26.2**	25.1	**204.4**	195.7
- For profit for the year		**81.0**	235.3	**631.8**	1,835.3
Non-controlling interests					
- For profit from continuing operations		**402.8**	354.6	**3,141.8**	2,765.9
- For profit from a discontinued operation		**37.0**	31.0	**288.6**	241.8
- For profit for the year		**439.8**	385.6	**3,430.4**	3,007.7
		520.8	620.9	**4,062.2**	4,843.0
		US¢	US¢	**HK¢***	HK¢*
Earnings per share attributable to owners of the parent	7				
Basic					
- For profit from continuing operations		**1.28**	5.06	**10.0**	39.4
- For profit from a discontinued operation		**0.61**	0.60	**4.7**	4.7
- For profit for the year		**1.89**	5.66	**14.7**	44.1
Diluted					
- For profit from continuing operations		**1.27**	5.00	**9.9**	39.0
- For profit from a discontinued operation		**0.60**	0.60	**4.7**	4.7
- For profit for the year		**1.87**	5.60	**14.6**	43.7

(i) Refer to Note 15

Details of the dividend proposed for the year are disclosed in Note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	2014 US$m	2013 US$m	2014 HK$m*	2013 HK$m*
Profit for the year	**520.8**	620.9	**4,062.2**	4,843.0
Other comprehensive (loss)/income				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	**(138.2)**	(990.5)	**(1,078.0)**	(7,726.0)
Unrealized (losses)/gains on available-for-sale assets	**(25.2)**	18.0	**(196.6)**	140.4
Realized gains on available-for-sale assets	**(5.0)**	(0.8)	**(39.0)**	(6.2)
Unrealized (losses)/gains on cash flow hedges	**(61.3)**	7.6	**(478.1)**	59.3
Income tax related to cash flow hedges	**9.8**	(1.3)	**76.4**	(10.1)
Share of other comprehensive income of associated companies and joint ventures	**45.5**	2.3	**355.0**	17.9
Items that will not be reclassified to profit or loss:				
Actuarial gains/(losses) on defined benefit pension plans	**5.5**	(25.6)	**42.9**	(199.7)
Revaluation deficit of assets	**-**	(1.6)	**-**	(12.4)
Share of other comprehensive loss of associated companies and joint ventures	**(26.5)**	(51.4)	**(206.7)**	(400.9)
Other comprehensive loss for the year, net of tax	**(195.4)**	(1,043.3)	**(1,524.1)**	(8,137.7)
Total comprehensive income/(loss) for the year	**325.4**	(422.4)	**2,538.1**	(3,294.7)
Attributable to:				
Owners of the parent	**(11.4)**	(177.2)	**(88.9)**	(1,382.2)
Non-controlling interests	**336.8**	(245.2)	**2,627.0**	(1,912.5)
	325.4	(422.4)	**2,538.1**	(3,294.7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2014 US$m	At 31 December 2013 (Restated)[(i)] US$m	At 31 December 2014 HK$m*	At 31 December 2013 (Restated)[(i)] HK$m*
Non-current assets					
Property, plant and equipment		**2,731.8**	2,856.6	**21,308.1**	22,281.5
Plantations		**1,210.7**	1,164.4	**9,443.5**	9,082.3
Associated companies and joint ventures		**3,568.4**	3,406.6	**27,833.5**	26,571.5
Goodwill		**1,057.6**	1,047.1	**8,249.3**	8,167.4
Other intangible assets		**2,511.8**	2,386.8	**19,592.0**	18,617.0
Accounts receivable, other receivables and prepayments		**11.8**	18.5	**92.0**	144.3
Available-for-sale assets		**193.8**	63.7	**1,511.6**	496.9
Deferred tax assets		**200.2**	162.9	**1,561.6**	1,270.6
Pledged deposits and restricted cash		**30.9**	11.1	**241.0**	86.6
Other non-current assets		**385.9**	423.4	**3,010.0**	3,302.5
		11,902.9	11,541.1	**92,842.6**	90,020.6
Current assets					
Cash and cash equivalents and short-term deposits		**2,265.9**	2,375.4	**17,674.0**	18,528.1
Pledged deposits and restricted cash		**53.2**	49.3	**415.0**	384.5
Available-for-sale assets		**59.2**	101.8	**461.8**	794.1
Accounts receivable, other receivables and prepayments	9	**661.2**	778.8	**5,157.3**	6,074.6
Inventories		**717.2**	695.7	**5,594.2**	5,426.5
Plantations		**-**	2.0	**-**	15.6
		3,756.7	4,003.0	**29,302.3**	31,223.4
Assets classified as held for sale		**982.4**	-	**7,662.7**	-
		4,739.1	4,003.0	**36,965.0**	31,223.4
Current liabilities					
Accounts payable, other payables and accruals	10	**1,192.4**	980.7	**9,300.8**	7,649.5
Short-term borrowings		**912.0**	1,067.0	**7,113.6**	8,322.6
Provision for taxation		**51.0**	32.6	**397.8**	254.3
Current portion of deferred liabilities, provisions and payables		**321.9**	250.4	**2,510.8**	1,953.1
		2,477.3	2,330.7	**19,323.0**	18,179.5
Liabilities directly associated with the assets classified as held for sale		**335.9**	-	**2,620.0**	-
		2,813.2	2,330.7	**21,943.0**	18,179.5
Net current assets		**1,925.9**	1,672.3	**15,022.0**	13,043.9
Total assets less current liabilities		**13,828.8**	13,213.4	**107,864.6**	103,064.5
Equity					
Issued share capital		**42.9**	43.1	**334.6**	336.2
Shares held for share award scheme		**(8.7)**	(9.6)	**(67.9)**	(74.9)
Retained earnings		**1,540.1**	1,575.7	**12,012.8**	12,290.5
Other components of equity		**1,854.1**	1,900.7	**14,462.0**	14,825.4
Equity attributable to owners of the parent		**3,428.4**	3,509.9	**26,741.5**	27,377.2
Non-controlling interests		**4,288.6**	3,969.6	**33,451.1**	30,962.9
Total equity		**7,717.0**	7,479.5	**60,192.6**	58,340.1
Non-current liabilities					
Long-term borrowings		**4,893.9**	4,551.3	**38,172.4**	35,500.1
Deferred liabilities, provisions and payables		**850.0**	816.0	**6,630.0**	6,364.8
Deferred tax liabilities		**367.9**	366.6	**2,869.6**	2,859.5
		6,111.8	5,733.9	**47,672.0**	44,724.4
		13,828.8	13,213.4	**107,864.6**	103,064.5

(i) Refer to Note 15

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US$ millions	Notes	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive income/(loss) (Note 11)	Differences arising from changes in equities of subsidiary companies	Reserves for assets classified as held for sale	Capital and other reserves	Retained earnings	Total	Non-controlling interests	Total equity (Restated)[i]
		Equity attributable to owners of the parent											
Balance at 1 January 2013		38.3	-	1,312.2	33.8	133.1	242.3	(12.7)	13.2	1,479.8	3,240.0	4,010.7	7,250.7
Profit for the year		-	-	-	-	-	-	-	-	235.3	235.3	385.6	620.9
Other comprehensive loss for the year		-	-	-	-	(411.6)	-	-	(0.9)	-	(412.5)	(630.8)	(1,043.3)
Total comprehensive (loss)/income for the year		-	-	-	-	(411.6)	-	-	(0.9)	235.3	(177.2)	(245.2)	(422.4)
Issue of shares upon the exercise of share options		0.3	-	18.9	(6.0)	-	-	-	-	-	13.2	-	13.2
Repurchase and cancellation of shares		(0.3)	-	-	-	-	-	-	0.3	(28.5)	(28.5)	-	(28.5)
Issue of shares in respect of rights issue		4.8	-	496.7	-	-	-	-	-	-	501.5	-	501.5
Purchase of shares for share award scheme		-	(10.6)	-	-	-	-	-	-	-	(10.6)	-	(10.6)
Issue of shares under share award scheme		-	(1.0)	1.0	-	-	-	-	-	-	-	-	-
Shares vested under share award scheme		-	2.0	-	(2.0)	-	-	-	-	-	-	-	-
Transaction costs for issue of shares		-	-	(7.0)	-	-	-	-	-	-	(7.0)	-	(7.0)
Employee share-based compensation benefits		-	-	-	20.3	-	-	-	-	-	20.3	-	20.3
Acquisition, dilution and divestment of								-					
interests in subsidiary companies		-	-	-	-	(6.7)	60.8	-	-	-	54.1	135.3	189.4
Reserve of a disposal group of													
associated companies classified as held for sale		-	-	-	-	-	-	12.7	-	-	12.7	-	12.7
Revaluation deficit of assets transferred to													
retained earnings		-	-	-	-	-	-	-	1.5	(1.5)	-	-	-
Appropriation to statutory reserve funds		-	-	-	-	-	-	-	0.8	(0.8)	-	-	-
2012 final dividend		-	-	-	-	-	-	-	-	(64.2)	(64.2)	-	(64.2)
2013 interim dividend	8	-	-	-	-	-	-	-	-	(44.4)	(44.4)	-	(44.4)
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	-	-	115.8	115.8
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	141.4	141.4
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(188.4)	(188.4)
Balance at 31 December 2013		43.1	(9.6)	1,821.8	46.1	(285.2)	303.1	-	14.9	1,575.7	3,509.9	3,969.6	7,479.5
Balance at 1 January 2014													
As previously reported		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**
Prior year adjustments[i]	15	-	-	-	-	-	-	-	-	-	-	(38.7)	**(38.7)**
As restated		43.1	(9.6)	1,821.8	46.1	(285.2)	303.1	-	14.9	1,575.7	3,509.9	3,969.6	**7,479.5**
Profit for the year		-	-	-	-	-	-	-	-	81.0	81.0	439.8	**520.8**
Other comprehensive loss for the year		-	-	-	-	(92.4)	-	-	-	-	(92.4)	(103.0)	**(195.4)**
Total comprehensive (loss)/income for the year		-	-	-	-	(92.4)	-	-	-	81.0	(11.4)	336.8	**325.4**
Issue of shares upon the exercise of share options		0.1	-	3.1	(1.0)	-	-	-	-	-	2.2	-	**2.2**
Repurchase and cancellation of shares		(0.3)	-	(28.7)	-	-	-	-	-	-	(29.0)	-	**(29.0)**
Issue of shares under share award scheme		-	(1.0)	1.0	-	-	-	-	-	-	-	-	**-**
Shares vested under share award scheme		-	1.9	-	(1.9)	-	-	-	-	-	-	-	**-**
Employee share-based compensation benefits		-	-	-	18.5	-	-	-	-	-	18.5	-	**18.5**
Reserves for assets classified as held for sale		-	-	-	-	(13.6)	-	16.8	(3.2)	-	-	-	**-**
Reclassification		-	-	-	-	12.8	-	-	(14.8)	2.0	-	-	**-**
Acquisition, dilution and divestment of													
interests in subsidiary companies		-	-	-	-	(0.7)	42.1	-	-	-	41.4	86.7	**128.1**
Equity conversion option of an associated company		-	-	-	-	-	-	-	12.7	-	12.7	-	**12.7**
Appropriation to statutory reserve funds		-	-	-	-	-	-	-	2.7	(2.7)	-	-	**-**
2013 final dividend	8	-	-	-	-	-	-	-	-	(71.7)	(71.7)	-	**(71.7)**
2014 interim dividend	8	-	-	-	-	-	-	-	-	(44.2)	(44.2)	-	**(44.2)**
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	35.1	**35.1**
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(139.6)	**(139.6)**
Balance at 31 December 2014		**42.9**	**(8.7)**	**1,797.2**	**61.7**	**(379.1)**	**345.2**	**16.8**	**12.3**	**1,540.1**	**3,428.4**	**4,288.6**	**7,717.0**

(i) Refer to Note 15

HK$ millions	Notes	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive income/(loss) (Note 11)	Differences arising from changes in equities of subsidiary companies	Reserves for assets classified as held for sale	Capital and other reserves	Retained earnings	Total	Non-controlling interests	Total equity (Restated)[i]
		Equity attributable to owners of the parent											
Balance at 1 January 2013		298.7	-	10,235.2	263.6	1,038.3	1,889.9	(99.1)	103.0	11,542.4	25,272.0	31,283.5	56,555.5
Profit for the year		-	-	-	-	-	-	-	-	1,835.3	1,835.3	3,007.7	4,843.0
Other comprehensive loss for the year		-	-	-	-	(3,210.6)	-	-	(6.9)	-	(3,217.5)	(4,920.2)	(8,137.7)
Total comprehensive (loss)/income for the year		-	-	-	-	(3,210.6)	-	-	(6.9)	1,835.3	(1,382.2)	(1,912.5)	(3,294.7)
Issue of shares upon the exercise of share options		2.3	-	147.4	(46.7)	-	-	-	-	-	103.0	-	103.0
Repurchase and cancellation of shares		(2.2)	-	-	-	-	-	-	2.2	(222.3)	(222.3)	-	(222.3)
Issue of shares in respect of rights issue		37.4	-	3,874.2	-	-	-	-	-	-	3,911.6	-	3,911.6
Purchase of shares for share award scheme		-	(82.7)	-	-	-	-	-	-	-	(82.7)	-	(82.7)
Issue of shares under share award scheme		-	(7.8)	7.8	-	-	-	-	-	-	-	-	-
Shares vested under share award scheme		-	15.6	-	(15.6)	-	-	-	-	-	-	-	-
Transaction costs for issue of shares		-	-	(54.6)	-	-	-	-	-	-	(54.6)	-	(54.6)
Employee share-based compensation benefits		-	-	-	158.3	-	-	-	-	-	158.3	-	158.3
Acquisition, dilution and divestment of								-					
interests in subsidiary companies		-	-	-	-	(52.2)	474.2	-	-	-	422.0	1,055.3	1,477.3
Reserve of a disposal group of													
associated companies classified as held for sale		-	-	-	-	-	-	99.1	-	-	99.1	-	99.1
Revaluation deficit of assets transferred to													
retained earnings		-	-	-	-	-	-	-	11.7	(11.7)	-	-	-
Appropriation to statutory reserve funds		-	-	-	-	-	-	-	6.2	(6.2)	-	-	-
2012 final dividend		-	-	-	-	-	-	-	-	(500.7)	(500.7)	-	(500.7)
2013 interim dividend	8	-	-	-	-	-	-	-	-	(346.3)	(346.3)	-	(346.3)
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	-	-	903.2	903.2
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	1,102.9	1,102.9
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(1,469.5)	(1,469.5)
Balance at 31 December 2013		336.2	(74.9)	14,210.0	359.6	(2,224.5)	2,364.1	-	116.2	12,290.5	27,377.2	30,962.9	58,340.1
Balance at 1 January 2014													
As previously reported		336.2	(74.9)	14,210.0	359.6	(2,224.5)	2,364.1	-	116.2	12,290.5	27,377.2	31,264.8	**58,642.0**
Prior year adjustments[i]	15	-	-	-	-	-	-	-	-	-	-	(301.9)	**(301.9)**
As restated		336.2	(74.9)	14,210.0	359.6	(2,224.5)	2,364.1	-	116.2	12,290.5	27,377.2	30,962.9	**58,340.1**
Profit for the year		-	-	-	-	-	-	-	-	631.8	631.8	3,430.4	**4,062.2**
Other comprehensive loss for the year		-	-	-	-	(720.7)	-	-	-	-	(720.7)	(803.4)	**(1,524.1)**
Total comprehensive (loss)/income for the year		-	-	-	-	(720.7)	-	-	-	631.8	(88.9)	2,627.0	**2,538.1**
Issue of shares upon the exercise of share options		0.8	-	24.2	(7.8)	-	-	-	-	-	17.2	-	**17.2**
Repurchase and cancellation of shares		(2.4)	-	(223.9)	-	-	-	-	-	-	(226.3)	-	**(226.3)**
Issue of shares under share award scheme		-	(7.8)	7.8	-	-	-	-	-	-	-	-	**-**
Shares vested under share award scheme		-	14.8	-	(14.8)	-	-	-	-	-	-	-	**-**
Employee share-based compensation benefits		-	-	-	144.3	-	-	-	-	-	144.3	-	**144.3**
Reserves for assets classified as held for sale		-	-	-	-	(106.0)	-	131.0	(25.0)	-	-	-	**-**
Reclassification		-	-	-	-	99.8	-	-	(115.4)	15.6	-	-	**-**
Acquisition, dilution and divestment of													
interests in subsidiary companies		-	-	-	-	(5.6)	328.5	-	-	-	322.9	676.4	**999.3**
Equity conversion option of an associated company		-	-	-	-	-	-	-	99.1	-	99.1	-	**99.1**
Appropriation to statutory reserve funds		-	-	-	-	-	-	-	21.1	(21.1)	-	-	**-**
2013 final dividend	8	-	-	-	-	-	-	-	-	(559.3)	(559.3)	-	**(559.3)**
2014 interim dividend	8	-	-	-	-	-	-	-	-	(344.7)	(344.7)	-	**(344.7)**
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	273.7	**273.7**
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(1,088.9)	**(1,088.9)**
Balance at 31 December 2014		**334.6**	**(67.9)**	**14,018.1**	**481.3**	**(2,957.0)**	**2,692.6**	**131.0**	**96.0**	**12,012.8**	**26,741.5**	**33,451.1**	**60,192.6**

(i) Refer to Note 15

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	2014 US$m	2013 (Restated)[i] US$m	2014 HK$m*	2013 (Restated)[i] HK$m*
Profit before taxation					
From continuing operations		**657.1**	710.5	**5,125.4**	5,541.9
From a discontinued operation		**79.5**	63.3	**620.1**	493.7
Adjustments for:					
Finance costs		**370.9**	304.5	**2,893.0**	2,375.1
Depreciation		**233.1**	176.5	**1,818.2**	1,376.7
Impairment losses	3	**196.9**	12.4	**1,535.8**	96.7
Amortization of other intangible assets	3	**86.4**	85.7	**673.9**	668.5
Employee share-based compensation benefit expenses		**20.4**	21.6	**159.1**	168.5
Foreign exchange and derivative losses, net	3	**12.7**	109.1	**99.1**	851.0
Share of profits less losses of associated companies and joint ventures		**(279.1)**	(267.7)	**(2,177.0)**	(2,088.1)
Interest income		**(103.8)**	(70.3)	**(809.6)**	(548.3)
Preferred share dividend income from a joint venture	3	**(9.1)**	(9.5)	**(71.0)**	(74.1)
Gain on changes in fair value of plantations		**(5.7)**	(5.8)	**(44.5)**	(45.2)
Gain on disposal of available-for-sale assets	3	**(5.0)**	(0.8)	**(39.0)**	(6.2)
Gain on sale of property, plant and equipment	3	**(0.7)**	(0.2)	**(5.5)**	(1.6)
Others		**(17.1)**	33.3	**(133.3)**	259.7
		1,236.5	1,162.6	**9,644.7**	9,068.3
Increase in accounts payable, other payables and accruals		**41.5**	89.1	**323.7**	695.0
Decrease/(increase) in other non-current assets		**36.8**	(68.6)	**287.0**	(535.0)
Decrease in accounts receivable, other receivables and prepayments		**3.9**	8.8	**30.4**	68.6
Increase in inventories		**(29.7)**	(34.1)	**(231.6)**	(266.0)
Net cash generated from operations		**1,289.0**	1,157.8	**10,054.2**	9,030.9
Interest received		**94.3**	66.9	**735.6**	521.9
Interest paid		**(340.9)**	(300.2)	**(2,659.0)**	(2,341.6)
Taxes paid		**(206.6)**	(200.6)	**(1,611.5)**	(1,564.7)
Net cash flows from operating activities		**835.8**	723.9	**6,519.3**	5,646.5
Dividends received from associated companies		**234.0**	228.1	**1,825.2**	1,779.2
Repayment from/(loans to) an associated company, net		**80.0**	(55.9)	**624.0**	(436.0)
Proceeds from disposal of available-for-sale assets		**29.7**	7.2	**231.7**	56.2
Preferred share dividends received from a joint venture		**9.1**	9.5	**71.0**	74.1
Proceeds from disposal of property, plant and equipment		**6.6**	6.2	**51.5**	48.4
Proceeds from disposal and divestment of interests in associated companies		**6.1**	-	**47.7**	-
Dividends received from available-for-sale assets		**3.2**	-	**25.0**	-
Proceeds from disposal of plantations		**0.2**	1.0	**1.6**	7.8
Purchase of property, plant and equipment		**(378.2)**	(659.5)	**(2,950.0)**	(5,144.1)
Increase in time deposits with original maturity of more than three months		**(342.4)**	(376.0)	**(2,670.7)**	(2,932.8)
Acquisition of available-for-sale assets		**(269.8)**	(73.1)	**(2,104.5)**	(570.2)
Investments in other intangible assets		**(153.6)**	(131.7)	**(1,198.1)**	(1,027.3)
Investments in convertible notes		**(117.5)**	-	**(916.5)**	-
Investments in plantations		**(104.6)**	(108.5)	**(815.9)**	(846.3)
Acquisition of a business		**(44.3)**	-	**(345.6)**	-
Increased investments in associated companies		**(42.5)**	(52.0)	**(331.5)**	(405.6)
Increase in pledged deposits and restricted cash		**(27.4)**	(13.6)	**(213.8)**	(106.2)
Acquisition of subsidiary companies		**(13.4)**	(693.0)	**(104.6)**	(5,405.4)
Investments in associated companies		**(11.8)**	(194.3)	**(92.0)**	(1,515.5)
Investments in joint ventures		**(2.3)**	(71.3)	**(17.9)**	(556.2)
Deposit for acquisition of business		**-**	(52.3)	**-**	(407.9)
Net cash flows used in investing activities		**(1,138.9)**	(2,229.2)	**(8,883.4)**	(17,387.8)
Proceeds from new borrowings		**1,745.7**	3,588.9	**13,616.5**	27,993.4
Proceeds from divestment of interests in subsidiary companies		**229.9**	-	**1,793.2**	-
Capital contributions from non-controlling shareholders		**35.1**	141.4	**273.8**	1,102.9
Proceeds from the issue of shares under long-term incentive plan		**3.2**	14.2	**25.0**	110.8
Proceeds from shares issued to non-controlling interests by subsidiary companies		**1.3**	145.5	**10.1**	1,134.9
Borrowings repaid		**(1,206.9)**	(2,505.4)	**(9,413.8)**	(19,542.2)
Dividends paid to non-controlling shareholders by subsidiary companies		**(139.6)**	(188.4)	**(1,088.9)**	(1,469.5)
Dividends paid to shareholders		**(115.9)**	(108.6)	**(904.0)**	(847.1)
Increased investments in subsidiary companies		**(71.2)**	-	**(555.4)**	-
Repurchase of shares		**(28.0)**	(31.3)	**(218.4)**	(244.1)
Payments for concession fees payable		**(26.7)**	(29.7)	**(208.3)**	(231.6)
Repurchase of subsidiary companies' shares		**(16.1)**	(20.2)	**(125.6)**	(157.6)
Payments for purchase and subscription of shares under long-term incentive plan		**(1.0)**	(11.6)	**(7.8)**	(90.5)
Proceeds from rights issue of the Company, net		**-**	494.5	**-**	3,857.1
Proceeds from divestment of interests in subsidiary companies		**-**	82.8	**-**	645.8
Net cash flows from financing activities		**409.8**	1,572.1	**3,196.4**	12,262.3
Net increase in cash and cash equivalents		**106.7**	66.8	**832.3**	521.0
Cash and cash equivalents at 1 January		**2,002.8**	2,161.7	**15,621.8**	16,861.3
Exchange translation		**(23.2)**	(225.7)	**(181.0)**	(1,760.5)
Cash and cash equivalents at 31 December		**2,086.3**	2,002.8	**16,273.1**	15,621.8
Representing					
Cash and cash equivalents and short-term deposits as stated in the consolidated statement of financial position		**2,265.9**	2,375.4	**17,674.0**	18,528.1
Add cash and cash equivalents and short-term deposits attributable to a discontinued operation		**595.6**	-	**4,645.7**	-
Less short-term deposits and time deposits with original maturity of more than three months		**(765.8)**	(360.5)	**(5,973.3)**	(2,811.9)
Less bank overdrafts		**(9.4)**	(12.1)	**(73.3)**	(94.4)
Cash and cash equivalents at 31 December		**2,086.3**	2,002.8	**16,273.1**	15,621.8

(i) Refer to Note 15

Notes:

1. **Impact of new and revised Hong Kong Financial Reporting Standards (HKFRSs)**

During 2014, the Group has adopted the following revised HKFRSs (which include all HKFRSs, Hong Kong Accounting Standards (HKASs) and a new Hong Kong (International Financial Reporting Interpretations Committee)-Interpretations (HK(IFRIC)-Ints)) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) for the first time for the current year's financial statements.

HKAS 32 Amendments	"Offsetting Financial Assets and Financial Liabilities"(i)
HKAS 36 Amendments	"Recoverable Amount Disclosures for Non-Financial Assets"(i)
HKAS 39 Amendments	"Novation of Derivatives and Continuation of Hedge Accounting"(i)
HKFRS 1 Amendment	"Meaning of Effective HKFRSs"(i)
HKFRS 2 Amendment	"Definition of Vesting Condition"(ii)
HKFRS 3 Amendment	"Accounting for Contingent Consideration in a Business Combination"(ii)
HKFRS 13 Amendment	"Short-term Receivables and Payables"(i)
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	"Investment Entities"(i)
HK(IFRIC)-Int 21	"Levies"(i)

(i) Effective from 1 January 2014
(ii) Effective from 1 July 2014

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

2. **Turnover and operating segmental information**

For the year ended 31 December	**2014**	2013 (Restated)	**2014**	2013 (Restated)
	US$m	US$m	**HK$m***	HK$m*
Turnover				
Sale of goods	**5,282.4**	5,194.8	**41,202.7**	40,519.4
Sale of electricity	**729.4**	5.9	**5,689.3**	46.0
Rendering of services	**829.5**	805.1	**6,470.1**	6,279.8
Total	**6,841.3**	6,005.8	**53,362.1**	46,845.2

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 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 operating in the Philippines, Indonesia and Singapore and the turnover information of continuing operations is based on the locations of the customers.

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 years ended 31 December 2014 and 2013, and total assets and total liabilities at 31 December 2014 and 2013 regarding the Group's operating segments are as follows.

By principal business activity - 2014

For the year ended/at 31 December	Telecommunications US$m	Consumer Food Products US$m	Infrastructure US$m	Natural Resources US$m	Head Office US$m	**2014 Total US$m**	**2014 Total HK$m***
Revenue							
Turnover	-	5,350.4	1,490.9	-	-	**6,841.3**	**53,362.1**
Results							
Recurring profit	195.7	160.0	96.8	10.2	(138.8)	**323.9**	**2,526.4**
Assets and Liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	1,401.4	173.6	1,435.6	557.8	-	**3,568.4**	**27,833.5**
- Others	-	3,916.4	3,902.4	-	29.4	**7,848.2**	**61,216.0**
	1,401.4	4,090.0	5,338.0	557.8	29.4	**11,416.6**	**89,049.5**
Other assets	-	2,578.0	1,048.3	-	616.7	**4,243.0**	**33,095.4**
Segment assets	1,401.4	6,668.0	6,386.3	557.8	646.1	**15,659.6**	**122,144.9**
Assets classified as held for sale	-	951.8	30.6	-	-	**982.4**	**7,662.7**
Total assets	1,401.4	7,619.8	6,416.9	557.8	646.1	**16,642.0**	**129,807.6**
Borrowings	-	2,165.1	1,904.8	-	1,736.0	**5,805.9**	**45,286.0**
Other liabilities	-	1,341.9	1,321.0	-	120.3	**2,783.2**	**21,709.0**
Segment liabilities	-	3,507.0	3,225.8	-	1,856.3	**8,589.1**	**66,995.0**
Liabilities directly associated with the assets classified as held for sale	-	335.9	-	-	-	**335.9**	**2,620.0**
Total liabilities	-	3,842.9	3,225.8	-	1,856.3	**8,925.0**	**69,615.0**
Other Information							
Depreciation and amortization	-	(157.1)	(124.4)	-	(27.7)	**(309.2)**	**(2,411.8)**
Gain on changes in fair value of plantations	-	5.0	-	-	-	**5.0**	**39.0**
Impairment losses	-	(5.5)	(3.4)	(188.0)	-	**(196.9)**	**(1,535.8)**
Interest income	-	72.3	8.7	-	8.2	**89.2**	**695.8**
Finance costs	-	(140.4)	(118.4)	-	(98.0)	**(356.8)**	**(2,783.0)**
Share of profits less losses of associated companies and joint ventures	196.1	(8.1)	82.7	8.4	-	**279.1**	**2,177.0**
Taxation	-	(158.7)	(9.9)	-	(30.9)	**(199.5)**	**(1,556.1)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	380.4	675.7	-	0.4	**1,056.5**	**8,240.7**

By geographical market - 2014

For the year ended/at 31 December	The Philippines US$m	Indonesia US$m	Singapore US$m	Others US$m	**2014 Total US$m**	**2014 Total HK$m***
Revenue						
Turnover	780.6	4,896.3	783.1	381.3	**6,841.3**	**53,362.1**
Assets						
Non-current assets (other than financial instruments and deferred tax assets)	6,301.7	3,733.0	1,275.9	106.0	**11,416.6**	**89,049.5**

By principal business activity - 2013

For the year ended/at 31 December	Telecommunications US$m	Consumer Food Products US$m	Infrastructure US$m	Natural Resources US$m	Head Office US$m	2013 (Restated) Total US$m	2013 (Restated) Total HK$m*
Revenue							
Turnover	-	5,275.8	730.0	-	-	6,005.8	46,845.2
Results							
Recurring profit	209.9	159.8	90.2	7.3	(140.1)	327.1	2,551.4
Assets and Liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	1,427.7	191.7	1,168.6	618.6	-	3,406.6	26,571.5
- Others	-	3,996.6	3,794.9	-	34.9	7,826.4	61,045.9
	1,427.7	4,188.3	4,963.5	618.6	34.9	11,233.0	87,617.4
Other assets	-	2,860.6	791.2	-	659.3	4,311.1	33,626.6
Total assets	1,427.7	7,048.9	5,754.7	618.6	694.2	15,544.1	121,244.0
Borrowings	-	2,244.3	1,640.5	-	1,733.5	5,618.3	43,822.8
Other liabilities	-	1,269.1	1,067.3	-	109.9	2,446.3	19,081.1
Total liabilities	-	3,513.4	2,707.8	-	1,843.4	8,064.6	62,903.9
Other Information							
Depreciation and amortization	-	(158.2)	(89.8)	-	(24.3)	(272.3)	(2,123.9)
Gain on changes in fair value of plantations	-	5.8	-	-	-	5.8	45.2
Impairment losses	-	(8.6)	(3.8)	-	-	(12.4)	(96.7)
Interest income	-	47.8	10.7	-	10.5	69.0	538.2
Finance costs	-	(102.2)	(93.5)	-	(104.9)	(300.6)	(2,344.7)
Share of profits less losses of associated companies and joint ventures	207.0	(1.3)	54.2	(4.8)	-	255.1	1,989.8
Taxation	-	(117.9)	(13.0)	-	(14.8)	(145.7)	(1,136.5)
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	920.6	869.8	-	38.2	1,828.6	14,263.1

By geographical market - 2013

For the year ended/at 31 December	The Philippines US$m	Indonesia US$m	Singapore US$m	Others US$m	2013 (Restated) Total US$m	2013 (Restated) Total HK$m*
Revenue						
Turnover	745.4	4,833.7	34.6	392.1	6,005.8	46,845.2
Assets and Liabilities						
Non-current assets (other than financial instruments and deferred tax assets)	5,861.1	3,531.3	1,262.9	641.1	11,296.4	88,111.9

3. **Profit before taxation**

For the year ended 31 December	**2014**	2013 (Restated)	**2014**	2013 (Restated)
	US$m	US$m	**HK$m***	HK$m*
Profit before taxation (from continuing operations) is stated after (charging)/crediting				
Cost of inventories sold	**(2,884.4)**	(2,962.1)	**(22,498.3)**	(23,104.4)
Employees' remuneration	**(686.3)**	(632.6)	**(5,353.1)**	(4,934.3)
Cost of services rendered	**(274.5)**	(265.2)	**(2,141.1)**	(2,068.6)
Depreciation	**(202.4)**	(165.0)	**(1,578.7)**	(1,287.0)
Impairment losses				
- Associated companies and joint ventures(i)	**(188.0)**	-	**(1,466.4)**	-
- Inventories(ii)	**(5.5)**	(4.9)	**(42.9)**	(38.2)
- Available-for-sale assets(i)	**(2.3)**	-	**(17.9)**	-
- Accounts receivable(iii)	**(1.1)**	(7.5)	**(8.6)**	(58.5)
Amortization of other intangible assets(iv)	**(86.4)**	(85.7)	**(673.9)**	(668.5)
Operating lease rentals				
- Land and buildings	**(18.0)**	(17.0)	**(140.4)**	(132.6)
- Hire of plant and equipment	**(15.0)**	(15.5)	**(117.0)**	(120.9)
- Others	**(5.9)**	(4.3)	**(46.0)**	(33.5)
Foreign exchange and derivative losses, net	**(12.7)**	(109.1)	**(99.1)**	(851.0)
Auditors' remuneration				
- Audit services	**(3.3)**	(2.9)	**(25.7)**	(22.6)
- Non-audit services(v)	**(0.8)**	(0.9)	**(6.2)**	(7.0)
Preferred share dividend income from a joint venture	**9.1**	9.5	**71.0**	74.1
Gain on changes in fair value of plantations	**5.0**	5.8	**39.0**	45.2
Gain on disposal of available-for-sale assets	**5.0**	0.8	**39.0**	6.2
Gain on sale of property, plant and equipment	**0.7**	0.2	**5.5**	1.6

(i) Included in other operating expenses, net
(ii) Included in cost of sales
(iii) Included in selling and distribution expenses
(iv) US$66.6 million (HK$519.5 million) (2013: US$66.3 million or HK$517.1 million) included in cost of sales, US$17.9 million (HK$139.6 million) (2013: US$18.4 million or HK$143.5 million) included in other operating expenses, net and US$1.9 million (HK$14.8 million) (2013: US$1.0 million or HK$7.8 million) included in administrative expenses
(v) Pertains to due diligence, review of continuing connected transactions and other transactions relating to the Group's business development and excludes an amount of US$0.3 million (HK$2.3 million) in 2013 in respect of the service rendered in connection with the Company's rights issue completed in July 2013 which has been charged directly to share premium

4. **Taxation**

No Hong Kong profits tax (2013: Nil) has been provided as the Group had no estimated assessable profits (2013: Nil) in Hong Kong for the year. 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 year ended 31 December	**2014**	2013 (Restated)	**2014**	2013 (Restated)
	US$m	US$m	**HK$m***	HK$m*
Subsidiary companies - overseas				
Current taxation	**208.9**	175.9	**1,629.4**	1,372.0
Deferred taxation	**(9.4)**	(30.2)	**(73.3)**	(235.5)
Total	**199.5**	145.7	**1,556.1**	1,136.5

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$108.9 million (HK$849.4 million) (2013: US$91.7 million or HK$715.3 million (Restated)) which is analyzed as follows.

For the year ended 31 December	**2014**	2013 (Restated)	**2014**	2013 (Restated)
	US$m	US$m	**HK$m***	HK$m*
Associated companies and joint ventures - overseas				
Current taxation	**117.4**	116.9	**915.7**	911.8
Deferred taxation	**(8.5)**	(25.2)	**(66.3)**	(196.5)
Total	**108.9**	91.7	**849.4**	715.3

5. **A discontinued operation**

Following Indofood's decision made on 31 December 2014 to engage in a discussion with China Minzhong Holdings Limited (CMZ BVI), a company beneficially owned by the management of China Minzhong Food Corporation Limited (CMZ), to divest a majority interest of approximately 52.9% in CMZ at a price of S$1.20 (US$0.90 or HK$7.1) per share, thereby reducing Indofood's interests in CMZ from 82.9% to approximately 30%, CMZ was classified as a disposal group held for sale at 31 December 2014 and a discontinued operation in the Group's 2014 accounts. The potential divestment is expected to be completed in 2015.

6. **Profit attributable to owners of the parent**

The profit attributable to owners of the parent includes US$9.3 million (HK$72.5 million) (2013: US$56.3 million or HK$439.1 million) of net foreign exchange and derivative 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$0.7 million (HK$5.5 million) of gain (2013: US$1.0 million or HK$7.8 million of loss) on changes in fair value of plantations and US$234.3 million (HK$1,827.5 million) (2013: US$34.5 million or HK$269.1 million) of net non-recurring losses.

Analysis of foreign exchange and derivative (losses)/gains, net

For the year ended 31 December	**2014 US$m**	2013 US$m	**2014 HK$m***	2013 HK$m*
Foreign exchange and derivative (losses)/gains				
- Subsidiary companies	**(12.7)**	(109.1)	**(99.1)**	(851.0)
- Associated companies and joint ventures	**(2.2)**	(11.6)	**(17.1)**	(90.5)
Subtotal	**(14.9)**	(120.7)	**(116.2)**	(941.5)
Attributable to taxation and non-controlling interests	**5.6**	64.4	**43.7**	502.4
Total	**(9.3)**	(56.3)	**(72.5)**	(439.1)

The non-recurring losses for 2014 mainly represent the Group's impairment provision in respect of its investments in Philex (US$188.0 million or HK$1,466.4 million), PLDT's impairment provisions for its transport assets affected by network upgrade (US$17.6 million or HK$137.3 million), manpower rightsizing costs (US$4.9 million or HK$38.2 million), MPIC's business development costs (US$3.0 million or HK$23.4 million) and taxes incurred in hospital group reorganization (US$2.6 million or HK$20.3 million). The non-recurring losses for 2013 mainly represent the Group's debt refinancing costs (US$17.8 million or HK$138.8 million), PLDT's impairment provisions for cellular network equipment and site facilities (US$12.9 million or HK$100.6 million), Philex's impairment provisions for investments (US$10.9 million or HK$85.0 million) and PLDT's manpower rightsizing costs (US$6.6 million or HK$51.5 million), partly offset by PLDT's gain on disposal of the business process outsourcing business (US$13.0 million or HK$101.4 million).

Included in the profit attributable to owners of the parent for the year ended 31 December 2014 is a profit of US$39.5 million (HK$308.1 million) (2013: US$211.6 million or HK$1,650.5 million) attributable to the Company.

7. **Earnings per share attributable to owners of the parent**

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the parent of US$81.0 million (HK$631.8 million) (2013: US$235.3 million or HK$1,835.3 million) and the weighted average number of ordinary shares of 4,290.1 million (2013: 4,157.4 million) in issue less shares held for share award scheme during the year.

The calculation of diluted earnings per share is based on: (a) the profit for the year attributable to owners of the parent of US$81.0 million (HK$631.8 million) (2013: US$235.3 million or HK$1,835.3 million) reduced by the dilutive impacts of US$0.1 million (HK$0.8 million) (2013: US$0.1 million or HK$0.8 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 4,290.1 million (2013: 4,157.4 million) in issue during the year (as used in the basic earnings per share calculation) and the weighted average number of ordinary shares of 32.1 million (2013: 40.4 million) assumed to have been issued at no consideration on the deemed exercise of all share options of the Company during the year.

8. **Ordinary share dividends**

	Per ordinary share				**Total**			
For the year ended 31 December	**2014 US¢**	2013 US¢	**2014 HK¢***	2013 HK¢*	**2014 US$m**	2013 US$m	**2014 HK$m***	2013 HK$m*
Interim	**1.03**	1.03	**8.00**	8.00	**44.2**	44.4	**344.8**	346.3
Proposed final	**1.67**	1.67	**13.00**	13.00	**71.3**	71.7	**556.1**	559.3
Total	**2.70**	2.70	**21.00**	21.00	**115.5**	116.1	**900.9**	905.6

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting.

9. **Accounts receivable, other receivables and prepayments**

Included in accounts receivable, other receivables and prepayments are accounts receivable of US$411.4 million (HK$3,208.9 million) (2013: US$502.5 million or HK$3,919.5 million (Restated)), with an ageing profile as below.

At 31 December	**2014**	2013 (Restated)	**2014**	2013 (Restated)
	US$m	US$m	**HK$m***	HK$m*
0 to 30 days	**377.8**	475.5	**2,946.8**	3,708.9
31 to 60 days	**14.0**	9.3	**109.2**	72.5
61 to 90 days	**5.5**	4.4	**42.9**	34.3
Over 90 days	**14.1**	13.3	**110.0**	103.8
Total	**411.4**	502.5	**3,208.9**	3,919.5

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 Cavitex Infrastructure Corporation (CIC), and through its associated company, Tollways Management Corporation (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. PacificLight Power Pte. Ltd (PLP) generally allows customers 30 days of credit.

10. **Accounts payable, other payables and accruals**

Included in accounts payable, other payables and accruals are accounts payable of US$409.5 million (HK$3,194.1 million) (2013: US$345.1 million or HK$2,691.8 million), with an ageing profile as below.

At 31 December	**2014**	2013	**2014**	2013
	US$m	US$m	**HK$m***	HK$m*
0 to 30 days	**369.8**	324.9	**2,884.4**	2,534.2
31 to 60 days	**8.4**	4.2	**65.5**	32.8
61 to 90 days	**8.0**	2.8	**62.4**	21.8
Over 90 days	**23.3**	13.2	**181.8**	103.0
Total	**409.5**	345.1	**3,194.1**	2,691.8

11. **Other comprehensive income/(loss) attributable to owners of the parent**

	Exchange reserve US$m	Unrealized gains/ (losses) on available-for-sale assets US$m	Unrealized (losses)/ gains on cash flow hedges US$m	Income tax related to cash flow hedges US$m	Actuarial (losses)/ gains on defined benefit pension plans US$m	Share of other comprehensive (loss)/income of associated companies and joint ventures US$m	**Total US$m**	**Total HK$m***
Balance at 1 January 2013	142.0	29.2	(0.1)	-	(22.2)	(15.8)	133.1	1,038.3
Other comprehensive (loss)/ income for the year	(361.9)	7.8	3.1	(0.5)	(8.1)	(52.0)	(411.6)	(3,210.6)
Acquisition, dilution and divestment of interests in subsidiary companies	(6.7)	-	-	-	-	-	(6.7)	(52.2)
Balance at 31 December 2013	(226.6)	37.0	3.0	(0.5)	(30.3)	(67.8)	(285.2)	(2,224.5)
Balance at 1 January 2014	(226.6)	37.0	3.0	(0.5)	(30.3)	(67.8)	**(285.2)**	**(2,224.5)**
Other comprehensive (loss)/ income for the year	(67.7)	(22.1)	(30.4)	4.6	1.9	21.3	**(92.4)**	**(720.7)**
Reserves for assets classified as held for sale	(13.0)	-	(0.6)	-	-	-	**(13.6)**	**(106.0)**
Reclassification	-	-	-	-	-	12.8	**12.8**	**99.8**
Acquisition, dilution and divestment of interests in subsidiary companies	(0.4)	-	-	-	-	(0.3)	**(0.7)**	**(5.6)**
Balance at 31 December 2014	**(307.7)**	**14.9**	**(28.0)**	**4.1**	**(28.4)**	**(34.0)**	**(379.1)**	**(2,957.0)**

12. **Contingent liabilities**

(a) At 31 December 2014, except for US$91.0 million (HK$709.8 million) (2013: US$87.3 million or HK$680.9 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 (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 Margarito B. Teves, et. al. (Philippine G.R. No. 176579) (the Gamboa Case), where the Court 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 1987 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 Pesos 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 Philippine Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Philippine Constitution and/or 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 M. 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 M. 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 Philippine Supreme Court's 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 of the Philippines) 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 Philippine Constitution 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 Section 11, Article XII 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) 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 Section 11, Article XII of the 1987 Constitution of the Philippines.

In October 2013, the Philippine SEC and Chairperson Teresita Herbosa, represented by the Solicitor General of the Philippines, filed their Consolidated Comment on the Petition and Petition-In-Intervention (dated 13 September 2013), alleging, among others, as follows: (a) Petitioner and Petitioners-In-Intervention do not possess the LOCUS STANDI to assail the constitutionality of Philippine SEC Memorandum Circular No. 8; (b) Petitioner and Petitioner-In-Intervention's recourse to a special civil action for certiorari under Rule 65 of the Revised Rules of Court of the Philippines is not the appropriate and proper remedy to assail the validity and constitutionality of Philippine SEC Memorandum Circular No. 8; (c) The instant direct resort to the Honorable Philippine Supreme Court violates the doctrine and hierarchy of courts; (d) The respondent Philippine SEC did not abuse its discretion in issuing the assailed Philippine SEC Memorandum Circular No. 8, particularly Section 2 thereof; and (e) Petitioners and Petitioners-In-Intervention's challenge on the alleged ruling of respondent Philippine SEC relative to PLDT's alleged compliance with the capital requirement as stated in the Gamboa Ruling is premature considering that respondent Philippine SEC has not yet issued a definite ruling on PLDT's compliance with the said capital requirement. As a relief, the Philippine SEC prayed that the Petition and Petition-In-Intervention be dismissed for being procedurally flawed and for lack of merit.

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 Honorable Philippine 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.

On 11 June 2014, PLDT filed a Motion for Leave and Time to File Memorandum praying for a period of 30 days from notice within which to file its Memorandum. The Supreme Court of the Philippines, in a Resolution dated 25 June 2014, granted: (a) PLDT's Motion; and (b) the Motion to Intervene of the Philippine Stock Exchange (PSE) with Leave of Court and noted PSE's Comment-In-Intervention dated 16 June 2014. In its Comment-In-Intervention, the PSE, through counsel, alleged that it has a legal standing to intervene in the Petition. It alleged the following grounds in support of its prayer for the Supreme Court of the Philippines "to Deny the Petition and Petition-In-Intervention": (a) The Gamboa Case ruled that "capital" in Section 11, Article XII of the 1987 Constitution of the Philippines refers only to shares entitled to vote in the election of the Board of Directors of the corporation, and not to the total outstanding capital stock (which includes both voting and non-voting shares; (b) Adopting a new interpretation of Section 11, Article XII of the 1987 Constitution of the Philippines is violative of the policy of conclusiveness of judgment and stare decisis and of the state's obligation to maintain a stable and predictable legal framework for foreign investors under international treaties; and (c) Adopting new definition of "capital" will prove disastrous for the Philippine stock market.

On 2 October 2014, PLDT filed a Manifestation and Motion praying that: (a) The Supreme Court of the Philippines direct the PSE to furnish PLDT with copies of its Motion to Intervene with Leave of Court dated 16 June 2014 and Comment-In-Intervention dated 16 June 2014; and (b) PLDT will be given a fresh period of 30 days from receipt thereof to file a Comment on PSE's Comment-In-Intervention and/or its Consolidated Memorandum.

The Supreme Court of the Philippines, in a Resolution dated 14 October 2014, granted PLDT's Manifestation with Motion that: (a) PLDT be furnished with copies of PSE's Motion to Intervene with Leave of Court and Comment-In-Intervention both dated 16 June 2014 and directed the PSE to do so; and (b) PLDT be given a fresh period of 30 days to file a comment thereon or a consolidated memorandum. In compliance with the said Resolution, the PSE furnished PLDT with copies of the PSE's Motion to Intervene with Leave of Court and Comment-In-Intervention which PLDT received on 4 December 2014.

After several Motions for Extension of Time to File Consolidated Memorandum which were granted by the Court of the Philippines, PLDT filed its Consolidated Memorandum on 10 February 2015.

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

13. **Employee information**

For the year ended 31 December	**2014** **US$m**	2013 US$m	**2014** **HK$m***	2013 HK$m*
Employees' remuneration (including Directors' remuneration)	**736.1**	654.2	**5,741.6**	5,102.8

Number of employees	**2014**	2013
At 31 December	**98,107**	91,874
Average for the year	**95,046**	86,784

14. **Events after the Reporting Period**

(a) On 9 February 2015, MPIC effectively issued 1.812 billion of new MPIC common shares to certain investors through a share placement for a total consideration of Pesos 8.9 billion (approximately US$200 million or HK$1,560 million). As a result of this transaction, the interest of Metro Pacific Holdings, Inc., a Philippine affiliate of the Company, in MPIC reduced from 55.8% to 52.1%. The net proceeds from the share placement will be used for reduction of the relatively expensive debts at Beacon Electric, investments in previously announced projects and general corporate purposes. The Group recorded a net credit amount of approximately US$30 million (HK$234 million) in the "Differences arising from changes in equities of subsidiary companies" account within the Group's equity in respect of this equity transaction.

(b) On 27 February 2015, First Agri Holdings Corporation (FAHC), a Philippine affiliate of FP Natural Resources, acquired 241.8 million of Roxas Holdings, Inc. (RHI)'s treasury shares and 35.0 million of RHI's common shares at a price of Pesos 7.0 (US$0.16 or HK$1.2) per share, or a total consideration of approximately Pesos 1.9 billion (US$43.9 million or HK$342.4 million). As a result of this transaction, FP Natural Resources' and FAHC's aggregate interest in RHI increased from 34.0% to 50.9%. The financial effects of the consolidation of RHI are estimated as follows:

	Provisional fair value recognized on acquisition	
	US$m	HK$m*
Considerations		
Cash	43.9	342.4
Associated companies and joint ventures	49.1	383.0
Total	93.0	725.4
Net assets acquired		
Property, plant and equipment	275.2	2,146.6
Associated companies and joint ventures	13.9	108.4
Deferred tax assets	1.9	14.8
Other non-current assets	3.9	30.4
Cash and cash equivalents and short-term deposits	46.8	365.0
Accounts receivable, other receivables and prepayments (Current)	34.1	266.0
Inventories	50.1	390.8
Accounts payable, other payables and accruals	(42.7)	(333.1)
Short-term borrowings	(37.7)	(294.1)
Provision for taxation	(4.1)	(32.0)
Long-term borrowings	(113.7)	(886.8)
Deferred liabilities, provisions and payables (Non-current)	(4.0)	(31.2)
Deferred tax liabilities	(40.1)	(312.7)
Non-controlling interests	(0.9)	(7.0)
Total net assets	182.7	1,425.1
Non-controlling interests	(89.7)	(699.7)
Total net assets acquired	93.0	725.4

(i) Provisional amounts determined based on the book values of identifiable assets and liabilities of RHI at 27 February 2015, and subject to an assessment of the fair values of RHI's identified assets acquired, liabilities assumed and contingent liabilities assumed

(c) On 17 March 2015, the 50%/50% joint venture of the Group and Wilmar International Limited (Wilmar) completed the acquisition of the remaining 80.1% interest in Goodman Fielder Limited (Goodman Fielder) not owned by the joint venture partners for a consideration of approximately Australian dollar 1,057.4 million (the Group's share: approximately US$414 million or HK$3,229 million, excluding related transaction costs). As a result of this transaction, the Group's effective interest in Goodman Fielder increased from 9.8% to 50.0% and the Group will use the equity method to account for its investments in Goodman Fielder.

Following the implementation of the Scheme of Arrangement by which the joint venture acquired all the shares of Goodman Fielder, Goodman Fielder was removed from the official list of ASX Limited and NZX Limited on 19 March 2015.

(d) In March 2015, MPIC through MPTC invested Vietnamese Dong (VND) 663 billion (US$31.2 million or HK$243.4 million) for a 41% interest in CII Bridges and Roads Investment Joint Stock Company (CII B&R). MPTC shall also advance to Ho Chi Ming City Infrastructure Investment Joint Stock Co. (CII) VND1.3 trillion (US$60.8 million or HK$474.2 million) by way of exchangeable bonds, which if exchanged would provide MPTC, together with the acquired shares, up to a 45% interest in CII B&R. Out of the total consideration for the exchangeable bonds, VND604 billion (US$28.4 million or HK$221.5 million) was settled in March 2015 while VND688 billion (US$32.4 million or HK$252.7 million) will be settled in September 2015. As a result of these transactions, the Group will use the equity method to account for its investments in CII B&R.

15. **Comparative amounts**

During the year ended 31 December 2013, Indofood acquired an 82.9% interest in CMZ for a net consideration of S$509.9 million (US$469.7 million or HK$3,663.7 million). Up to 31 December 2013, the independent purchase price allocation review in respect of the acquisition of CMZ was not yet completed and the net assets of CMZ recognized in the Group's 2013 consolidated financial statements was based on a provisional assessment of its fair value. During 2014, such independent purchase price allocation review was completed and finalized. As a consequence, the Group has made certain prior year adjustments to retrospectively adjust the fair value attributable to CMZ at 31 December 2013, which led to a decrease of property, plant and equipment of US$63.5 million (HK$495.3 million), an increase in other non-current assets of US$0.1 million (HK$0.8 million), an increase in current accounts receivable, other receivables and prepayments of US$24.7 million (HK$192.6 million) and a decrease in non-controlling interests of US$38.7 million (HK$301.9 million) for the Group's consolidated statement of financial position at 31 December 2013.

The comparative income statement of the year of 2013 has been re-presented as if, CMZ, the operation discontinued in 2014 had been discontinued at the beginning of the year of 2013 (Note 5). In addition, certain comparative amounts have been restated to conform with the current year's accounting treatments and presentation.

16. **Approval of the consolidated financial statements**

The audited Consolidated Financial Statements of the Company were approved and authorized for issue by the Board of Directors on 24 March 2015.

** The Company maintains its accounts and reports to its shareholders in United States dollars. The figures shown in Hong Kong dollars are for illustration only and are based on a fixed exchange rate of 7.8 Hong Kong dollars to one United States dollar.*

REVIEW OF 2014 GOALS

First Pacific

Goal: Utilizing funds raised in 2013, conclude an acquisition offering a strong return

Achievement: **Achieved** On 17 March 2015, First Pacific and Wilmar International Limited ("Wilmar"), through a 50%/50% joint venture, completed the acquisition of the entire issued share capital of Goodman Fielder Limited ("Goodman Fielder") by way of a scheme of arrangement. Including the 9.8% of Goodman Fielder shares acquired from Perpetual Investment Management Limited and Ellerston Capital Limited at a price of A$0.70 (US$0.65) per share, the total consideration for First Pacific's 50% interest in Goodman Fielder is A$664.8 million (US$539.7 million).

Goal: Guide all investee companies to continued earnings growth

Achievement: **Mostly achieved** Most of the investee companies sustained their earnings growth in their local currencies in 2014. Contribution from operations decreased 1% to US$462.7 million as higher contributions from most of the investee companies were offset by a lower contribution from PLDT and Indofood, and a negative contribution from FPM Power Holdings Limited ("FPM Power") due to difficult market conditions.

Goal: Fully integrate new investments into the Group's portfolio

Achievement: **Ongoing** The takeover of Goodman Fielder by the First Pacific and Wilmar joint venture was completed on 17 March 2015. First Pacific is currently working closely with Wilmar and Goodman Fielder's management on developing strategies and business plan to improve its financial and operational efficiency, and to increase exports to China and Southeast Asia through First Pacific and Wilmar's distribution networks.

Goal: Support Philex to obtain a permanent lifting of the suspension order on Padcal mine and identify additional resources at Padcal and the surrounding area

Achievement: **Completed and ongoing** The suspension order on the Padcal mine was lifted permanently in August 2014.
Extensive geographical exploration continues at Padcal mine and the surrounding area.

PLDT

Goal: Sustain 3% consolidated service revenue growth, including an underlying double digit growth in broadband and data revenues

Achievement: **Partly achieved** Consolidated service revenues rose 1% to Pesos 165.1 billion (US$3.7 billion). While increases were registered in broadband, data and mobile internet revenues, which rose 18% to Pesos 41.7 billion (US$938.6 million), and in combined fixed and wireless voice revenues, which grew 3% to Pesos 52.5 billion (US$1.2 billion), declines were recorded in national long distance and international inbound voice, which declined 8% to Pesos 24.6 billion (US$553.7 million), and in SMS and value added services ("VAS"), which decreased 11% to Pesos 42.0 billion (US$945.3 million).

Goal: Maintain earnings growth momentum with core net income guided at Pesos 39.5 billion

Achievement: **Not achieved** Core net income guidance for 2014 was revised downwards in November 2014 to Pesos 37.0 billion to take into consideration the escalation of competition in the wireless business mainly through price cuts in SMS, and PLDT's more aggressive competitive response. The revised guidance was Pesos 2.5 billion lower than the original guidance. The actual core income for 2014 of Pesos 37.4 billion (US$842.0 million) is 3% lower than 2013, due to higher cash operating expenses and provision for income tax, partly offset by lower financing costs, higher share in earnings of associates and joint ventures.

Goal: Capital expenditure of Pesos 31-32 billion, or under 20% of service revenues, to protect network advantage

Achievement: **Not achieved** Capital expenditure for 2014 of Pesos 34.8 billion (US$783.3 million) was up year-on-year to support an anticipated rise in data traffic with increase in smartphone ownership and initiatives to stimulate data. Capital expenditure for 2014 included the build out of greater coverage, increased fiber reach and capacity, modernization of the fixed line network, and projects improving operational efficiencies, including unifying the Smart and Sun mobile networks.

Goal: Follow through on initiatives to further integrate Digitel/Sun into the PLDT group to extract additional operating synergies

Achievement: **Achieved and ongoing** The Unified SUN-Smart network project has been completed for Mindanao and the Visayas. This includes the activation of the Nationwide Domestic Roaming for Sun customers into the Smart network, except for Metro Manila.

Indofood

Goal: Continue to accelerate growth by increasing new product innovation and expanding business categories

Achievement: **Achieved** Consolidated sales grew at a double-digit rate, supported by existing and new business categories. During the year, Indofood launched more than 20 new products including bottled water, ready-to-drink coffee, and microwavable instant cake, as well as entering non-food category, baby diapers.

Goal: Enhance the organization to adapt to market developments and the company's growth

Achievement: **Achieved** Added new talent across the organization, raising the total workforce by approximately 4% to around 88,000 in support of 10 main business lines across the Indofood group.

MPIC

Goal: Complete the Maynilad Water Services, Inc. ("Maynilad") tariff dispute arbitration process for the period covering 2013 to 2017

Achievement: **Ongoing** A favorable arbitration result was granted by the Appeals Panel of the Philippines on 29 December 2014. The Metropolitan Waterworks and Sewerage System ("MWSS") has not yet acted on the arbitration award and Maynilad has formally reminded them of the indemnity undertaking of the Republic of the Philippines regarding delays in tariff implementation.

Goal: Resolve differences with the Philippine Government over the Subic Clark Tarlac Expressway ("SCTEX") franchise and toll rate increases

Achievement: **Achieved** On 26 February 2015, the President of the Philippine and French witnessed the Ceremonial Signing of the Business Agreement for the management, operation, and maintenance of SCTEX between the Manila North Tollways Corporation ("MNTC") and the Bases Conversion and Development Authority. Full takeover of the SCTEX operation is expected by April 2015. MNTC plans to invest Pesos 400 million (US$8.9 million) to integrate SCTEX with North Luzon Expressway ("NLEX") to facilitate seamless travel between the two expressways.

Inflation-based toll rate increases due in 2012 on Manila-Cavite Toll Expressway ("CAVITEX") and in 2013 on NLEX remain unimplemented owing to regulatory obstruction.

Goal: Expand the Hospitals business

Achievement: **Ongoing** In July 2014, Singapore's sovereign wealth fund GIC acquired a 39.9% interest in MPIC's hospital holding company Neptune Stroika Holdings, Inc. ("NSHI"). NSHI was renamed Metro Pacific Hospital Holdings, Inc. ("MPHHI") in February 2015. The partnership with GIC will accelerate this division's growth in hospitals and other health-related fields.

Goal: Participate in the Philippine Government's public-private partnership ("PPP") program

Achievement: **Achieved and ongoing** On 31 March 2014, AF Payments Inc. ("AFPI"), 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 2 October 2014, Light Rail Manila Corporation ("LRMC") in which MPIC effectively has a 55.0% shareholding, signed a 32-year concession agreement with the Department of Transportation and Communications ("DOTC") and the Light Rail Transit Authority of the Philippines for the Manila Light Rail Transit Line 1 ("LRT1") Cavite Extension and operations and maintenance project. The bid premium amounted to Pesos 9.35 billion (US$209.1 million).

Goal: Prepare Meralco for 2015 rate rebasing and make further investments in power generation assets

Achievement: **Ongoing** Meralco's power generation assets in the Philippine and Singapore are at different stages of development.

Philex

Goal: Complete the pre-feasibility study of the Silangan project

Achievement: **Achieved** The pre-feasibility study was completed in July 2014 and presented to the Philex board in August 2014. Philex aims to finish the definitive or bankable feasibility study within 2015 as planned.

Goal: Declare additional resources for Padcal mine and the surrounding area

Achievement: **Ongoing** Undergoing independent audit of mineral resources at new mining levels in Padcal mine, and expecting to declare new resources in the first quarter of 2015. Additionally, conducting surveys in prospective areas near Padcal mine.

Goal: Declare additional reserves for selected other properties

Achievement: **Ongoing** Completed a preliminary assessment of properties in the region of the Padcal mine, and expecting to declare new reserves in the first quarter of 2015.

FPM Power/PacificLight Energy Pte. Ltd. ("PLP")

Goal: Sell 70% of PLP's generation through retail and vesting contracts

Achievement: **Achieved** Sales through retail and vesting contracts accounted for approximately 82% of the total generation volume.

Goal: Maintain high levels of operational reliability, safety and efficiency

Achievement: **Achieved** PLP achieved 94.5% availability of the power plant in 2014 despite an annual inspection shutdown for 10 days for the first unit in August and September and 16 days for the second unit in October and November. From the start of commercial operations on 1 February 2014, the probability of failure (power plant trips), as measured by the Power Systems Operator, has been gradually declining from 0.443% and 0.256% to 0.068% and 0.056% for the first and second unit, respectively.

FP Natural Resources Limited ("FP Natural Resources")/Roxas Holdings, Inc. ("RHI")

Goal: Leverage RHI's new relationship with the First Pacific Group to seek joint venture opportunities in sugar and bioethanol in the Philippines

Achievement: **Ongoing** First Pacific Group increased its investment in sugar assets in the Philippines by raising its interest in RHI to 50.9% and investing Pesos 1.9 billion (US$43.5 million) to obtain a 16.4% interest in Victorias Milling Company, Inc. ("VMC"). FP Natural Resources continues to seek opportunities to rationalize, consolidate and modernize of the Philippine sugar industry.

Goal: Increase the raw sugar extraction rate, drive efficiency and capacity utilization at all mills to increase margins and prepare for the reduction in the sugar import tariff in the Philippines to 5% in 2015

Achievement: **Ongoing** RHI is making major investments in off-season repairs and facilities improvements for better recoveries and efficiency in the coming crop year.

Goal: Evolve the ethanol unit Roxol Bioenergy Corporation ("Roxol") from start-up status to a profit contributor for fiscal 2014 earnings

Achievement: **Achieved** Roxol's ethanol plant started its first full year of operation in 2014. It produced 35.6 million liters of ethanol which generated revenues of Pesos 2.0 billion (US$45.0 million) and profit contribution of Pesos 329 million (US$7.4 million).

GOALS FOR 2015

First Pacific

- Return Goodman Fielder to earnings growth
- To complete the definitive feasibility study for the Silangan project
- To evaluate new business opportunities in un-regulated sectors

PLDT

- Grow consolidated service revenues in 2015 by improving wireless service revenues over 2014, and maintaining double digit increases in the data and broadband businesses
- Achieve core income guidance of Pesos 35.0 billion
- Increase coverage and capacity of the PLDT group fixed and wireless networks to support the broadband and data businesses, with guidance for 2015 capital expenditures of Pesos 39.0 billion
- Expand the PLDT group's digital business segment including the launch of initiatives in mobile payments, financial services, e-commerce and big data

Indofood

- Complete Continue to accelerate growth organically and through expansion of business categories
- Optimize portfolio

MPIC

- Launch the Automated Fare Collection System for Light Rail Transit ("LRT") and Metro Rail Transit ("MRT") lines in Metro Manila
- Work with the Philippines Government for the Swiss challenge on connector road project and bridge project in Cebu
- Continue to pursue new water projects outside Metro Manila
- Restructure MPIC group finances to increase dividend flow to MPIC Head Office
- Evaluate new business opportunities to diversify regulatory risk in the Philippines

Philex

- Complete the definitive or bankable feasibility study of the Silangan project
- Secure stable financing for the development of the Silangan project
- Seek a strategic partner for the development of the Silangan project
- Declare additional resources and reserves for Padcal mine and resources in the surrounding area
- Update mineral resources of the Silangan project

FPM Power/PLP

- Sell 80% of PLP's generation through vesting contracts and retail load
- Maintain high levels of operational reliability and safety
- Improve plant efficiency through new initiatives

FP Natural Resources

- Rationalize industry to optimize plant efficiency and capacity utilization
- Diversify into power co-generation and related businesses
- Improve farm efficiency which account for 70% of the production cost
- Institutionalize a scalable customized world-class management system

REVIEW OF OPERATIONS

FIRST PACIFIC

Below is an analysis of results by individual company.

Contribution Summary

For the year ended 31 December US$ millions	Turnover **2014**	 2013 (Restated)[ii]	Contribution to Group profit[i] **2014**	 2013
PLDT[iii]	**-**	-	**195.7**	209.9
Indofood	**5,350.4**	5,275.8	**158.4**	159.6
MPIC	**761.5**	724.1	**106.6**	94.5
Philex[iii]	**-**	-	**10.2**	7.3
FPM Power	**729.4**	5.9	**(12.0)**	(4.8)
FP Natural Resources	**-**	-	**1.6**	0.2
FPM Infrastructure	**-**	-	**2.2**	0.5
Contribution from operations[iv]	**6,841.3**	6,005.8	**462.7**	467.2
Head Office items:				
- Corporate overhead			**(31.5)**	(32.5)
- Net interest expense			**(90.0)**	(86.2)
- Other expenses			**(17.3)**	(21.4)
Recurring profit[v]			**323.9**	327.1
Foreign exchange and derivative losses[vi]			**(9.3)**	(56.3)
Gain/(loss) on changes in fair value of plantations			**0.7**	(1.0)
Non-recurring items[vii]			**(234.3)**	(34.5)
Profit attributable to owners of the parent			**81.0**	235.3

(i) After taxation and non-controlling interests, where appropriate

(ii) The Group has restated its 2013 turnover to US$6,005.8 million from US$6,206.3 million following Indofood's classification of CMZ, as a disposal group held for sale and as a discontinued operation in 2014. Details of the change are set out in Note 5 to the Consolidated Financial Statements.

(iii) Associated companies

(iv) Contribution from operations represents the recurring profit contributed to the Group by its operating companies.

(v) Recurring profit represents the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative losses, gain/loss on changes in fair value of plantations and non-recurring items.

(vi) Foreign exchange and derivative losses represent the losses on foreign exchange translation differences on the Group's unhedged foreign currency denominated borrowings and payables and the changes in the fair values of derivatives.

(vii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 2014's non-recurring losses of US$234.3 million mainly represent the Group's impairment provision in respect of its investments in Philex (US$188.0 million), PLDT's impairment provisions for its transport assets affected by network upgrade (US$17.6 million), manpower rightsizing costs (US$4.9 million), MPIC's business development costs (US$3.0 million) and taxes incurred in hospital group reorganization (US$2.6 million). 2013's non-recurring losses of US$34.5 million mainly represent the Group's debt refinancing costs (US$17.8 million), PLDT's impairment provisions for cellular network equipment and site facilities (US$12.9 million), Philex's impairment provisions for investments (US$10.9 million) and PLDT's manpower rightsizing costs (US$6.6 million), partly offset by PLDT's gain on disposal of the business process outsourcing business (US$13.0 million).

Turnover up 14% to US$6.8 billion from restated US$6.0 billion

- owing to strong sales growth at Indofood and MPIC, and new turnover contribution from FPM Power
- partly offset by the depreciation of the rupiah and peso average exchange rates against the U.S. dollar

Recurring profit down 1% to US$323.9 million from US$327.1 million

- reflecting an increase in contributions from operating units offset by lower contributions from PLDT and Indofood
- an increase in loss at FPM Power
- lower corporate overhead and other expenses
- higher Head Office net interest expense as a result of a higher average interest rate on debts following the refinancing activities in 2013

Non-recurring losses to US$234.3 million from US$34.5 million

- mainly representing a non-cash impairment provision in respect of the Group's investments in Philex
- PLDT's non-cash impairment provisions for transport assets due to network upgrade
- MPIC's business development costs and taxes incurred in the reorganization of its hospital group and Maynilad's manpower rightsizing costs

Reported profit down 66% to US$81.0 million from US$235.3 million

- reflecting the higher non-recurring losses
- partly offset by lower foreign exchange and derivative losses caused by depreciation of the rupiah and Singapore dollar ("S$") closing exchange rates against the U.S. dollar

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

Exchange rates against the U.S. dollar At 31 December	2014	2013	One year change
Closing			
Peso	**44.72**	44.40	-0.7%
Rupiah	**12,440**	12,189	-2.0%
S$	**1.326**	1.263	-4.8%

Exchange rates against the U.S. dollar For the year ended 31 December	2014	2013	One year change
Average			
Peso	**44.43**	42.64	-4.0%
Rupiah	**11,886**	10,522	-11.5%
S$	**1.270**	1.254	-1.3%

During 2014, the Group recorded net foreign exchange and derivative losses of US$9.3 million (2013: US$56.3 million), which can be further analyzed as follows:

US$ millions	2014	2013
Head Office	**(0.5)**	(3.6)
PLDT	**(1.1)**	(9.0)
Indofood	**0.9**	(41.0)
MPIC	**(0.2)**	0.9
Philex	**(1.0)**	(1.4)
FPM Power	**(7.4)**	(2.2)
Total	**(9.3)**	(56.3)

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. The offering price per share was revised to A$0.675 (US$0.53) from A$0.70 (US$0.65) following a due diligence exercise. Including the 9.8% of Goodman Fielder shares acquired from Perpetual Investment Management Limited and Ellerston Capital Limited at a price of A$0.70 (US$0.65) per share, the total consideration of First Pacific's 50% interest in Goodman Fielder is A$664.8 million (US$539.7 million).

Following approvals from various regulatory bodies, Goodman Fielder's shareholders and the relevant court in Australia, the acquisition was completed on 17 March 2015. Goodman Fielder was delisted from the Australia and New Zealand Stock Exchanges on 19 March 2015.

Goodman Fielder 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.

First Pacific is currently working closely with Wilmar and Goodman Fielder's management on developing strategies and business plans to improve its financial and operational efficiency, and to increase exports to China and Southeast Asia through First Pacific and Wilmar's distribution networks.

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 Don Muang Tollway Public Company Limited ("DMT").

On 26 February 2015, First Agri Holdings Corporation ("FAHC"), a Philippine affiliate of FP Natural Resources (a 70%/30%-owned entity between First Pacific and its indirect agribusiness subsidiary Indofood Agri Resources Ltd. ("IndoAgri")), acquired approximately 241.8 million of RHI's treasury shares and 35.0 million of RHI's shares from its shareholders, at Pesos 7.0 (US$0.16) per share for a total consideration of approximately Pesos 1.9 billion (US$43.9 million). FP Natural Resources' interest in RHI increased to 50.9% from 34.0%.

In 2014, FP Natural Resources and FAHC acquired a 16.4% of VMC for a total consideration of Pesos 1.9 billion (US$43.5 million).

Additional investments, new partnerships and divestments made at operating companies can be found in the individual company section of this document.

Capital Management

Dividend

First Pacific's Board of Directors recommended a final dividend of HK13 cents (U.S. 1.67 cents) per share unchanged from the 2013 final dividend and bringing the regular dividend to HK21 cents (U.S. 2.70 cents) per share, unchanged since 2011. The regular dividend represents a payout of 36% of recurring profit to shareholders, 11% higher than a commitment of returning a minimum of 25% recurring profit to shareholders.

Share Repurchase

During 2014, First Pacific repurchased a total of 28.3 million shares at an average price of HK$8.0 (US$1.0) per share at a total cost of approximately HK$225.3 million (US$29.0 million). The repurchased shares have subsequently been cancelled. The share repurchases were limited by the blackout of the Company's corporate activities.

Debt Profile

At 31 December 2014, net debt at the Head Office stood at US$1.2 billion while gross debt stood at US$1.7 billion with an average maturity of approximately 5.0 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.

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

Interest Cover

For 2014, Head Office recurring operating cash inflow before interest expenses was approximately US$273.2 million. Net cash interest expenses rose 7% to approximately US$87.6 million reflecting lower interest income as Philex repaid its loan from First Pacific and higher average interest rate following refinancing activities in 2013. For the 12 months ended 31 December 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.

2015 Outlook

First Pacific's businesses are strong, and are operating in the world's fastest-growing region. Despite a difficult 2014, the First Pacific Group looks to the future with optimism.

PLDT will focus in 2015 on its evolution into a data-intensive, multi-media business. This will entail continuing investment in data infrastructure and internet and media-related assets. Its core income has been guided to decline as a result to Pesos 35.0 billion in 2015.

Indofood's strong sales growth in recent years is expected to continue in 2015, although margins will continue to face pressure from increasing competition in most market segments. Indofood will continue expanding its production capacities as it seeks further new investments, particularly by its Consumer Branded Products business.

MPIC faces some difficulty in forecasting its 2015 earnings because of continuing regulatory uncertainty. However, continuing strong growth in all its main businesses bode well for its core earnings even as it seeks further investments in infrastructure.

Philex plans to accelerate development of the Silangan project, a major mining project in Mindanao with estimated resources of 9 million ounces of gold and 5 billion pounds of copper scheduled to open in 2019. Completion of a bankable feasibility study in 2015 will mark a key milestone towards that goal. Additional resources have been discovered in the existing Padcal mine, which would extend mine life beyond 2020.

2015 will be a year of transformation in many ways. PLDT is growing into a digital telecommunications and internet/media company from its legacy past. The company's newest investment, Goodman Fielder, will begin stabilizing its domestic operations and commence pivoting to emerging Asia, an area for future growth. Indofood and MPIC will continue to sustain strong earnings growth in their respective markets. Philex is focused on its transformation from a low-grade mining operation, as it develops its first major new mine in half a century. Given the strong commitment and talent of our management team and the continuing positive outlook for the economies of emerging Asia, the outlook for 2015 is positive for First Pacific.

PLDT

PLDT contributed profit of US$195.7 million to the Group (2013: US$209.9 million), representing approximately 42% (2013:45%) of First Pacific's aggregate contribution derived from the operations of subsidiary and associated companies for the year. The 7% decline in profit contribution principally reflected increased competition and the 4% depreciation of the average peso exchange rate against the U.S. dollar in the year.

Consolidated core net income Down 3% to Pesos 37.4 billion (US$842.0 million) from Pesos 38.7 billion (US$908.0 million)	• principally reflecting higher cash operating expenses in relation to competition and as a result of operating an expanded network, a rise in non-cash operating expenses and an increase in income tax provision • offset in part by lower financing costs, higher share in earnings of associates and joint ventures
Reported net income down 4% to Pesos 34.1 billion (US$767.3million) from Pesos 35.4 billion (US$830.7 million)	• reflecting lower core net income • higher impairment provision of transport assets in relation to the network upgrade • mitigated by lower net foreign exchange and derivatives losses and the impact of the adoption of the revised Philippine Accounting Standard 19 in 2013
Consolidated service revenues up 1% to Pesos 165.1 billion (US$3.7 billion) from Pesos 164.1 billion (US$3.8 billion)	• owing to growth in data, broadband and domestic voice revenues • partly offset by declines in revenues from cellular SMS, international voice services and national long distance • broadband, data and mobile internet revenues, accounting for 25% of total service revenues, rose 18% • international fixed line and cellular voice and national long distance revenues, accounting for 15% of total service revenues, declined 8% • combined revenues from cellular SMS and VAS, cellular and fixed line domestic voice accounting for 60% of total service revenues, decreased 3%
EBITDA down 1% to Pesos 76.9 billion (US$1.7 billion) from Pesos 77.6 billion (US$1.8 billion)	• reflecting higher cash operating expenses particularly selling and network-related costs • partly offset by the increase in service revenues
EBITDA margin stable at 47%	• remains relatively high compared with global telecommunications industry peers • wireless at 44% and fixed line at 39%
Consolidated free cash flow down 34% to Pesos 27.7 billion (US$623.5 million) from Pesos 42.0 billion (US$985.0 million)	• reflecting higher capital expenditure and higher income taxes paid

Capital Expenditure

Capital expenditure in 2014 rose 21% to Pesos 34.8 billion (US$783.3 million) to support the PLDT group's network requirements, particularly to expand data and broadband coverage and capacity, including increasing its fiber footprint to 98,000 kilometers, modernization and fortification of the fixed line network, and projects to improve operating efficiencies such as the Unified Smart and Sun mobile networks.

Capital expenditure for 2015 is estimated at Pesos 39.0 billion in anticipation of an exponential growth in network traffic with greater smartphone ownership and PLDT's initiatives to stimulate data usage.

Debt Profile

As at 31 December 2014, PLDT recorded consolidated net debt of US$2.3 billion, up from US$1.6 billion as at 31 December 2013, reflecting impact of investment in Rocket Internet AG ("Rocket Internet"). A rise of US$0.6 billion in gross debt to US$2.9 billion is mainly due to the issuance of Pesos 15.0 billion (US$337.6 million) retail bonds during the year. Of total gross debt, 47% was denominated in U.S. dollars, and over 50% of total debts are to mature beyond 2018, 34% of the total debt is unhedged after taking into account hedges and U.S. dollar cash on hand. Post-interest rate swaps, 78% of total debt are fixed-rate loans. The average pre-tax interest cost declined to 4.05% from 4.33% in 2013.

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

Capital Management

Dividend

PLDT's dividend policy is to pay 75% of core net income as regular dividends with a "look back" policy at year-end to assess the possibility of paying a special dividend. PLDT paid out 100% of its core net income as dividends in each year from 2007 to 2013. Considering higher capital expenditure to support the group's data business, its investment in Rocket Internet in 2014, and plans for business expansion in 2015, PLDT's Board of Directors declared a final regular dividend of Pesos 61 (US$1.4) per share and a special dividend of Pesos 26 (US$0.6) per share payable on 16 April 2015 to shareholders on record as of 17 March 2015. Added to the interim dividend of Pesos 69 (US$1.6) per share paid on 26 September 2014, total dividends for 2014 will amount to Pesos 156 (US$3.5) per share, representing 90% of the core net income.

Share Buyback

In 2008, PLDT's board approved a share buyback program of up to 5 million shares. As of 31 December 2014, PLDT had bought back 2.7 million shares into treasury at an average cost of Pesos 2,388 (US$54) per share for a total consideration of Pesos 6.5 billion (US$146.3 million). 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/Asset Disposal

On 24 June 2014, Beacon Electric Asset Holdings Inc. ("Beacon Electric") sold 56.35 million shares or approximately 5% interest in Meralco to MPIC at Pesos 235 (US$5.3) per share for a total consideration of approximately Pesos 13.2 billion (US$297.1 million). Beacon Electric is a special purpose company jointly-owned by PLDT's indirect subsidiary, PLDT Communications and Energy Ventures, Inc. ("PCEV") and MPIC. PCEV's effective interest in Meralco declined 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 invested €333.0 million (approximately US$454.4 million) for a 10% interest in Rocket Internet. Subsequent to Rocket Internet's capital expansion activities and listing, PLDT's interest in Rocket Internet was diluted to 6.1% as at 24 March 2015. PLDT and Rocket Internet will jointly develop mobile and online payments in emerging markets.

In January 2015, PLDT (through Smart's wholly-owned subsidiary, Voyager Innovations, Inc.) partnered with Rocket Internet (through 50%-owned company Asia Pacific Internet Group) to form Philippines Internet Group ("PHIG") to create and develop online businesses in the Philippines. PLDT will invest €30.0 million (US$36.5 million) for a 33.3% interest in PHIG with an option to increase this to 50%.

In January 2015, PLDT partnered with Rocket Internet to form a 50%/50% joint-venture for mobile payment services with focus on emerging markets.

Broadband

Broadband service revenues rose 20% to Pesos 31.9 billion (US$718.0 million) reflecting a 63% increase in mobile internet revenues which accounted for 25% of total broadband revenues; a 13% rise in fixed broadband revenues which accounted for 44% of total broadband revenues; and a 6% improvement in wireless broadband revenues which contributed 31% to total broadband revenues.

PLDT's combined broadband subscriber base increased 19% from the end of 2013 to 4.1 million. PLDT has the largest number of broadband subscribers in the Philippines. Wireless broadband subscribers rose 22% from the end of 2013 to 3.0 million of which 2.3 million were Smart subscribers and the remaining were Sun subscribers. As at the end of December 2014, smartphone ownership rose to nearly 30% among PLDT's cellular subscribers and mobile internet usage grew 167% year-on-year. Fixed broadband subscribers improved 13% from the end of 2013 to 1.1 million.

With the low average age of the Philippine population and the growing availability of more affordable access devices, an exponential demand growth for broadband services is expected. PLDT's continued investments in its integrated fixed and wireless network enables it to offer a wide range of affordable mobile, fixed and wireless broadband services to customers in different market segments.

Wireless

PLDT group's combined cellular subscriber base was stable at 69.9 million (31 December 2013: 70.0 million), representing approximately 61% of the total cellular market in the Philippines based on subscribers and approximately 57% in terms of revenues. Smart, Talk 'N Text, and Sun's combined prepaid subscriber base stood at 67.1 million, accounting for 96% of the PLDT group's total cellular subscriber base. The number of postpaid subscribers rose 16% to 2.8 million from the end of 2013 largely due to marketing efforts focused on growing this base using handset subsidies. PLDT's postpaid subscriber market share of 55% at the end of 2014 is the largest in the Philippines.

At the end of 2014, the cellular SIM penetration rate (counting multiple SIMs) in the Philippines was at about 114% and smartphone penetration was approximately 30%.

Wireless service revenues declined 1% to Pesos 115.0 billion (US$2.6 billion) reflecting decreases in SMS and voice revenues, offsetting increases in data and broadband revenues. Cellular voice, SMS and VAS, and broadband represented 44%, 37% and 16% of total wireless revenues, respectively. SMS and VAS revenues declined 11% as the number of SMS messages fell 16% due to price-led competition and the availability of alternative messaging options. Cellular voice revenues were down 1%. Mobile internet, data and broadband revenues rose 26% owing to the increasing adoption of data by subscribers.

EBITDA margin stood at 44% reflecting the impact of a structural change in the wireless business revenue mix as well as the increasing proportion of postpaid revenues to total wireless revenues.

Fixed Line

Fixed line service revenues, net of interconnection costs, rose 6% to Pesos 57.0 billion (US$1.3 billion) reflecting higher revenues from retail and corporate data as well as the domestic voice businesses. Fixed broadband, corporate data and other network services, and data center revenues, respectively, which represent 46%, 47% and 7% of total fixed line data revenues increased 13%, 8% and 17% in 2014. The higher domestic voice revenues were partly offset by lower international long distance and national long distance revenues.

The fixed line EBITDA margin improved to 39% from 36% as increases in service revenues fully offset the rise in cash operating expenses.

The number of PLDT fixed line subscribers reached 2.2 million of which approximately 49% were fixed broadband subscribers. PLDT continues to be the leader in the fixed line industry having the largest subscriber and revenue market shares in each of the retail and corporate segments of the market.

Digital

The new joint-venture projects with Rocket Internet will leverage Rocket Internet's network of online e-commerce businesses in over 100 countries and PLDT/Smart e-Money's pioneering mobile payment and remittance platforms to enable mobile transactions for the unbanked, uncarded and unconnected in emerging markets.

Meralco

PLDT's indirect subsidiary PCEV owns 50% of Beacon Electric. As at 24 March 2015, Beacon Electric owns approximately 44.96% of Meralco.

Meralco, the largest electricity distribution utility in the Philippines, has a franchise 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 meet growing demand for power and to build new sources of earnings growth.

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

2015 Outlook

PLDT's 2014 performance reflects the combined effect of the intense domestic competitive situation and the changing global landscape – where over-the-top players are disintermediating traditional telecommunications, and data services and social media are overtaking legacy services. Taking these into consideration, PLDT recognizes the need to complement its present business by participating in the digital world beyond providing access and connectivity. To this end, PLDT is focusing on adjacent businesses which have links to or which have the ability to enhance its access business. This transition will likely involve an investment phase in both capital expenditures and corporate assets. As a result, higher depreciation costs and financing charges are expected in 2015 which, along with ongoing efforts to defend market share, will impact PLDT's bottom line which is expected to be in the vicinity of Pesos 35.0 billion for 2015.

Reconciliation of reported results between PLDT and First Pacific

PLDT's operations are principally denominated in peso, which averaged Pesos 44.43 (2013: Pesos 42.64) 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.

Peso millions	**2014**	2013
Net income under Philippine GAAP	**34,091**	35,420
Preference dividends[(i)]	**(59)**	(59)
Net income attributable to common shareholders	**34,032**	35,361
Differing accounting and presentational treatments[(ii)]		
- Reclassification of non-recurring items	**3,135**	1,792
- Others	**(3,348)**	(3,660)
Adjusted net income under Hong Kong GAAP	**33,819**	33,493
Foreign exchange and derivative losses[(iii)]	**184**	1,505
PLDT's net income as reported by First Pacific	**34,003**	34,998
US$ millions		
Net income at prevailing average rates for 2014: Pesos 44.43 and 2013: Pesos 42.64	**765.3**	820.8
Contribution to First Pacific Group profit, at an average shareholding of 2014: 25.6% and 2013: 25.6%	**195.7**	209.9

(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 2014 of Pesos 3.1 billion represents impairment provisions for transport assets affected by network upgrade. Adjustment for 2013 of Pesos 1.8 billion represents asset impairment provisions of Pesos 2.1 billion, manpower rightsizing cost of Pesos 1.1 billion and provision for losses from Typhoon Yolanda of Pesos 0.8 billion, partly offset by a gain on disposal of BPO business of Pesos 2.2 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 losses (net of related tax) are excluded and presented separately.

INDOFOOD

Indofood's contribution to the Group decreased 0.8% to US$158.4 million (2013: US$159.6 million) principally reflecting an 11% depreciation of the average rupiah exchange rate against the U.S. dollar, partly offset by higher core net income in rupiah terms.

Core net income up 16% to Rupiah 3.9 trillion (US$327.4 million) from Rupiah 3.4 trillion (US$319.8 million)	• primarily driven by higher average selling prices in all major businesses • partly offset by higher selling and general and administrative expenses
Net income up 55% to Rupiah 3.9 trillion (US$326.9 million) from Rupiah 2.5 trillion (US$238.0 million)	• reflecting higher core net income • recorded foreign exchange gains compared to losses in 2013
Consolidated net sales up 14% to Rupiah 63.6 trillion (US$5.4 billion) from Rupiah 55.6 trillion (US$5.3 billion) (restated)	• registered sales growth mainly driven by higher average selling prices and contribution from beverage business • sales contribution from Consumer Branded Products ("CBP"), Bogasari, Agribusiness and Distribution group amounted to 47%, 25%, 20% and 8% of the total, respectively
Gross profit margin to 26.8% from 24.5% (restated)	• mainly on improved Agribusiness group performance
Consolidated operating expenses up 26% to Rupiah 10.2 trillion (US$858.2 million) from Rupiah 8.0 trillion (US$760.3 million) (restated)	• due mainly to higher salaries, wages and employee benefits in conjunction with new hiring to strengthen the company and to support business development • higher freight and handling charges in conjunction with increase in freight rates following fuel price increases • higher spending on advertising and promotions to support existing and new products and brands
EBIT margin to 11.3% from 11.0% (restated)	• reflecting the strong performance of the Agribusiness group • improved gross profit margins despite higher operating expenses as referred to above
Net gearing to 0.31 times from 0.27 times	

Debt Profile

As at 31 December 2014, Indofood recorded gross debt of Rupiah 26.9 trillion (US$2.2 billion), down from Rupiah 27.4 trillion (US$2.2 billion) as at 31 December 2013. Of this total, 37% matures within one year and the remaining matures between 2016 and 2021, 48% was denominated in rupiah, 52% was denominated in foreign currencies.

Additional Investments/Divestments

On 27 January 2014, PT Indofood CBP Sukses Makmur Tbk ("ICBP") through its joint venture companies with Asahi Group Holdings Southeast Asia Pte. Ltd. completed the acquisition of Tirta Bahagia Group's packaged water assets including the CLUB brand, the second largest brand in the packaged water industry in Indonesia, for a consideration of approximately Rupiah 2.2 trillion (US$185.1 million)

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 assets comprise approximately 3,800 hectares of HGU (Hak Guna Usaha, land utilization permits in Indonesia) land located in Ogan Komering Ulu Timur Regency, South Sumatra Province.

In December 2014, Indofood completed the disposal of its entire interest of approximately 49% in PT Nissinmas to Nissin Foods Holdings Co., Ltd. for a consideration of approximately Rupiah 66 billion (US$5.6 million).

In December 2014, ICBP through its subsidiary PT Indolakto completed the acquisition of a 100% interest in PT Danone Dairy Indonesia, a milk producer, for a consideration of Rupiah 261 billion (US$21.0 million).

On 18 March 2015, ICBP acquired an approximately 9.9% interest in JC Comsa through a combination of new shares and treasury shares for a total consideration of JPY284.4 million (US$2.4 million).

CBP

The CBP group comprises the following divisions: Noodles, Dairy, Snack Foods, Food Seasonings, Nutrition & Special Foods and Beverages.

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.

PT Indolakto, the operating subsidiary in the Dairy division, has an annual production capacity of more than 550 thousand tonnes. It is one of the largest dairy products manufacturers in Indonesia, producing sweetened condensed milk, creamer, UHT milk, sterilized bottled milk, pasteurized liquid milk, powdered milk, ice cream and butter.

The Snack Foods division producing chips from potato, cassava, soybean and sweet potato, extruded snacks and biscuits. Its four factories have a combined annual production capacity of more than 45 thousand tonnes.

The Food Seasonings division manufactures a wide range of culinary products, including instant seasoning, chili sauce, soy sauce, tomato sauce and other condiments with combined annual production capacity of more than 135 thousand tonnes.

The Nutrition & Special Foods division produces and markets food for babies and children, milk for expectant and lactating mothers, cereal snacks and cereal drinks. It has annual production capacity of around 25 thousand tonnes.

The Beverages division's product portfolio includes carbonated soft drinks and fruit juice drinks, packaged water, ready-to-drink teas and ready-to-drink coffee.

Sales of CBP group rose 21% to Rupiah 29.9 trillion (US$2.5 billion), reflecting higher average selling prices of most major products and contribution from the Beverages division. Sales volume of Noodles remained flat at 12.6 billion packs, of Dairy declined 3% to 318 thousand tonnes and of Snack Foods up 5% to 33 thousand tonnes. EBIT margin declined to 10.2% from 10.6% due mainly to higher selling and general and administrative expenses, particularly salaries, wages and employee benefits, advertising and promotion, freight and handling, and distribution expenses.

The fast moving consumer goods industry is expected to resume moderate growth in 2015 supported by more conducive macro-economic conditions. Volume growth across the divisions is expected to normalize in 2015, albeit the outlook remains cautious with the possibility of rising costs driven by weakness in the rupiah.

Bogasari

Bogasari produces wheat flour and pasta for domestic and international markets. It has its own maritime unit mainly to transport wheat from suppliers in Australia and the northern hemisphere. In addition, it operates a packaging factory that produces polypropylene bags.

Bogasari's sales rose 7% to Rupiah 19.9 trillion (US$1.7 billion) due mainly to higher average selling prices and sales volumes. The sales volume of food flour rose 2% to 2.9 million tonnes. The EBIT margin declined slightly to 7.3%.

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 support growth in the industry.

Agribusiness

The Agribusiness group consists of two divisions: Plantations and Edible Oils & Fats ("EOF"), which operate through IndoAgri and its main operating subsidiaries SIMP and 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, oil palm seed breeding 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 300,050 hectares. Oil palm is the dominant crop, with 30% of oil palms younger than seven years and an average age of approximately 13 years. Total planted area of oil palm was 246,055 hectares, compared to 239,921 hectares at the end of 2013. This division operates 22 palm oil mills with a total annual processing capacity of 5.7 million tonnes of fresh fruit bunches. During 2014, crude palm oil ("CPO") production increased 18% to 956 thousand tonnes reflecting higher palm production from newly matured estates in South Sumatra and Kalimantan, as well as increased purchasing of external fresh fruit bunches.

In Indonesia, total planted area of sugar cane was 13,062 hectares in South Sumatra. The harvest declined 7% to 701 thousand tonnes due to dry weather in the first quarter of 2014. Despite this, 2014 sugar production of 54 thousand tonnes came in close to 2013's level due to higher sugar rendement. In Brazil, the planted area of sugar cane was 47,554 hectares, while the volume of sugar cane harvested rose 16% to 3,511 thousand tonnes, raw sugar production was 224 thousand tonnes and ethanol output was 145 thousand cubic meters.

Edible Oils & Fats ("EOF")

This division manufactures cooking oils, margarines and shortening and markets. As of 31 December 2014, the division had refinery capacity of over 1.4 million tonnes of CPO per annum and approximately 70% of this division's input needs are sourced from the Plantations division's CPO production.

Agribusiness's sales up 10% to Rupiah 14.7 trillion (US$1.2 billion) reflecting higher sales volume of CPO and higher average selling prices of palm products. EBIT margin improved to 15.0% from 10.3%. For sales volume, CPO rose 11% to 957 thousand tonnes, palm kernel rose 1% to 193 thousand tonnes, rubber was up 1% to 16 thousand tonnes, while sugar production declined 3% to 73 thousand tonnes and EOF (comprised of cooking oil, margarine and coconut oil) declined 4% to 755 thousand tonnes.

IndoAgri expects demand for basic commodities like palm oil to remain strong, underpinned by growing consumer markets and a rising middle class. Competition from other CPO producers as well as competing products like soybean will remain intense as the decline in petroleum prices has resulted in lower demand for biofuels, resulting in higher inventories across the industry. Being a low cost producer remains the key strategic focus for the Agribusiness group, given the volatility and uncertainty of future price movements.

The long-term outlook for natural rubber remains optimistic with healthy demand coming from tyre makers, automotive industries and rubber goods manufacturers in developing markets, especially China.

IndoAgri is also looking to expand our downstream EOF activities with an emphasis on high-end value-added products that target premium food and beverage outlets. The division continues to seek opportunities to diversify, mitigate cyclical risk, and achieve our growth potential.

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 among domestic consumer food producers.

Distribution's sales rose 13% to to Rupiah 5.1 trillion (US$432.0 million) partly due to higher sales of CBP group. The EBIT margin improved slightly to 3.7% from 3.6%.

The Distribution group continues to leverage its distribution network serving 370,000 retail outlets for boosting product penetration and high product visibility in retail outlets.

2015 Outlook

While uncertainty continues to dominate the global economic landscape in 2015, the general sentiment is that optimism will prevail in 2015 and beyond. The pace of economic growth in developing countries is expected to pick up. Following two challenging years, Indofood is optimistic but cautious as enter 2015. With the improvement in the U.S. economy and the end of quantitative easing, U.S. interest rates and the U.S. dollar are expected to strengthen and further dampen the rupiah. Nonetheless, prices of key commodities are expected to remain subdued, thereby keeping domestic inflation at a manageable 5% or lower. Indonesian government spending is likely to increase by over 7%, the bulk of it going into infrastructure projects while the average minimum wage may increase between 10% and 12%. Indofood expects consumer demand to pick up under these conditions, although market participants will remain conscious of a rising cost environment.

Competition in Indonesia will escalate, bolstered by a population of 250 million populations. The nation's favorable demographic profile as well as rising middle-class incomes will ensure that Indonesia remains attractive to regional and international business. With the ASEAN Economic Community ("AEC") coming into effect, new opportunities and challenges will emerge. Indofood's priorities are to strengthen and expand its business domestically and identify opportunities regionally and internationally, while anticipating potential new competition arising from AEC implementation. With clear objectives and strategic directions, the ability to adapt dynamically to market conditions, as well as discipline, Indofood would be confident and well positioned to capture new opportunities and mitigate challenges.

Reconciliation of reported results between Indofood and First Pacific

Indofood's operations are principally denominated in rupiah, which averaged Rupiah 11,886 (2013: Rupiah 10,522) 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.

Rupiah billions	**2014**	2013
Net income under Indonesian GAAP	**3,885**	2,504
Differing accounting and presentational treatments(i)		
- Reclassification of non-recurring items(i)	**27**	-
- Gain/(loss) on changes in fair value of plantations	**17**	(21)
- Foreign exchange accounting	**54**	54
- Others	**(186)**	(65)
Adjusted net income under Hong Kong GAAP	**3,797**	2,472
Foreign exchange and derivative (gains)/losses(ii)	**(20)**	861
(Gain)/loss on changes in fair value of plantations(ii)	**(17)**	21
Indofood's net income as reported by First Pacific	**3,760**	3,354
US$ millions		
Net income at prevailing average rates for 2014: Rupiah 11,886 and 2013: Rupiah 10,522	**316.3**	318.8
Contribution to First Pacific Group profit, at an average shareholding of 2014: 50.1% and 2013: 50.1%	**158.4**	159.6

(i) Differences in accounting treatment under Indonesian 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 2014 of Rupiah 26 billion represents a loss for certain assets.*
- *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 year.*
- *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.

MPIC

MPIC's infrastructure portfolio as at 24 March 2015 comprises the following assets offering water distribution, electricity distribution and power generation, toll roads, rail 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 Metro Pacific Tollways Corporation ("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 Holdings Limited ("FPM Infrastructure") which owns 29.45% of DMT of Thailand
- 60.1% interest in MPHHI which in turn owns:
  33.3% in Medical Doctors, Inc. ("MDI")
  100% in Colinas Verdes Hospital Managers Corporation, the operator of Cardinal Santos Medical Center ("CSMC")
  57.5% 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 The Megaclinic, Inc. ("Megaclinic")
- 55.0% in LRMC
- 20.0% in AF Payments Inc. ("AFPI")

MPIC's contribution to the Group rose 13% to US$106.6 million (2013: US$94.5 million) as a result of higher contributions from Meralco, Maynilad and MPTC, partly offset by a 4% depreciation of the peso against the U.S. dollar.

Consolidated core net income up 18% to Pesos 8.5 billion (US$191.5 million) from Pesos 7.2 billion (US$169.5 million)

- Maynilad, Meralco/Beacon Electric, MPTC and DMT, and Hospitals accounted for 43%, 30%, 22% and 5%, respectively, of MPIC's consolidated profit contribution from operations
- reflecting a 15% rise in contribution from Maynilad to Pesos 4.4 billion (US$98.5 million) on a 4% increase in billed water volume
- a 30% increase in contribution from Meralco/Beacon Electric to Pesos 3.0 billion (US$68.1 million) on a 3% increase in energy sales, lower interest expense at Beacon Electric, higher shareholding in Meralco and increase in non-electric revenues
- a 19% rise in contribution from MPTC and share in DMT's earnings to Pesos 2.2 billion (US$50.4 million). MPTC's performance reflecting higher traffic volumes on NLEX and CAVITEX, higher average kilometers travelled on NLEX, and higher shareholding in DMT
- a 20% decline in contribution from Hospitals to Pesos 465 million (US$10.5 million) reflecting lower ownership with the entry of GIC since July 2014 as a strategic investor which had a bigger impact on the improved operating performance

Consolidated reported net income up 10% to Pesos 7.9 billion (US$178.7 million) from Pesos 7.2 billion (US$169.1 million)

- due largely to a higher core net income
- partly offset by development costs in relation to toll road and rail projects, taxes incurred in hospital group reorganization and Maynilad's manpower rightsizing costs

Revenues up 10% to Pesos 33.8 billion (US$761.5 million) from Pesos 30.9 billion (US$724.1 million)

- reflecting revenue growth at Maynilad, MPTC and Hospitals

Debt Profile

As at 31 December 2014, MPIC reported consolidated debt of Pesos 61.1 billion (US$ 1.4 billion), up 20% from Pesos 51.0 billion (US$1.1 billion) as at 31 December 2013. Of the total, 93% was denominated in peso. Fixed-rate loans accounted for 93% of the total and the average pre-tax interest cost at approximately 6.1%.

Dividend

The MPIC board of directors declared a final dividend of Pesos 0.037 (U.S. 0.083 cent) per share, 68% higher than the final dividend of 2013. Together with the paid cash dividend of Peso 0.066 (U.S. 0.149 cent) per share, this brings the full-year dividend to Pesos 0.103 (U.S. 0.232 cent) per share, up 178% from last year. This brings the regular dividend payout ratio of 20% of core net income to shareholders while it was 13% a year earlier.

Additional Investments/New Partnerships

On 31 March 2014, AFPI, in which MPIC has a 20% shareholding, signed a 10-year concession agreement with the DOTC of the Philippines to build and implement a new Automated Fare Collection System project for the LRT and MRT lines in Metro Manila.

On 24 June 2014, MPIC acquired 56.35 million shares or approximately 5% interest of Meralco from Beacon Electric for Pesos 235 (US$5.3) per share for a total consideration of approximately Pesos 13.2 billion (US$297.1 million). MPIC's effective interest in Meralco increased to approximately 27.5%. PCEV and MPIC's aggregate joint interest in Meralco remains at 49.96%.

In July 2014, Singapore's sovereign wealth fund GIC acquired a 39.9% interest in MPIC's hospital holding company MPHHI for a total of Pesos 10.2 billion (US$229.6 million). The partnership with GIC will accelerate this division's growth in hospitals and other health-related fields.

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.

On 2 October 2014, LRMC, in which MPIC effectively has a 55.0% shareholding, signed a 32-year concession agreement with the Philippine Government for the construction of the LRT1 extension, operations and maintenance.

On 7 November 2014, MPIC and Global Green International Energy ("GGIE"), a Singapore-based company, partnered to develop a renewable energy project. MPIC and GGIE invested up to approximately Pesos 240 million (US$5.4 million) in equity, out of the total project cost of Pesos 480 million (US$10.8 million). The facility will have the ability to convert 20-25 metric tonnes per day of municipal solid waste into 13,000 liters of biodiesel daily. The facility can be expanded to allow the conversion of excess heat into electricity.

In March 2015, MPIC through MPTC invested Vietnamese Dong ("VND") 663 billion (US$31.2 million) for a 41% interest in CII Bridges and Roads Investment Joint Stock Co. ("CII B&R"). MPTC shall also advance to Ho Chi Minh City Infrastructure Investment Joint Stock Co. VND1.3 trillion (US$60.8 million) by way of an exchangeable bond, which if exchanged would provide MPTC, together with the acquired shares, up to a 45% interest in CII B&R. Out of the total consideration for the exchangeable bond, VND604 billion (US$28.4 million) was settled in March 2015 while VND688 billion (US$32.4 million) will be settled in September 2015.

Equity Placement

In February 2015, MPIC raised Pesos 8.9 billion (approximately US$200 million) by placing 1.812 billion new shares at Pesos 4.9 (US$0.11) per share. The funds will be used primarily to lower the debt level at Beacon Electric, to finance previously announced investments and for general corporate purposes.

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 as at 31 December 2014.

During the year, Maynilad's capital expenditure declined 22% to Pesos 4.3 billion (US$96.8 million) as progress was delayed by right of way issues and difficulty in acquiring land for sewerage treatment facilities. Average non-revenue water fell to 33.9% from 38.7% and year-end non-revenue water declined to 32.9% from 2013's 35.4%. Total billed water volume rose 4% to 463.2 million cubic meters.

Revenues rose 9% to Pesos 18.4 billion (US$413.3million), reflecting an increase in billed water volume, a 5% increase in billed customers and a 4% rise in average effective tariff from clean-up of delinquent customer accounts.

After a two-year delay in Maynilad's water tariff for the rate rebasing for the period from 2013 to 2017, Maynilad received a favorable award in its arbitration proceedings on 29 December 2014. The new rate results in a 9.8% increase in the 2013 average basic water charge of Pesos 31.28 (US$0.70) per cubic meter, inclusive of the Peso 1.00 (US$0.02) Currency Exchange Rate Adjustment which the MWSS of the Philippines has now incorporated into the basic charge. In order to mitigate the impact of the rate increase on its customers in the West Zone of Metro Manila, Maynilad is prepared to implement the awarded rate increase over the next three years on a staggered basis, subject to the approval of the MWSS. However, the MWSS has not yet acted on the arbitration award and Maynilad has formally reminded them of the indemnity undertaking of the Republic of the Philippines regarding delays in tariff implementation.

Meralco

Meralco operates a franchise that runs until 2028 for electricity distribution to an area which produces over half of the Philippines' gross domestic product.

In 2014, the volume of electricity sold by Meralco rose 3% to 35,160 GWh with growth driven by a 4% increase in both industrial and commercial demand and a 1% increase in residential demand. Natural gas accounted for 47% of Meralco's fuel sources, followed by coal at 39%. The remaining 14% included hydro, geothermal and biomass sources.

System loss was reduced to a record low 6.49% at end-December 2014 from 6.92% a year earlier, reflecting Meralco's continuing efforts on improving system efficiency. Its capital expenditure in the Philippines rose 21% to Pesos 12.4 billion (US$279.1 million).

Revenues declined 11% to Pesos 266.3 billion (US$6.0 billion), mainly reflecting the downward adjustment of pass-through charges from electricity generators, adjustment of contestable revenues, downward adjustment in the wholesale electricity market bill for December 2013 and a lower system loss charge, despite a higher sales volume and higher non-electricity revenues from subsidiaries.

During the year, 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 PLP in Singapore and in Global Business Power Corporation in the Philippines are part of Meralco's power generation plan. San Buenaventura Power Plant in Quezon is expected to go online by 2018. After a three-year delay, the environmental court case for building a coal-fired plant in Subic Bay has been resolved and construction will commence this year with completion within four 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.

Revenues rose 6% to Pesos 8.6 billion (US$194.5 million), reflecting strong traffic growth on the NLEX and CAVITEX in the Philippines.

In Manila, the competitive challenge process "Swiss Challenge" for the Connected Road/Metro Expressway Link project is expected to be conducted in 2015, with MPIC currently holds the right to match the best bid. The construction of the CAVITEX extension is expected to start this year. The NLEX Harbour Link extension's Segments 9 and 10 are expected to open by the first quarter of 2015 and 2017, respectively. The NLEX Citi Link is expected to start operations by 2020.

Elsewhere in the Philippines, MPTC is expected to be formally awarded the Cebu-Cordova Bridge project in the first half of this year.

In Vietnam, 16 kilometers of CII Bridges and Roads is under construction and another 39 kilometers are planned.

On 22 December 2014, DMT secured toll rate increases of 17% and 20% on its Original road and Northern extension, respectively.

Hospitals

MPIC's Hospital group comprises eight full-service hospitals and Megaclinic, a mall-based diagnostic and ambulatory care center. MPIC operates the largest private provider of premier hospital services in the Philippines with 2,134 beds as at end-December 2014.

Revenues rose 13% to Pesos 14.1 billion (US$317.4 million), reflecting a 15% rise in revenues from CSMC, 14% from DDH, 7% from OLLH and AHI, and 6% from MDI and RMCI, the first full year 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. This division aims to expand to 3,700 beds while implementation of synergies, facilities upgrades and renovations across the hospital network are ongoing.

2015 Outlook

Increasing regulatory risk leaves the outlook for 2015 earnings uncertain. However, all three regulated businesses (water, power and toll roads) expect to see continuing steady volume growth.

Reconciliation of reported results between MPIC and First Pacific

MPIC's operations are principally denominated in peso, which averaged Pesos 44.43 (2013: Pesos 42.64) 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.

Peso millions	**2014**	2013
Net income under Philippine GAAP	**7,940**	7,209
Preference dividends[(i)]	**(6)**	(5)
Net income attributable to common shareholders	**7,934**	7,204
Differing accounting and presentational treatments[(ii)]		
- Reclassification of non-recurring items	**550**	86
- Others	**(13)**	(8)
Adjusted net income under Hong Kong GAAP	**8,471**	7,282
Foreign exchange and derivative losses/(gains)[(iii)]	**18**	(66)
MPIC's net income as reported by First Pacific	**8,489**	7,216
US$ millions		
Net income at prevailing average rates for 2014: Pesos 44.43 and 2013: Pesos 42.64	**191.1**	169.2
Contribution to First Pacific Group profit, at an average shareholding of 2014: 55.8% and 2013: 55.8%	**106.6**	94.5

(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 2014 of Pesos 550 million principally represents MPIC's business development costs of Pesos 242 million, taxes incurred in hospital group reorganization of Pesos 207 million and Maynilad's manpower rightsizing costs of Pesos 158 million. Adjustment for 2013 of Pesos 86 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.

PHILEX

Philex's natural resources portfolio comprises:

Philex for metal-related assets

• 100% in Padcal mine
• 100% in Silangan Mindanao Mining Co., Inc.
• 100% in Lascogon Mining Corporation
• 100% in Philex Gold Philippines, Inc.
• 5% in Kalayaan Copper Gold Resources, 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") which owns 70.0% of Service Contract ("SC") 72 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
• 50% in Service Contract 75 (Northwest Palawan)

* *64.8% held by Philex, 11.4% held by First Pacific and 5.0% held by Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific.*
** *36.4% held directly by Philex Petroleum, 24.1% held by its 51.2%-owned Canadian subsidiary FEC Resources Inc., and 3.3% held by First Pacific.*

Philex's contribution to the Group increased 39.7% to US$10.2 million (2013: US$7.3 million) principally reflecting higher volumes of gold and copper sold, with a full year of operation compared with about 10 months in 2013, and cost management and operational enhancement initiatives, partially offset by lower grades of copper and gold.

During 2014, total ore milled increased 23% to 9.5 million tonnes (2013: 7.7 million tonnes) reflecting a full year of operation compared with approximately 10 months in 2013, with an average grade of 0.438 grams (2013: 0.503 grams) of gold per tonne of ore and 0.212% (2013: 0.236%) copper. Concentrate production rose 16% to 70,062 dry metric tons (2013: 60,582 dry metric tons). Gold production increased 5% to 105,008 ounces (2013: 99,802 ounces) and copper production increased 9% to 35.4 million pounds (2013: 32.5 million pounds).

During the year, the average realized price for gold declined 2% to US$1,270 per ounce (2013: US$1,297 per ounce) and the average realized copper price was down 9% to US$2.98 per pound (2013: US$3.27 per pound).

As at 31 December 2014, Philex had Pesos 5.2 billion (US$117.0 million) of cash and cash equivalents, and Pesos 10.3 billion (US$229.3 million) of borrowings comprising convertible notes issued and bank loans. In January and February 2015, Philex repaid Pesos 477 million (US$10.8 million) of the bank borrowings.

Core net income up 4% to Pesos 1.12 billion (US$25.3 million) from Pesos 1.08 billion (US$25.4 million) (restated)	• comparative 2013 core net income excluded gains on insurance settlement of Pesos 427 million (US$10.0 million) for business interruption claims in relation to the Tailings Storage Facility No. 3 incident • reflecting an increase in revenue owing to a higher number of operating days, and lower than-expected cost and expense due to cost management, despite lower metal grades and prices
Net income up 194% to Pesos 1.0 billion (US$22.6 million) from Pesos 342 million (US$8.0 million)	• reflecting an increase in revenue and reduction in net other charges
Revenue up 4% to Pesos 10.9 billion (US$245.3 million) from Pesos 10.5 billion (US$246.2 million)	• reflecting a full year of operation compared with about 10 months in 2013 • revenue from gold, copper and petroleum contributed 54%, 42% and 3% of the total, respectively, and the balance of 1% attributable to silver
EBITDA down 15% to Pesos 3.3 billion (US$74.3 million) from Pesos 3.9 billion (US$91.5 million)	• reflecting the impact of lower metal grades and prices
Operating costs and expenses up 15% to Pesos 9.3 billion (US$209.3 million) from Pesos 8.1 billion (US$190.0 million)	• the 15% increase in cost and expenses was less than the 23% increase in tonnage, which was in line with the 20% increase in number of operating days

Operating cost per tonne of ore milled down 1% to Pesos 859 (US$19.3) from Pesos 869 (US$20.4)	• reflecting the impact of cost-reduction measures
Capital expenditure (including exploration costs) down 5% to Pesos 5.8 billion (US$130.5 million) from Pesos 6.1 billion (US$143.1 million)	• reflecting increased exploration expenditure for the Silangan project of Pesos 3.7 billion (US$83.3 million) and capital expenditure for Padcal mine of Pesos 1.8 billion (US$40.5 million) • partly offset by a decline in exploration costs for other mine and oil and gas projects

In December 2014, as part of Philex parent company's cost reduction program, it reduced manpower by approximately 500 to approximately 2,300.

Dividend

Philex was able to improve its profitability despite lower ore grades and weaker metal prices. The board of directors of Philex declared a final cash dividend of Peso 0.02 (U.S. 0.05 cent) per share, payable on 25 March 2015. Added to the interim dividend of Peso 0.03 (U.S. 0.06 cent) per share paid on 28 November 2014, total dividends for 2014 will amount to Peso 0.05 (U.S. 0.11 cent) per share, representing a payout of 22% of its core net income.

Issuance of Convertible Notes

On 18 December 2014, a wholly-owned subsidiary of Philex, Silangan Mindanao Exploration Company, Inc. ("SMECI") raised Pesos 7.2 billion (US$161.0 million) by issuing eight-year convertible notes (the "Notes") to existing Philex shareholders First Pacific and Social Security System. The Notes carries a coupon rate of 1.5% and the interest is payable semi-annually. The conversion will start from 19 December 2015 with a total of 400,000 new shares of SMECI, representing 40% of SMECI's expanded capital issued upon full conversion. Any Notes outstanding at the maturity date will be redeemed at par, plus a redemption premium of 3% (accrued at the annual compounded rate of 3%). Philex repaid loans of US$80.0 million from First Pacific from the Notes proceeds with the remaining proceeds aimed at helping finance the Silangan project's definitive feasibility study.

Silangan Project

The gold and copper mine development project is located in Surigao del Norte, Northeastern Mindanao in the Philippines. 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 progressing as planned. The results of the pre-feasibility study have been presented to the Philex board on 1 August 2014. The remaining proceeds raised through the Notes mentioned above will be used to fund the study which is expected to be completed in 2015.

Mineral Resources and Proved Reserves

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

	Padcal mine (As at 31 December 2014*)	Silangan Project (as at 5 August 2011) Boyongan	Bayugo
Resources (million tonnes)	268[(i)]	273[(i)]	125[(i)]
Gold (gram/tonne)	0.38	0.72	0.66
Copper (%/tonne)	0.21	0.52	0.66
Contained copper (thousand lbs)	1,231,400	3,120,000	1,820,000
Contained gold (ounces)	3,242,700	6,300,000	2,700,000
Copper equivalent[(ii)] cutoff (%)	0.314	-	-
Copper equivalent cutoff (%)	-	0.50	0.50
Proved reserves (million tonnes)	59.7		
Gold (gram/tonne)	0.41		
Copper (%/tonne)	0.20		
Recoverable copper (thousand lbs)	217,000		
Recoverable gold (ounces)	622,500		
Copper equivalent[(ii)] cutoff (%)	0.370		

* Based on the Competent Person's report disclosed in March 2015

(i) Measured and indicated

(ii) Copper equivalent = % copper + 0.66 x gram/tonne gold; Metal prices: US$2.75/lb copper, US$1,275/oz gold; Metal recoveries: 82% copper, 80% gold

SC72

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 Philippine Department of Energy ("DOE") granted another year of extension to August 2016 for the completion of a two-well drilling program by Forum.

On 4 March 2015, Forum was notified by DOE to immediately suspend all exploration work at SC72 until further notice as the territorial disputed area is involved in United Nations' arbitration process between the Philippines and China.

2015 Outlook

Gold and copper prices are expected to remain bearish in 2015, with gold prices seen to behave inversely with the expected strengthening of the dollar and with copper prices expected to take cues from China's production output. The cost saving program introduced in late 2014 is expected to reduce the impact of lower ore grades and weak metal prices. The completion of a definitive feasibility study during 2015 will point the way towards full-scale development of the promising Silangan project in Mindanao.

Reconciliation of reported results between Philex and First Pacific

Philex's operations are principally denominated in peso, which averaged Pesos 44.43 (2013: Pesos 42.64) 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.

Peso millions	**2014**	2013
Net income under Philippine GAAP	**1,006**	342
Differing accounting and presentational treatments[(i)]		
- Reclassification of non-recurring items	**77**	1,040
- Revenue recognition regarding sale of mine products	**306**	(401)
- Depreciation of revaluation increment for assets	**(318)**	(328)
- Others	**(133)**	(102)
Adjusted net income under Hong Kong GAAP	**938**	551
Foreign exchange and derivative losses[(ii)]	**39**	126
Philex's net income as reported by First Pacific	**977**	677
US$ millions		
Net income at prevailing average rates for 2014: Pesos 44.43 and 2013: Pesos 42.64	**22.0**	15.9
Contribution to First Pacific Group, at an average shareholding of 2014: 46.2% and 2013: 46.2%	**10.2**	7.3

(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 2014 of Pesos 77 million principally represents impairment provisions for exploration assets of Pesos 336 million, manpower rightsizing costs of Pesos 276 million, partly offset by a gain on sale of assets of Pesos 535 million. Adjustment for 2013 of Pesos 1.0 billion principally represents impairment provisions for its investments.*
- *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 its property, plant and equipment. The adjustment relates to the recognition of additional depreciation based on the revalued fair value of these property, plant and equipment.*
- *Others: The adjustments principally relate to accrual of withholding tax on Philex's net income in accordance with the requirements of HKAS 12 "Income Taxes" and the adjustments for the Group's direct share of Philex Petroleum's results.*

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

FPM Power/PLP

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. 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 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 2014, First Pacific's share of FPM Power's loss was US$12.0 million, reflected its operating and interest expenses, partly offset by the profit from electricity sales. The volume of electricity generated and sold amounted to approximately 4,173 thousand megawatt hours (translating to a market share of approximately 8.5%) of which 82% was for retail and vesting contracts and the remaining 18% for merchant market sales. As at the end of December 2014, PLP's workforce was at approximately 120.

PLP recorded a core net loss of S$69.6 million (US$54.8 million) reflecting intense competition in Singapore's power generation market, a net loss of S$115.9 million (US$91.3 million) on revenue of S$926.4 million (US$729.4 million), operating expenses at S$25.3 million (US$19.9 million), and EBITDA at S$16.9 million (US$13.3 million) with an EBITDA margin at 1.8%.

In September 2014, the Singaporean government revised the vesting contract level which applies to all power generators in the country. It is 30% for the first half of 2015, to be reduced to 25% for the second half of 2015 and further to 20% for 2016.

Debt Profile

In December 2014, PLP completed a S$700 million refinancing exercise to reduce interest costs. As at 31 December 2014, FPM Power's net debt stood at US$487.9 million while gross debt stood at US$539.3 million with maturity until 2021. All of the borrowings were floating rate bank loans.

2015 Outlook

Competition in the Singapore power generation market will continue to be keen in 2015. PLP will leverage its efficiency advantage and operational flexibility to increase its retail portfolio further with the aim of securing sales of at least 50% of its generation through retail contracts. Together with vesting, contract levels will exceed 80% of projected generation, thus assuring a stable revenue stream.

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

PLP's operations are principally denominated in S$, which averaged S$1.270 (For April to December 2013: S$1.258) to the U.S. dollar. Its financial results are prepared under Singapore GAAP and reported in S$. 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.

S$ millions	2014	2013
PLP's net loss under Singapore GAAP	**(115.9)**	(11.2)
Pre-acquisition loss(i)	**-**	2.2
PLP's post-acquisition net loss under Singapore GAAP	**(115.9)**	(9.0)
Differing accounting and presentational treatments(ii)		
- Reclassification of non-recurring items	**37.2**	-
- Intra-group elimination for consolidation accounting	**32.1**	-
- Amortization of vesting contract	**(1.6)**	-
- Others	**11.1**	-
Adjusted PLP's net loss under Hong Kong GAAP	**(37.1)**	(9.0)
Foreign exchange and derivative losses(iii)	**9.1**	2.5
Adjusted PLP's net loss	**(28.0)**	(6.5)
US$ millions		
Net loss at prevailing average rates for 2014: S$1.270 and April to December 2013: S$1.258	**(22.0)**	(5.2)
FPM Power's share of PLP's net loss, at an average shareholding of 2014: 70.0% and 2013: 70.0%	**(15.4)**	(3.6)
Adjusted FPM Power's net loss(iv)	**(4.6)**	(4.3)
Adjusted FPM Power's net loss as reported by First Pacific	**(20.0)**	(7.9)
First Pacific Group's share of loss, at an average shareholding of 2014: 60.0% and 2013: 60.0%	**(12.0)**	(4.8)

(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:

- *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 2014 of S$37.2 million mainly represent debt refinancing costs, which were eliminated at First Pacific level following the adoption of acquisition accounting for PLP.*
- *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 relate 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 losses (net of related tax) are excluded and presented separately.

(iv) Adjusted FPM Power's net loss for 2014 excludes foreign exchange and derivative losses (net of related tax) of US$7.4 million (2013: US$2.3 million).

FP Natural Resources/RHI

First Pacific and its indirect agribusiness subsidiary IndoAgri, through a 70%/30%–owned entity FP Natural Resources and a Philippine affiliate have a 50.9% interest in RHI, and a 16.4% interest in VMC. First Pacific's effective interests in RHI and VMC are 35.6% and 11.4%, respectively.

During 2014, FP Natural Resources contributed a profit of US$1.6 million to the Group reflecting the first full year contribution from RHI.

The Philippine sugar industry is the third-largest in Southeast Asia after Thailand and Indonesia. The investments in RHI and VMC are integral to First Pacific's plan to expand and geographically diversify its agribusiness portfolio to capitalize on growing demand for raw sugar and biofuel products. These investments leverage the expertise within First Pacific Group's agribusinesses which now extend from Indonesia to the Philippines and to Brazil, with targets of improving sugar yield and production efficiency in the Philippines.

RHI is the largest raw sugar producer in the Philippines, with raw sugar production of its 45.1%-owned associated company Hawaiian-Philippine Company accounting for 17% of the entire country's raw sugar production in 2014. It has three sugar mills, one in Batangas and two in Negros Occidental, with a combined milling capacity of 35,500 tonnes of cane per day. Its refinery facility at Batangas has a capacity of 18,000 Lkg per 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 150,000 liters.

VMC accounts for 14% of the Philippines' raw sugar production. Its two sugar operations have combined milling capacity of 15,000 tonnes of cane per day and refinery capacity of 25,000 Lkg per day.

During 2014, RHI produced a total of 5.4 million Lkg of raw sugar and processed 2.1 million Lkg of refined sugar. Approximately 93% of total revenues were generated from domestic sales.

RHI recorded core net income of Pesos 530 million (US$11.9 million), net income of Pesos 531 million (US$12.0 million), operating revenue of Pesos 7.6 billion (US$171.1 million) mainly reflecting the sales of raw sugar and alcohol, operating expenses at Pesos 676 million (US$15.2 million), EBITDA at Pesos 1.5 billion (US$33.8 million) and EBITDA margin at 20%.

Debt Profile

As at 31 December 2014, long-term debt of RHI stood at Pesos 5.0 billion (US$111.7 million) with an average maturity of approximately eight years at an annual interest of approximately 4.3%. Short-term debt stood at Pesos 540 million (US$12.1 million) with an average interest of approximately 2.4%.

Equity Raising

In February 2015, RHI sold approximately 241.8 million of its treasury shares at Pesos 7 per share to FAHC (a Philippine affiliate of FP Natural Resources) and raised approximately Pesos 1.7 billion (US$38.4 million).

The proceeds raised from the above transactions will be used to develop the long-term growth of RHI, including facilities upgrade and portfolio expansion of the ethanol and power co-generation businesses.

Dividend

In August 2014, the RHI board of directors approved an annual dividend policy of paying 35% of net income as dividends to shareholders. A final cash dividend of Peso 0.12 (U.S. 0.27 cent) per share was paid on 20 January 2015 to shareholders. Added to the interim dividend of Peso 0.12 (U.S. 0.27 cent) per share paid on 15 September 2014, total dividends for RHI's financial year 2014 amounted to Peso 0.24 (U.S. 0.54 cent) per share.

Additional Investment

On 18 March 2015, RHI's subsidiary Roxas Pacific Bioenergy Corporation acquired a 26.7% in San Carlos Bioenergy, Inc. ("SCBI") for a consideration of Pesos 420 million (US$9.4 million). SCBI is a bioethanol company located in San Carlos City, Negros Occidental, Philippine.

2015 Outlook

Competitive pressures are expected to increase with the dropping of the import tariff on sugar to 5% in 2015. It is imperative that Roxas prepares for likely competition from imports by improving plant operating efficiencies, stabilizing cane and feedstock supply and optimize capacity utilization through consolidation and rationalization in order to grow both profits and market share in the region.

Reconciliation of reported results between FP Natural Resources/RHI and First Pacific

RHI's operations are principally denominated in peso, which averaged Pesos 44.43 (For the month of December 2013: Pesos 44.40) 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 RHI's reported peso results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

Pesos millions	**2014**	2013
RHI's net income under Philippine GAAP	**531**	529
Pre-acquisition net income[(i)]	**-**	(481)
RHI's post-acquisition net income under Philippine GAAP	**531**	48
Differing accounting and presentational treatments[(ii)]		
- Depreciation of revaluation increment of assets	**(33)**	(3)
- Withholding tax on RHI's net income	**(53)**	(5)
Adjusted RHI's net income under Hong Kong GAAP	**445**	40
Foreign exchange and derivative gains[(iii)]	**(1)**	-
Adjusted RHI's net income	**444**	40
US$ millions		
Net profit at prevailing average rates for 2014: Pesos 44.43 and for the month of December 2013: Pesos 44.40	**10.0**	0.9
FP Natural Resources' share of RHI's net income, at an average shareholding of 2014: 34.0% and for the month of December 2013: 34.0%	**3.4**	0.3
Adjusted FP Natural Resources' net loss [(iv)]	**(1.1)**	-
Adjusted FP Natural Resources' net income as reported by First Pacific	**2.3**	0.3
First Pacific Group's share of income, at an average shareholding of 2014: 70.0% and for the month of December 2013: 70.0%	**1.6**	0.2

(i) The Group acquired RHI on 29 November 2013. Therefore, its pre-acquisition net income is excluded from the calculation of its contribution to the Group.

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

- *Depreciation of revaluation increment of assets: As a result of the Group's acquisition of a 34.0% interest in RHI, a fair value assessment was performed and certain revaluation increment adjustments have been made to its property, plant and equipment. The adjustment relates to the recognition of additional depreciation based on the revalued fair value of these property, plant and equipment.*
- *Withholding tax on RHI's net income: The adjustments relates to accrual of withholding tax on RHI's net income in accordance with the requirements of HKAS12 "Income Taxes".*

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

(iv) Adjusted FP Natural Resources' net loss represents its corporate overhead.

FINANCIAL REVIEW
LIQUIDITY AND FINANCIAL RESOURCES
NET DEBT AND GEARING
(A) Head Office net debt

The increase in net debt principally reflects investments in a 9.8% interest in Goodman Fielder, payments of dividends, interest expenses and overhead, and repurchase of the Company's shares, partly offset by receipt of dividends from its investments and proceeds from transfer of a 75% interest in FPM Infrastructure to MPIC. The Head Office's borrowings at 31 December 2014 comprise bonds of US$1,486.3 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	2.5	64.7	67.2
At 31 December 2014	**1,736.0**	**(508.5)**	**1,227.5**

Head Office cash flow

For the year ended 31 December US$ millions	**2014**	2013
Dividend and fee income	**304.2**	305.8
Head Office overhead expense	**(31.0)**	(30.2)
Net cash interest expense	**(87.6)**	(81.6)
Taxes	**(0.3)**	(0.3)
Net cash inflow from operating activities	**185.3**	193.7
Net investments(ii)	**(72.7)**	(507.1)
Loans to associated companies, net	**(32.7)**	(55.9)
Financing activities		
- Dividends paid	**(115.9)**	(108.6)
- Repurchase of shares	**(28.0)**	(31.3)
- Proceeds from rights issue, net	**-**	494.5
- Proceeds from the issue of unsecured bonds, net	**-**	395.0
- Net loan repayments	-	(393.8)
- Others	**(0.7)**	2.6
Decrease in cash and cash equivalents	**(64.7)**	(10.9)
Cash and cash equivalents at 1 January	**573.2**	584.1
Cash and cash equivalents at 31 December	**508.5**	573.2

(i) Includes pledged deposits and restricted cash

(ii) Includes principally investments in a 9.8% interest in Goodman Fielder of approximately US$130 million and investment financings to FP Natural Resources of approximately US$35 million, partly offset by the proceeds from the transfer of a 75% interest in FPM Infrastructure to MPIC of US$101 million (2013: principally investment financings to FPM Power, FPM Infrastructure and FP Natural Resources of approximately US$330 million, US$101 million and US$41 million, respectively).

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 2014, the Company has utilized approximately US$130 million of these proceeds for its investments in a 9.8 % interest in Goodman Fielder. In March 2015, the Company has utilized all of the remaining amount of these rights issue proceeds to partly finance its acquisition of an additional 40.2% effective interest in Goodman Fielder.

(B) Group net debt and gearing

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

Consolidated

US$ millions	**Net debt/ (cash)(i) 2014**	**Total equity 2014**	**Gearing(ii) (times) 2014**	Net debt/ (cash)(i) 2013	Total equity 2013	Gearing(ii) (times) 2013
Head Office	**1,227.5**	**2,198.8**	**0.56x**	1,160.3	2,284.4	0.51x
Indofood	**1,027.0**	**3,657.3**	**0.28x**	841.1	3,459.2	0.24x
MPIC	**716.7**	**2,897.9**	**0.25x**	764.8	2,535.1	0.30x
FPM Power	**487.9**	**456.3**	**1.07x**	418.2	567.8	0.74x
FP Natural Resources	**(3.2)**	**92.1**	**-**	(1.3)	57.5	-
FPM Infrastructure	**-**	**-**	**-**	(0.6)	133.6	-
Group adjustments(iii)	**-**	**(1,585.4)**	**-**	-	(1,558.1)	-
Total	**3,455.9**	**7,717.0**	**0.45x**	3,182.5	7,479.5	0.43x
Associated						
PLDT	**2,313.7**	**3,011.4**	**0.77x**	1,626.0	3,092.9	0.53x
Philex	**112.3**	**604.7**	**0.19x**	48.4	583.7	0.08x
RHI	**123.1**	**152.7**	**0.81x**	156.3	126.1	1.24x

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

(ii) Calculated as net debt divided by total equity

(iii) Group adjustments mainly represents elimination of goodwill arising from acquisitions prior to 1 January 2001 against the Group's retained earnings and other standard consolidation adjustments to present the Group as a single economic entity.

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

Indofood's gearing increased principally because of a decrease in cash and short-term deposits which reflects its deconsolidation of CMZ and an increase in debts which reflects payments for capital expenditure and dividends to shareholders, partly offset by its operating cash inflow and a growth of its equity as a result of its profit recorded during the year.

MPIC's gearing decreased principally because of a growth of MPIC's equity as a result of its profit recorded for the year and proceeds received from divestment of interest in its hospital group, partly offset by Maynilad's payments for capital expenditure, MPIC's payments for acquiring a 75% interest in FPM Infrastructure and MPTC's payments for acquiring additional interests in MNTC.

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, Indofood's deconsolidation of CMZ and capital expenditure, partly offset by a growth of the Group's equity principally reflecting its profit recorded for the year.

PLDT's gearing increased principally because of an increase in net debt reflecting its payments for investment in Rocket Internet and 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 year.

MATURITY PROFILE

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

Consolidated

	Carrying amounts		**Nominal values**	
US$ millions	**2014**	2013	**2014**	2013
Within one year	**912.0**	1,067.0	**913.5**	1,066.8
One to two years	**401.0**	225.6	**401.1**	224.7
Two to five years	**2,186.8**	1,751.3	**2,200.7**	1,754.6
Over five years	**2,306.1**	2,574.4	**2,320.0**	2,586.9
Total	**5,805.9**	5,618.3	**5,835.3**	5,633.0

The change in the Group's debt maturity profile from 31 December 2013 to 31 December 2014 principally reflects (i) Indofood's refinancing of its Rupiah 1.6 trillion of bonds matured 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				RHI			
	Carrying amounts		Nominal values		Carrying amounts		Nominal values		Carrying amounts		Nominal values	
US$ millions	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Within one year	**329.4**	341.7	**333.3**	344.4	**96.3**	139.1	**96.3**	139.1	**13.0**	10.3	**13.0**	10.3
One to two years	**314.5**	287.3	**317.5**	290.1	**-**	1.2	**-**	1.2	**17.9**	28.8	**18.0**	28.8
Two to five years	**1,121.4**	983.4	**1,124.9**	986.1	**-**	-	**-**	-	**33.8**	113.4	**33.9**	113.4
Over five years	**1,144.6**	732.2	**1,145.6**	732.6	**133.0**	-	**161.0**	-	**60.0**	8.2	**60.2**	8.2
Total	**2,909.9**	2,344.6	**2,921.3**	2,353.2	**229.3**	140.3	**257.3**	140.3	**124.7**	160.7	**125.1**	160.7

The change in PLDT's debt maturity profile from 31 December 2013 to 31 December 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 convertible notes issued by Silangan. The reduction in RHI's debt principally reflects its repayments.

CHARGES ON GROUP ASSETS

At 31 December 2014, certain bank and other borrowings were secured by the Group's property, plant and equipment, accounts receivable, pledged deposits, cash and cash equivalents and inventories amounting to a net book value of US$1,052.6 million (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% (2013: 6.9%) in PLDT, 43.0% (2013: 43.0%) in MPIC, 100% (2013: 100%) in CIC, 100% (2013: Nil) in AIF Toll Road Holdings (Thailand) Limited and 25.9% (2013: Nil) in DMT.

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 31 December 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**[i] US$ millions	**Effect on adjusted NAV per share** HK cents
PLDT	(i)	35.9	6.53
Indofood	(i)	23.9	4.34
MPIC	(i)	14.9	2.72
Philex	(i)	3.9	0.71
Goodman Fielder	(i)	1.0	0.18
Philex Petroleum	(i)	0.3	0.06
FP Natural Resources	(ii)	0.6	0.12
Head Office - Other assets	(iii)	1.1	0.21
Total		**81.6**	**14.87**

(i) Based on quoted share prices at 31 December 2014 applied to the Group's economic interest

(ii) Based on quoted share prices of RHI at 31 December 2014 applied to the Group's effective economic interest and the value of other assets measured at cost

(iii) Based on the investment cost in Silangan's convertible notes

(B) Group risk

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

NET DEBT BY CURRENCY

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

Consolidated

US$ millions	US$	Peso	Rupiah	S$	Others	**Total**
Total borrowings	2,482.7	1,273.4	1,096.5	842.2	111.1	**5,805.9**
Cash and cash equivalents[(i)]	(852.8)	(679.8)	(758.3)	(50.4)	(8.7)	**(2,350.0)**
Net debt/(cash)	1,629.9	593.6	338.2	791.8	102.4	**3,455.9**
Representing:						
Head Office	1,272.4	(40.2)	(0.1)	-	(4.6)	**1,227.5**
Indofood	337.3	-	338.3	301.1	50.3	**1,027.0**
MPIC	23.5	636.3	-	-	56.9	**716.7**
FPM Power	(2.6)	-	-	490.7	(0.2)	**487.9**
FP Natural Resources	(0.7)	(2.5)	-	-	-	**(3.2)**
Net debt/(cash)	1,629.9	593.6	338.2	791.8	102.4	**3,455.9**

Associated

US$ millions	US$	Peso	Others	**Total**
Net debt/(cash)				
PLDT	1,272.7	1,043.0	(2.0)	**2,313.7**
Philex	22.7	90.0	(0.4)	**112.3**
RHI	-	123.1	-	**123.1**

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

As a result of unhedged U.S. dollar net debt, the Group's results are sensitive to fluctuations in U.S. dollar exchange rates. The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in the principal operating currencies of subsidiary and associated companies. 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)]	1,272.4	-	1,272.4	-	**-**
Indofood	337.3	-	337.3	3.4	**1.3**
MPIC	23.5	-	23.5	0.2	**0.1**
FPM Power	(2.6)	-	(2.6)	-	**-**
FP Natural Resources[(i)]	(0.7)	-	(0.7)	-	**-**
PLDT	1,272.7	(494.8)	777.9	7.8	**1.4**
Philex	22.7	-	22.7	0.2	**0.1**
Total	**2,925.3**	**(494.8)**	**2,430.5**	**11.6**	**2.9**

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

EQUITY MARKET RISK

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

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.

Consolidated

US$ millions	Fixed interest rate borrowings	Variable interest rate borrowings	Cash and cash equivalents[(i)]	**Net debt**
Head Office	1,486.3	249.7	(508.5)	**1,227.5**
Indofood	320.3	1,844.8	(1,138.1)	**1,027.0**
MPIC	1,267.9	97.6	(648.8)	**716.7**
FPM Power[(ii)]	388.9	150.4	(51.4)	**487.9**
FP Natural Resources	-	-	(3.2)	**(3.2)**
Total	3,463.4	2,342.5	(2,350.0)	**3,455.9**
Associated				
PLDT	1,706.1	1,203.8	(596.2)	**2,313.7**
Philex	133.0	96.3	(117.0)	**112.3**
RHI	124.7	-	(1.6)	**123.1**

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

(ii) At 31 December 2014, PLP, a subsidiary company of FPM Power, had interest rate swap agreements which effectively changed S$525.0 million of its bank loans (with a carrying amount of US$388.9 million) from Singapore Swap Offer Rate (SOR)-based variable interest rate to fixed interest rate. During February 2015, PLP increased its bank loans covered by interest rate swap agreements to S$700.0 million (with a carrying amount of US$518.6 million).

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**
Indofood	1,844.8	18.4	**6.9**
MPIC	97.6	1.0	**0.4**
FPM Power	150.4	1.5	**0.5**
PLDT	1,203.8	12.0	**2.1**
Philex	96.3	1.0	**0.3**
Total	**3,642.6**	**36.4**	**12.7**

ADJUSTED NAV PER SHARE

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

At 31 December US$ millions	Basis	**2014**	2013
PLDT	(i)	**3,589.9**	3,317.2
Indofood	(i)	**2,385.3**	2,380.4
MPIC	(i)	**1,493.9**	1,413.0
Philex	(i)	**390.3**	407.0
Goodman Fielder	(i)	**100.8**	-
Philex Petroleum	(i)	**32.1**	49.9
FPM Power	(ii)	**335.3**	330.0
FP Natural Resources	(iii)	**63.4**	25.9
FPM Infrastructure		**-**	101.3
Head Office - Other assets	(iv)	**112.7**	80.0
- Net debt		**(1,227.5)**	(1,160.3)
Total Valuation		**7,276.2**	6,944.4
Number of Ordinary Shares in Issue (millions)		**4,287.0**	4,309.7
Value per share - U.S. dollars		**1.70**	1.61
- HK dollars		**13.24**	12.57
Company's closing share price (HK$)		**7.69**	8.82
Share price discount to HK$ value per share (%)		**41.9**	29.8

(i) Based on quoted share prices applied to the Group's economic interest

(ii) Represents investment costs in FPM Power

(iii) Mainly represents RHI (based on quoted share price applied to the Group's effective economic interest) and other assets

(iv) Represent investment cost in Silangan's convertible notes at 31 December 2014 and loans receivable from Philex at 31 December 2013

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. On 24 March 2015, the Company's Directors approved to allocate up to US$32.4 million, representing approximately 10% of the Group's recurring profit of US$323.9 million in respect of the financial year ended 31 December 2014, to repurchase shares in the Company by way of "on-market" repurchases.

The Company has a share award scheme for the Group's employees and Directors, which is managed by an independent trustee. Under the scheme, the independent trustee, at the direction of the Board (and depending on the form of the award made), subscribes for new shares to be issued by the Company at the relevant benchmarked price as stipulated in the Listing Rules and purchases existing shares of the Company on The Stock Exchange of Hong Kong Limited (SEHK), in each case, at the cost of the Company. During 2014, the independent trustee subscribed 860,000 (2013: 1,003,914) new shares issued by the Company at an aggregate consideration of HK$8.0 million (US$1.0 million) (2013: HK$7.8 million (US$1.0 million)) and have not purchased any ordinary shares of the Company (2013: purchased 9,483,061 ordinary shares of the Company at an aggregate consideration of HK$82.0 million (US$10.6 million)).

During the year, the Company repurchased 28,330,000 (2013: 24,986,000) ordinary shares on SEHK at an aggregate consideration of HK$225.3 million (US$29.0 million) (2013: HK$221.3 million or US$28.5 million). These shares have been subsequently cancelled. Details of the repurchases are summarized as follows:

		Purchase price paid per share		Aggregate consideration paid	
Month of repurchases	**Number of ordinary shares repurchased**	Highest HK$	Lowest HK$	**HK$ millions**	**US$ millions**
January 2014	8,412,000	8.39	7.61	**68.1**	**8.8**
February 2014	3,168,000	7.84	7.37	**24.3**	**3.1**
March 2014	706,000	7.60	7.58	**5.4**	**0.7**
April 2014	378,000	7.97	7.94	**3.0**	**0.4**
June 2014	712,000	8.86	8.72	**6.3**	**0.8**
October 2014	5,140,000	8.53	8.16	**42.7**	**5.5**
November 2014	500,000	8.20	8.12	**4.1**	**0.5**
December 2014	9,314,000	8.15	7.37	**71.4**	**9.2**
Total	**28,330,000**			**225.3**	**29.0**

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 year.

CORPORATE GOVERNANCE

First Pacific is committed to building and maintaining high standards of corporate governance. During the year ended 31 December 2014, the Company's Corporate Governance Committee, comprised of a majority of Independent Non-executive Directors ("INEDs") and chaired by an INED, was delegated with the responsibility for supervision of the Company's corporate governance functions, carried out a review of its corporate governance practices to ensure compliance with the Listing Rule requirements.

The Company has adopted its own Corporate Governance Code (the "First Pacific Code"), which incorporates the principles and requirements set out in the Corporate Governance Code contained in Appendix 14 of the Main Board Listing Rules (the "CG Code").

Throughout the current financial year, First Pacific has applied these principles and complied with all Code Provisions and, where appropriate, adopted the Recommended Best Practices contained in the CG Code with the following exceptions:–

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

The Company does not disclose such information as a large number of the senior executives employed by the Group are employed in jurisdictions that do not require disclosure of such information.

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

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

The Company's corporate governance information is set out in the Corporate Governance section of the Company's website (www.firstpacific.com).

Continuing Connected Transactions and Connected Transaction
During the year, 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 published announcements:

- 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.

- 15 October 2014 announcement: following the previous announcements made on 9 December 2013 and 9 May 2014 relating to certain continuing connected transactions in respect of the Indofood Group's noodles business, plantations business, insurance business, distribution business, flour business, beverage business relating to associates of Mr. Salim and beverage business relating to associates of Asahi Group Holdings Southeast Asia Pte. Ltd. ("Asahi") and the respective annual caps for 2014, 2015 and 2016, there have been changes to the estimated transaction values in those business transactions based on projected activity levels between the relevant parties for the relevant periods, after taking into account the historical values of the relevant transactions and future expansion. In compliance with the Listing Rule requirements, the Company announced the revised Annual Caps for 2014, 2015 and 2016 in respect of the previously announced 2014-2016 Noodles Business Transactions, the 2014-2016 Plantations Business Transactions, the 2014-2016 Insurance Business Transactions, the 2014-2016 Distribution Business Transactions, the 2014-2016 Flour Business Transactions, the 2014-2016 Beverage Business Transactions relating to associates of Mr. Salim and the 2014-2016 Beverage Business – Asahi Transactions. The Company also announced the Annual Caps for 2014, 2015 and 2016 in respect of transactions relating to the dairy business carried on by the Indofood Group and a number of new continuing connected transactions, which are additional to the previously announced continuing connected transactions.

- 31 December 2014 announcement: the Company announced that Indofood received and accepted a letter of intent from China Minzhong Holdings Limited, BVI ("CMZ BVI") to purchase 347,000,000 shares of China Minzhong Food Corporation Limited ("CMZ") held by Indofood, representing approximately 52.94% of the issued share capital of CMZ, at S$1.20 (equivalent to approximately US$0.90) per share of CMZ, subject to the condition that CMZ BVI should have received financing for the proposed transaction as well as for the mandatory general offer for all the shares in the capital of CMZ (other than those held by CMZ BVI and parties acting in concert with CMZ BVI) and the execution of a definitive agreement between Indofood and CMZ BVI with regard to the proposed transaction. The execution of such definitive agreement would, if consummated, constitute a discloseable transaction and a connected transaction for the Company.

As part of the year-end review of the continuing connected transactions, it was noted that the agreement between PT Prima Cahaya Indobeverage ("PCIB") (formerly known as PT Pepsi-Cola Indobeverage) and PT Fast Food Indonesia ("FFI") for the sale of drinking products by PCIB to FFI was for a period of 5 years (from 1 August 2012 to 31 July 2017). Since the joint ventures of Indofood and Asahi acquired PCIB in September 2013, this agreement became a continuing connected transaction of PT Indofood Asahi Sukses Beverage with effect from the date of acquisition. Upon the renewal of this agreement or when its terms are varied, the Company will comply with all connected transaction requirements.

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

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

AUDIT OPINION

The auditors have expressed an unqualified opinion on the Group's financial statements for the year ended 31 December 2014 in their report dated 24 March 2015.

REVIEW STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee has reviewed the 2014 annual results, including the accounting policies and practices adopted by the Group.

FINAL DIVIDEND

The Board has recommended a final cash dividend of HK13.00 cents (US 1.67 cents) per ordinary share. Subject to approval by shareholders at the 2015 Annual General Meeting, the final dividend will be paid in cash in a currency to be determined based on the registered address of each Shareholder on the Company's Register of Members as follows: Hong Kong dollars for Shareholders with registered addresses in Hong Kong, Macau and PRC, Sterling pounds for Shareholders with registered addresses in the United Kingdom and US dollars for Shareholders with registered addresses in all other countries. It is expected that the dividend warrants will be dispatched to shareholders on or about Wednesday, 24 June 2015.

CLOSURE OF REGISTER OF MEMBERS

1. **Annual General Meeting**

   The Register of Members will be closed from Monday, 1 June 2015 to Wednesday, 3 June 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Annual General Meeting ("AGM"), all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 29 May 2015.

2. **Proposed Final Dividend**

   The Register of Members will be closed from Tuesday, 9 June 2015 to Thursday, 11 June 2015, both days inclusive, during which period no transfer of shares will be registered. The ex-dividend date will be Friday, 5 June 2015. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 8 June 2015. The final dividend will be paid to shareholders whose names appear on the Register of Members on Thursday, 11 June 2015 and the payment date will be on or about Wednesday, 24 June 2015.

AGM

The AGM will be held at The Landmark Mandarin Oriental, Hong Kong on Wednesday, 3 June 2015 at 2:30 p.m. The Notice of AGM will be published on the website of the Company (www.firstpacific.com) and the designated issuer website of SEHK (www.hkexnews.hk), and be despatched to shareholders by the end of April 2015.

RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of the Company (www.firstpacific.com) and the designated issuer website of SEHK (www.hkexnews.hk). The 2014 annual report containing all the information required by the Listing Rules will be mailed to shareholders and made available on the above websites by the end of April 2015.

On behalf of the Board of Directors
First Pacific Company Limited
Manuel V. Pangilinan
Managing Director and Chief Executive Officer

Hong Kong, 24 March 2015

As at the date of this announcement, the Board of the Company comprises the following Directors:

Executive Directors:
Manuel V. Pangilinan, *Managing Director and CEO*
Edward A. Tortorici
Robert C. Nicholson

Non-executive Directors:
Anthoni Salim, *Chairman*
Benny S. Santoso
Tedy Djuhar
Napoleon L. Nazareno

Independent Non-executive Directors:
Graham L. Pickles
Prof. Edward K.Y. Chen, *GBS, CBE, JP*
Margaret Leung Ko May Yee, *SBS, JP*
Philip Fan Yan Hok