First Pacific Company Limited

Stock Code: 00142

Creating Long-term Value in Asia

Annual Report 2014

Corporate Profile

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

Within these sectors, our mission is to unlock value in our investee companies to deliver three goals:

- Dividend returns to shareholders;
- Share price/value appreciation of First Pacific and the investee companies; and
- Further investment in our businesses.

Our investment criteria are clear:

- Investments must be related to our areas of expertise and experience (telecommunications, consumer food products, infrastructure and natural resources);
- Investee companies must have a strong or dominant market position in their sectors;
- They must possess the potential for significant cash flows; and
- We must obtain management control or significant influence to ensure our goals can be met.

Our strategies are three-fold:

- Identify undervalued or underperforming assets with strong growth potential and possible synergies;
- Manage investments by setting strategic direction, developing business plans and defining targets; and
- Raise standards to world-class levels at the investee companies.

As currently constituted, the First Pacific portfolio has a balance of more mature assets in Philippine Long Distance Telephone Company ("PLDT") and PT Indofood Sukses Makmur Tbk ("Indofood") which deliver strong dividend flows and investments for growth in Metro Pacific Investments Corporation ("MPIC"), Goodman Fielder Limited ("Goodman Fielder"), Philex Mining Corporation ("Philex"), PacificLight Power Pte. Ltd. ("PLP") and Roxas Holdings, Inc. ("RHI"). PLDT is the dominant telecommunications provider in the Philippines and Indofood is the largest vertically integrated food company in Indonesia. MPIC is the Philippines' largest infrastructure investment management and holding company with investments in the Philippines' largest electricity distributor, toll road operator, water distributor, hospital group and rail. Goodman Fielder is the leading food company in Australasia. Philex is the largest metal mining company in the Philippines, producing gold, copper and silver. PLP is the operator of Singapore's newest gas-fired power plant and RHI runs the largest integrated sugar business in the Philippines.

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

As at 24 March 2015, First Pacific's economic interest in PLDT is 25.6%, in Indofood 50.1%, in MPIC 52.1%, in Goodman Fielder 50.0%, in Philex 31.2%(1), in FPM Power Holdings Limited ("FPM Power") 68.0%(2) and in FP Natural Resources Limited ("FP Natural Resources") 79.2%(3).

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

(2) *Includes an 8.0% effective economic interest in FPM Power held by First Pacific through its indirect interests in Manila Electric Company ("Meralco").*

(3) *Includes a 9.2% effective economic interest in FP Natural Resources held by First Pacific through its indirect interests in Indofood Agri Resources Ltd. ("IndoAgri"). FP Natural Resources holds 26.9% in RHI and 8.9% in Victorias Milling Company, Inc. ("VMC"), and its Philippine affiliate First Agri Holdings Corporation's ("FAHC") holds an additional 24.0% in RHI and 7.5% in VMC.*

First Pacific's principal investments are summarized on page 236.

Contents

Ten-year Statistical Summary

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Results (US$ millions)										
Turnover	**6,841.3**	6,005.8	5,990.8	5,684.1	4,640.2	3,925.6	4,105.3	3,040.8	2,474.8	1,986.1
Profit for the year	**520.8**	620.9	834.9	1,097.4	785.3	680.6	326.8	673.5	233.6	138.3
Profit attributable to owners of the parent	**81.0**	235.3	353.3	574.0	403.0	410.9	202.2	496.6	176.6	102.6
Contribution from operations	**462.7**	467.2	460.8	511.8	474.0	335.2	304.4	244.8	173.5	142.1
Recurring profit	**323.9**	327.1	358.0	423.0	402.1	286.6	239.2	186.7	134.2	103.5
Ordinary share dividends	**115.5**	116.1	103.8	109.8	99.4	56.1	37.0	41.1	22.4	12.3
Per Ordinary Share Data (U.S. cents)										
Basic earnings	**1.89**	5.66	9.01	14.49	10.16	11.72	5.82	14.35	5.13	2.99
Basic recurring earnings	**7.55**	7.87	9.13	10.68	10.13	8.18	6.89	5.39	3.90	3.01
Dividends	**2.70**	2.70	2.70	2.85	2.55	1.54	1.15	1.28	0.70	0.39
Equity attributable to owners of the parent	**79.97**	81.44	84.65	78.50	65.99	49.64	35.17	35.09	18.18	12.00
Total assets	**388.20**	360.68	362.80	327.55	279.68	243.43	224.03	161.94	89.97	73.60
Net tangible assets	**304.94**	281.00	281.45	251.57	208.51	178.58	155.13	151.17	88.89	72.58
Net cash flows from operating activities	**19.48**	17.41	25.54	16.22	20.66	1.69	4.76	3.78	3.69	2.63
Financial Ratios										
Gross margin (%)	**28.03**	29.31	31.08	31.21	35.50	30.20	24.41	23.68	23.63	23.27
Recurring return on average net assets (%)	**10.22**	10.18	11.83	15.01	16.11	15.20	18.88	18.96	20.90	21.13
Recurring return on average equity attributable to owners of the parent (%)	**9.33**	9.69	11.43	15.11	17.91	18.82	21.16	21.79	27.80	33.92
Dividend payout ratio (%)	**35.66**	35.49	28.99	25.96	24.72	19.57	15.47	22.01	16.69	11.88
Dividend cover (times)	**2.80**	2.82	3.45	3.85	4.05	5.11	6.46	4.54	5.99	8.41
Interest cover (times)	**4.40**	4.77	6.29	7.18	5.02	3.67	4.76	3.89	3.35	2.64
Current ratio (times)	**1.68**	1.72	1.78	1.57	1.85	1.37	0.87	0.94	1.21	1.45
Gearing ratio (times)										
– Consolidated	**0.45**	0.43	0.30	0.26	0.33	0.67	1.06	0.68	0.83	1.12
– Company	**0.56**	0.51	0.67	0.71	0.46	0.36	0.47	0.35	0.16	0.11

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Consolidated Statement of Financial Position Data (US$ millions)										
Capital expenditure	**636.4**	899.7	701.6	561.7	513.7	389.8	300.5	106.3	46.3	56.6
Total assets	**16,642.0**	15,544.1	13,886.7	12,611.8	10,914.1	9,397.3	7,199.0	5,221.1	2,883.5	2,347.1
Net debt	**3,455.9**	3,182.5	2,145.8	1,764.8	1,847.0	2,719.5	2,520.8	1,443.8	857.2	788.5
Total liabilities	**8,925.0**	8,064.6	6,636.0	5,732.6	5,302.0	5,358.2	4,823.8	3,098.1	1,850.7	1,640.4
Net current assets/(liabilities)	**1,925.9**	1,672.3	1,613.9	1,193.0	1,278.4	594.3	(264.7)	(86.9)	175.0	292.8
Total assets less current liabilities	**13,828.8**	13,213.4	11,817.1	10,508.8	9,409.3	7,797.0	5,123.3	3,665.1	2,034.8	1,697.0
Equity attributable to owners of the parent	**3,428.4**	3,509.9	3,240.0	3,022.7	2,575.2	1,916.2	1,130.1	1,131.3	582.7	382.8
Total equity	**7,717.0**	7,479.5	7,250.7	6,879.2	5,612.1	4,039.1	2,375.2	2,123.0	1,032.8	706.7
Other Information (at 31 December)										
Company's net debt (US$ millions)[i]	**1,227.5**	1,160.3	1,133.8	1,170.3	816.9	651.7	731.3	532.4	237.9	152.6
Number of shares in issue (millions)	**4,287.0**	4,309.7	3,827.6	3,850.4	3,902.4	3,860.3	3,213.4	3,224.1	3,204.8	3,188.8
Weighted average number of shares in issue during the year (millions)	**4,290.1**	4,157.4	3,922.7	3,961.8	3,967.7	3,505.6	3,474.1	3,461.1	3,441.2	3,434.4
Share price (HK$)										
– After rights issue	**7.69**	8.82	8.323	7.902	6.846	4.636	2.496	5.614	3.749	2.784
– Before rights issue	**N/A**	N/A	8.510	8.080	7.000	4.740	2.690	6.050	4.040	3.000
Adjusted NAV per share (HK$)										
– After rights issue	**13.24**	12.57	15.09	13.09	12.63	10.14	5.54	10.63	6.34	3.87
– Before rights issue	**N/A**	N/A	15.43	13.38	12.91	10.37	5.97	11.46	6.83	4.17
Share price discount to adjusted NAV per share (%)	**41.9**	29.8	44.8	39.6	45.8	54.3	54.9	47.2	40.8	28.1
Market capitalization (US$ millions)	**4,226.5**	4,873.3	4,176.0	3,988.6	3,502.2	2,345.9	1,108.2	2,500.7	1,659.9	1,226.5
Dividend yield (%)	**2.73**	2.38	2.49	2.75	2.84	2.39	3.34	1.64	1.35	1.00
Number of shareholders	**4,853**	4,884	4,606	4,503	4,608	6,202	4,983	4,736	4,989	5,167
Number of employees	**98,107**	91,874	80,941	73,582	70,525	68,416	66,452	62,395	50,087	46,693

N/A: Not applicable

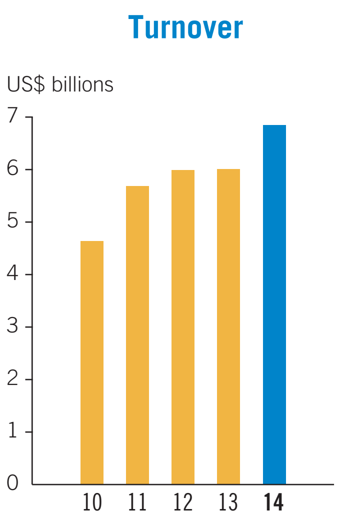
(i) Includes the net debt of certain wholly-owned financing and holding companies

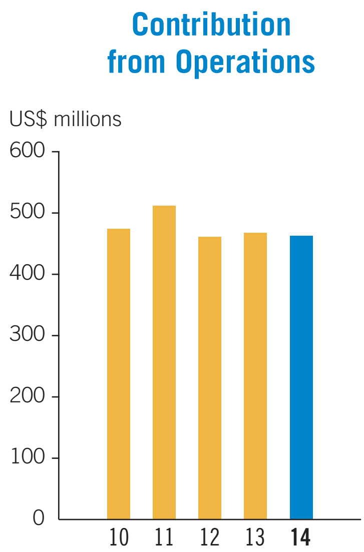
See pages 233 and 234 for a glossary of terms

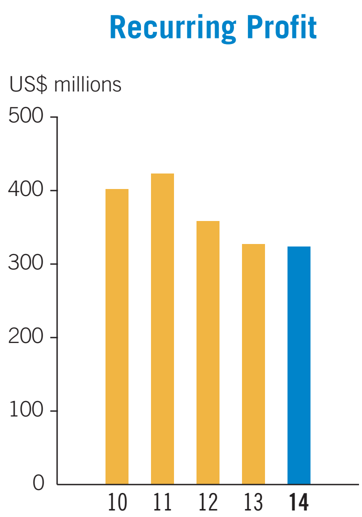
Note: In 2014, the Group has made certain prior year adjustments to retrospectively adjust the fair value attributable to China Minzhong Food Corporation Limited (CMZ) at 31 December 2013 following the completion of Indofood's independent purchase price allocation review in respect of its acquisition of a controlling interest in CMZ in 2013 and classified CMZ as a disposal group held for sale and as a discontinued operation in 2014. As a result, the comparative amounts of (i) turnover, (ii) total assets per ordinary share, (iii) net tangible assets per ordinary share, (iv) gross margin, (v) recurring return on average net assets, (vi) interest cover, (vii) current ratio, (viii) consolidated gearing ratio, (ix) total assets, (x) net current assets, (xi) total assets less current liabilities and (xii) total equity for 2013 have been restated to reflect these changes. Details regarding these changes are provided in Note 43 to the Consolidated Financial Statements. In December 2009 and July 2013, the Company completed two rights issues, offering its shareholders one rights share for every five existing shares held at a subscription price of HK$3.40 per rights share and one rights share for every eight existing shares held at a subscription price of HK$8.10 per rights share, respectively. Accordingly, the comparative amounts of (i) basic earnings per share, (ii) basic recurring earnings per share, (iii) net cash flows from operating activities per share, (iv) weighted average number of shares in issue during the year, (v) share price (after rights issue) and (vi) adjusted NAV per share (after rights issue) for 2005 to 2012 have been restated to reflect the effects of these rights issues in order to provide a more meaningful comparison.

Financial Highlights

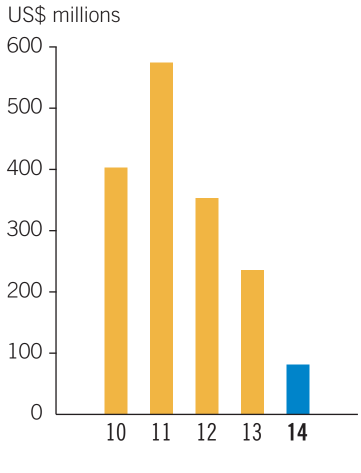
- Turnover up 13.9% to US$6,841.3 million
- Contribution from operations down 1.0% to US$462.7 million
- Recurring profit down 1.0% to US$323.9 million
- Reported net profit down 65.6% to US$81.0 million
- Head Office dividend and fee income from operating companies flat at US$304.2 million
- Dividend payout in cash terms flat at US$115.5 million
- Dividend payout of 36% of recurring profit



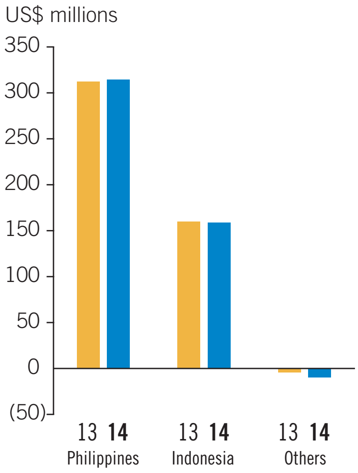




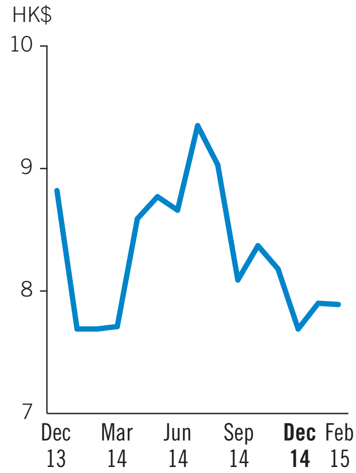
Profit Attributable to Owners of the Parent



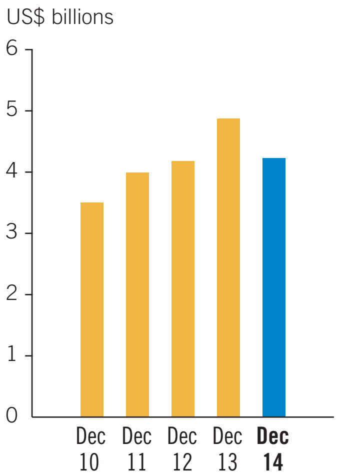
Contribution by Country



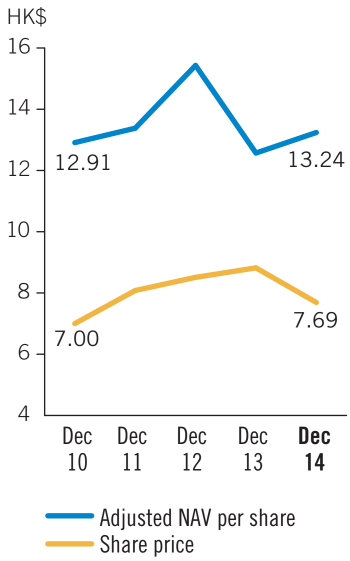
Share Price Performance



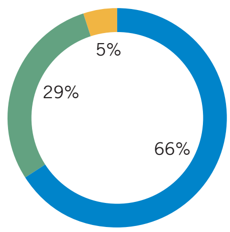
Market Capitalization



Share Price vs Adjusted NAV Per Share



Adjusted NAV by Country – 31 December 2014



	US$ millions
Philippines	5,569.6
Indonesia	2,385.3
Others	436.1
Total	**8,391.0**

Goals

First Pacific

Goals for 2015

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

Review of 2014 Goals

Goal	Achievement
Utilizing funds raised in 2013, conclude an acquisition offering a strong return	**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 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).
Guide all investee companies to continued earnings growth	**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 lower contributions from PLDT and Indofood, and a negative contribution from FPM Power Holdings Limited ("FPM Power") due to difficult market conditions.
Fully integrate new investments into the Group's portfolio	**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.
Support Philex to obtain a permanent lifting of the suspension order on Padcal mine and identify additional resources at Padcal and the surrounding area	**Completed and ongoing** The suspension order on Padcal mine was lifted permanently in August 2014. Extensive geographical exploration continues at Padcal mine and the surrounding area.

Goals for 2015

- 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

Review of 2014 Goals

Goal	Achievement
Sustain 3% consolidated service revenues growth, including an underlying double digit growth in broadband and data revenues	**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).
Maintain earnings growth momentum with core net income guided at Pesos 39.5 billion	**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 and higher share in earnings of associates and joint ventures.
Capital expenditure of Pesos 31-32 billion, or under 20% of service revenues, to protect network advantage	**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.
Follow through on initiatives to further integrate Digitel/Sun into the PLDT group to extract additional operating synergies	**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
THE SYMBOL OF QUALITY FOODS

Goals for 2015

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

Review of 2014 Goals

Goal	Achievement
Continue to accelerate growth by increasing new product innovation and expanding business categories	**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.
Enhance the organization to adapt to market developments and the company's growth	**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.

Goals for 2015

- 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

Review of 2014 Goals

Goal	Achievement
Complete the Maynilad Water Services, Inc. ("Maynilad") tariff dispute arbitration process for the period covering 2013 to 2017	**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.
Resolve differences with the Philippine Government over the Subic Clark Tarlac Expressway ("SCTEX") franchise and toll rate increases	**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.
Expand the Hospitals business	**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.
Participate in the Philippine Government's public-private partnership ("PPP") program	**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).
Prepare Meralco for 2015 rate rebasing and make further investments in power generation assets	**Ongoing** Meralco's power generation assets in the Philippine and Singapore are at different stages of development.

PHILEX MINING CORPORATION

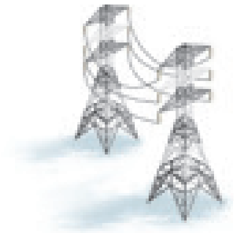
Goals for 2015

- 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

Review of 2014 Goals

Goal	Achievement
Complete the pre-feasibility study of Silangan project	**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.
Declare additional resources for Padcal and the surrounding area	**Achieved and ongoing** Undergoing independent audit of mineral resources at new mining levels in Padcal mine and declared new resources in March 2015. Additionally, conducting surveys in prospective areas near Padcal mine.
Declare additional reserves for selected other properties	**Achieved** Completed a preliminary assessment of properties in the region of the Padcal mine and declared new reserves in March 2015.

FPM Power/ PacificLight



Goals for 2015

- 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

Review of 2014 Goals

Goal	Achievement
Sell 70% of PLP's generation through retail and vesting contracts	**Achieved** Sales through retail and vesting contracts accounted for approximately 82% of the total generation volume.
Maintain high levels of operational reliability, safety and efficiency	**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 2014 and 16 days for the second unit in October and November 2014. 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/

Goals for 2015

- 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 2014 Goals

Goal	Achievement
Leverage RHI's new relationship with the First Pacific Group to seek joint venture opportunities in sugar and bioethanol in the Philippines	**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 VMC. FP Natural Resources continues to seek opportunities to rationalize, consolidate and modernize of the Philippine sugar industry.
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	**Ongoing** RHI is making major investments in off-season repairs and facilities improvements for better recoveries and efficiency in the coming crop year.
Evolve the ethanol unit Roxol Bioenergy Corporation ("Roxol") from start-up status to a profit contributor for fiscal 2014 earnings	**Achieved** 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).

FIRST PACIFIC

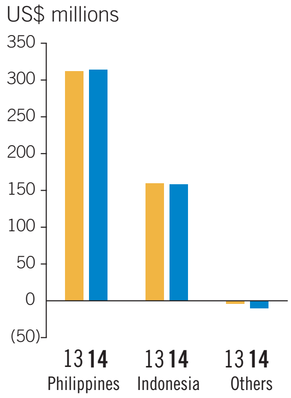
Below is an analysis of results by individual company.

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 8 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).

Contribution by Country



Turnover up 14% to US$6.8 billion from US$6.0 billion (restated)	■ 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 MPIC and Philex 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 in 2014
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

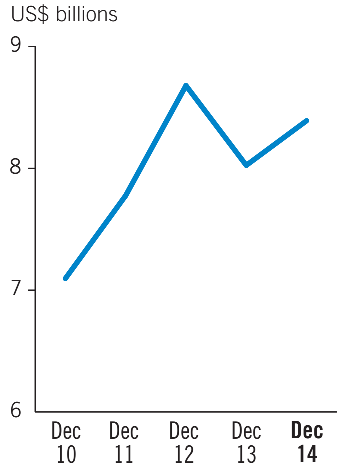
On 27 April 2014, First Pacific and Wilmar proposed, through a 50%/50% joint venture, to acquire the entire issued share capital of Goodman Fielder by way of a scheme of arrangement. The offering price per share was revised to A$0.675 (US$0.53) from A$0.70 (US$0.65) following a due diligence exercise. 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.

Value of Assets



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, FAHC, a Philippine affiliate of FP Natural Resources (a 70%/30%-owned entity between First Pacific and its indirect agribusiness subsidiary 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). As a result, FP Natural Resources' interest in RHI, including those held by FAHC, 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

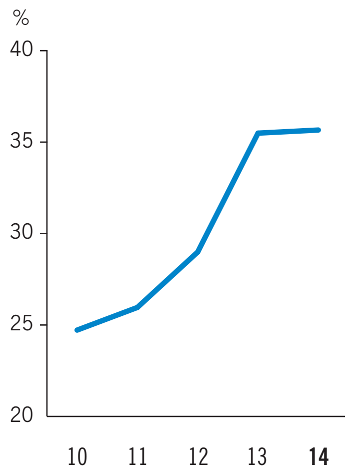
Dividend

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 dividends for 2014 to HK21 cents (U.S. 2.70 cents) per share, unchanged since 2011. The regular dividend represents a payout of 36% of the Group's 2014 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.

Dividend Payout Ratio



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.

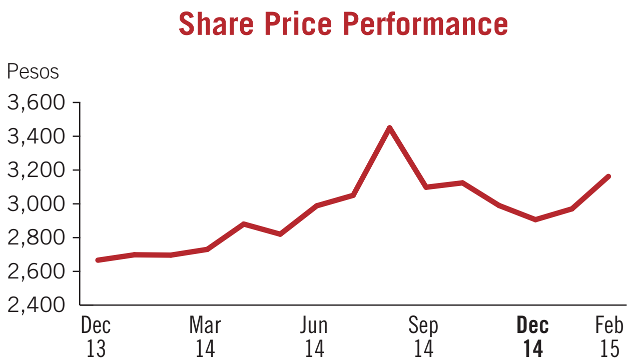
MPIC faces some difficulty in forecasting its 2015 earnings because of continuing regulatory uncertainty. However, continuing strong growth in all its main businesses bode well for its core earnings even as it seeks further investments in infrastructure.

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

CONTRIBUTION
US$195.7 million

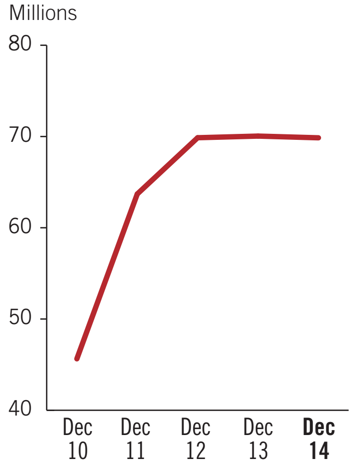


An analysis of PLDT's contribution to the First Pacific Group, adjusted for Hong Kong GAAP and translated into U.S. dollars, follows.

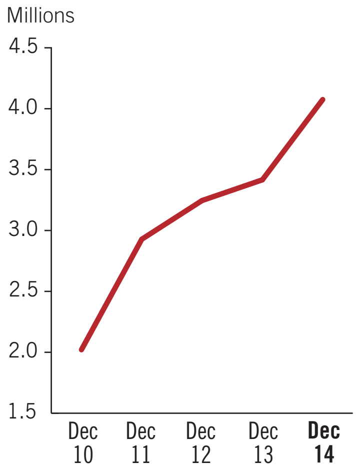
US$ millions	Turnover 2014	Turnover 2013	Turnover % Change	Profit 2014	Profit 2013	Profit % Change
Wireless	**2,589.2**	2,736.4	–5.4	**776.8**	859.6	–9.6
Fixed Line	**1,466.7**	1,451.0	+1.1	**264.5**	327.4	–19.2
Others	**–**	–	–	**32.2**	4.5	+615.6
Inter-segment elimination	**(340.6)**	(340.0)	+0.2	**–**	–	–
Total	**3,715.3**	3,847.4	–3.4			
Segment Result				**1,073.5**	1,191.5	–9.9
Net finance costs				**(99.0)**	(123.7)	–20.0
Share of profits less losses of associated companies and joint ventures				**81.2**	62.9	+29.1
Profit Before Taxation				**1,055.7**	1,130.7	–6.6
Taxation				**(289.1)**	(305.2)	–5.3
Profit for the Year				**766.6**	825.5	–7.1
Loss from discontinued operations				**–**	(2.3)	–
Non-controlling interests				**–**	(0.8)	–
Profit Attributable to Equity Holders				**766.6**	822.4	–6.8
Preference dividends				**(1.3)**	(1.6)	–18.8
Profit Attributable to Common Shareholders				**765.3**	820.8	–6.8
Average shareholding (%)				**25.6**	25.6	–
Contribution to Group Profit				**195.7**	209.9	–6.8

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.

Cellular Subscriber Numbers



Broadband Subscriber Numbers



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 and higher share in earnings of associates and joint ventures
Reported net income down 4% to Pesos 34.1 billion (US$767.3 million) from Pesos 35.4 billion (US$830.7 million)	■ reflecting a 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/Divestment

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.

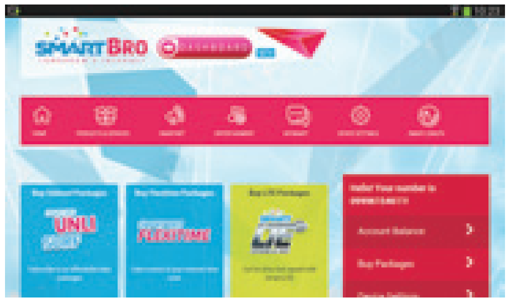
In January 2015, PLDT (through Smart's wholly-owned subsidiary, Voyager Innovations, Inc.) partnered with Rocket Internet (through 50%-owned company Asia Pacific Internet Group) to form Philippines Internet Group ("PHIG") to create and develop online businesses in the Philippines. PLDT will invest €30.0 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.

PLDT

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 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 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

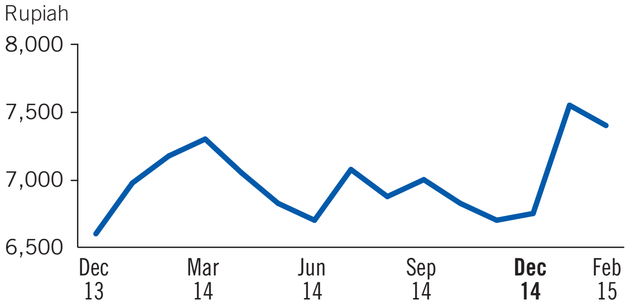
(i) First Pacific presents net income after deduction of preference dividends.

(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.

CONTRIBUTION
US$158.4 million

Share Price Performance



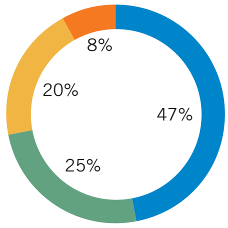
An analysis of Indofood's contribution to the First Pacific Group, adjusted for Hong Kong GAAP and translated into U.S. dollars, follows.

US$ millions	Turnover 2014	Turnover 2013 (Restated)[(i)]	Turnover % change	Profit 2014	Profit 2013 (Restated)[(i)]	Profit % change
Consumer Branded Products						
– Noodles	**1,668.4**	1,640.6	+1.7	**252.9**	216.8	+16.7
– Dairy	**444.3**	422.1	+5.3	**21.6**	22.8	–5.3
– Snack Foods	**168.0**	164.3	+2.3	**2.0**	2.1	–4.8
– Food Seasonings	**96.2**	130.3	–26.2	**7.3**	8.0	–8.8
– Nutrition & Special Foods	**47.2**	48.9	–3.5	**0.9**	(0.3)	–
– Beverages	**159.9**	19.2	+732.8	**(29.3)**	(4.8)	+510.4
– Inter-segment elimination	**(66.7)**	(73.6)	–9.4	**–**	–	–
Subtotal	**2,517.3**	2,351.8	+7.0	**255.4**	244.6	+4.4
Bogasari	**1,676.4**	1,775.2	–5.6	**120.3**	131.8	–8.7
Agribusiness						
– Plantations	**864.7**	803.1	+7.7	**212.3**	145.2	+46.2
– Edible Oils & Fats	**803.3**	821.8	–2.3	**6.3**	19.6	–67.9
– Inter-segment elimination	**(433.2)**	(360.9)	+20.0	**–**	–	–
Subtotal	**1,234.8**	1,264.0	–2.3	**218.6**	164.8	+32.6
Distribution	**432.0**	421.7	+2.4	**16.3**	15.5	+5.2
Inter-segment elimination	**(510.1)**	(536.9)	–5.0	**–**	–	–
Total	**5,350.4**	5,275.8	+1.4			
Segment Result				**610.6**	556.7	+9.7
Net finance costs				**(68.0)**	(53.1)	+28.1
Share of profits less losses of associated companies and joint ventures				**(11.1)**	(1.6)	+593.8
Profit Before Taxation				**531.5**	502.0	+5.9
Taxation				**(164.9)**	(141.9)	+16.2
Profit for the Year				**366.6**	360.1	+1.8
Profit from a discontinued operation				**63.2**	56.1	+12.7
Non-controlling interests				**(271.4)**	(256.6)	+5.8
Contribution to Group Profit				**158.4**	159.6	–0.8

(i) 2013's comparative figures have been restated, following Indofood's classification of CMZ as a disposal group held for sale and as a discontinued operation in 2014.

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.

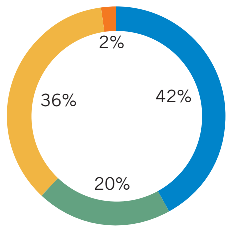
Turnover 2014*



	US$ millions
CBP	2,508.4
Bogasari	1,345.9
Agribusiness	1,064.1
Distribution	432.0
Total	**5,350.4**

* After inter-segment elimination

Operating Profit 2014



	US$ millions
CBP	255.4
Bogasari	120.3
Agribusiness	218.6
Distribution	16.3
Total	**610.6**

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 a 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/Disposal

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 disposals 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 Indokuat Sukses Makmur (formerly known as PT Danone Dairy Indonesia), a producer of liquid milk products, 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 promotions, 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, 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.

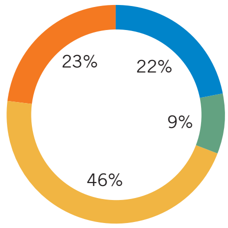
In Indonesia, total planted area of sugar cane was 13,062 hectares in South Sumatra. The harvest declined 7% to 701 thousand tonnes due to dry weather in the first quarter of 2014. Despite this, 2014 sugar production of 54 thousand tonnes came in close to 2013's level due to higher sugar rendement. In 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.

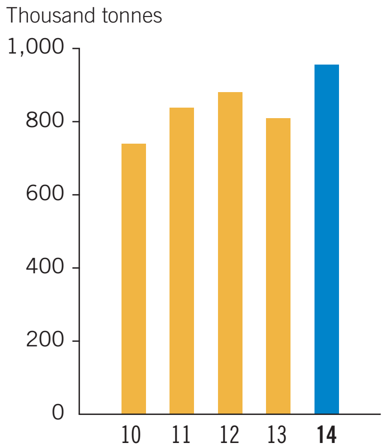
Agribusiness's sales up 10% to Rupiah 14.7 trillion (US$1.2 billion) reflecting higher sales volume of CPO and higher average selling prices of palm products. EBIT margin improved to 15.0% from 10.3%. For sales volume, CPO rose 11% to 957 thousand tonnes, palm kernel rose 1% to 193 thousand tonnes, rubber 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.

Age Profile of Oil Palm Plantations



	Hectares
Immature areas	53,716
4-6 years	21,925
7-20 years	112,187
Above 20 years	58,227
Total	**246,055**

Crude Palm Oil (CPO) Production



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

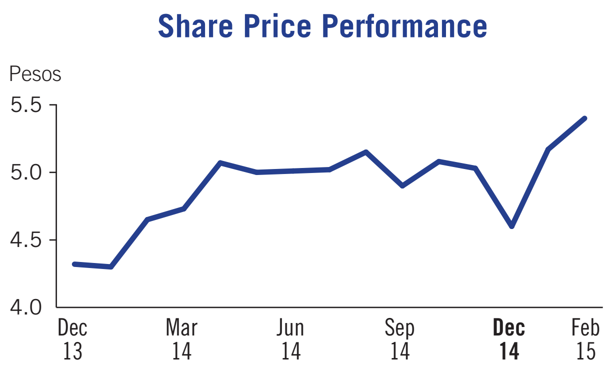
Indofood's operations are principally denominated in rupiah, which averaged Rupiah 11,886 (2013: Rupiah 10,522) to the U.S. dollar. Its financial results are prepared under Indonesian GAAP and reported in rupiah. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. 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	**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 27 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.

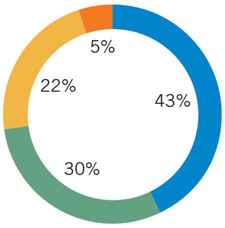
CONTRIBUTION
US$106.6 million



An analysis of MPIC's contribution to the First Pacific Group, adjusted for Hong Kong GAAP and translated into U.S. dollars, follows.

US$ millions	Turnover 2014	Turnover 2013	Turnover % change	Profit 2014	Profit 2013	Profit % change
Water distribution	**413.3**	396.2	+4.3	**231.5**	211.5	+9.5
Toll roads	**194.5**	191.2	+1.7	**101.4**	101.1	+0.3
Hospitals	**153.7**	136.7	+12.4	**23.3**	23.2	+0.4
Rail	**–**	–	–	**(0.6)**	–	–
Corporate overhead	**–**	–	–	**(13.9)**	(12.1)	+14.9
Total	**761.5**	724.1	+5.2			
Segment Result				**341.7**	323.7	+5.6
Net finance costs				**(88.0)**	(82.9)	+6.2
Share of profits less losses of associated companies and joint ventures				**72.3**	53.6	+34.9
Profit Before Taxation				**326.0**	294.4	+10.7
Taxation				**(24.3)**	(19.6)	+24.0
Profit for the Year				**301.7**	274.8	+9.8
Non-controlling interests				**(195.1)**	(180.3)	+8.2
Contribution to Group Profit				**106.6**	94.5	+12.8

Contribution from Operations 2014



	US$ millions
Maynilad	98.5
Meralco	68.1
MPTC	50.4
Hospitals	10.5
Total	**227.5**

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 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) 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$413.3 million), 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.

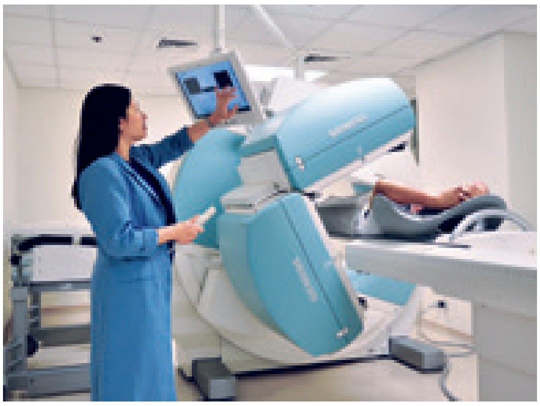
Elsewhere in the Philippines, MPTC is expected to be formally awarded the Cebu-Cordova Bridge project in the first half of this year.

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

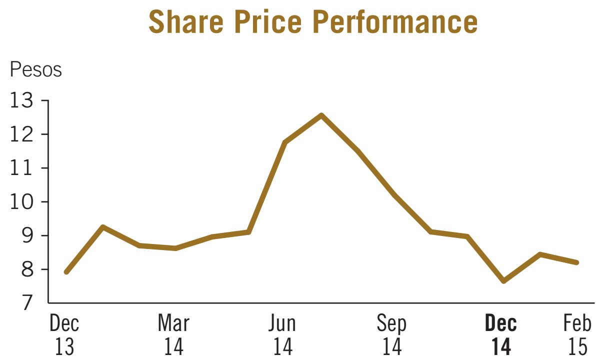
(i) First Pacific presents net income after deduction of preference dividends.

(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 MINING CORPORATION



CONTRIBUTION
US$10.2 million

An analysis of Philex's contribution to the First Pacific Group, adjusted for Hong Kong GAAP and translated to U.S. dollars, follows.

	Turnover			Profit		
US$ millions	**2014**	2013	% change	**2014**	2013	% change
Mining	**259.4**	201.6	+28.7	**27.4**	31.9	–14.1
Oil and gas	**7.1**	5.1	+39.2	**3.5**	2.4	+45.8
Total	**266.5**	206.7	+28.9			
Segment Result				**30.9**	34.3	–9.9
Net finance costs				**(7.6)**	(8.3)	–8.4
Share of profits less losses of associated companies and joint ventures				**(0.3)**	(0.2)	+50.0
Profit Before Taxation				**23.0**	25.8	–10.9
Taxation				**(7.8)**	(10.6)	–26.4
Profit for the Year				**15.2**	15.2	–
Non-controlling interests				**6.8**	0.7	+871.4
Profit Attributable to Shareholders				**22.0**	15.9	+38.4
Average shareholding (%)				**46.2**	46.2	–
Contribution to Group Profit				**10.2**	7.3	+39.7

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)

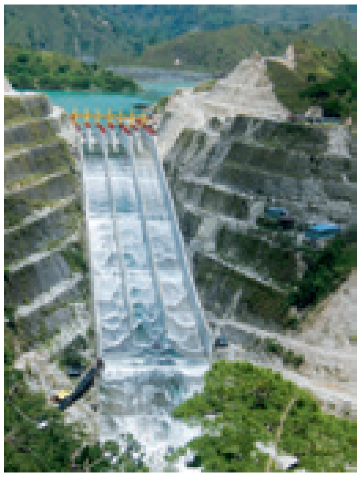
* 64.7% held by Philex, 11.4% held by First Pacific and 5.0% held by Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific.
† 36.4% held directly by Philex Petroleum, 24.1% held by its 51.2%-owned Canadian subsidiary FEC Resources Inc., and 3.3% held by First Pacific.

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.

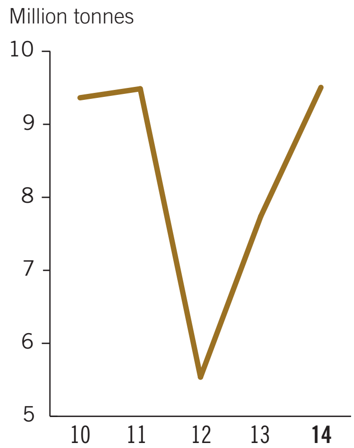
During 2014, total ore milled increased 23% to 9.5 million tonnes (2013: 7.7 million tonnes) reflecting a full year of operation compared with approximately 10 months in 2013, with an average grade of 0.438 grams (2013: 0.503 grams) of gold per tonne of ore and 0.212% (2013: 0.236%) copper. Concentrate 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).

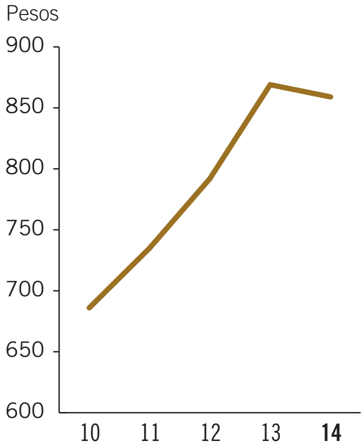
As at 31 December 2014, Philex had Pesos 5.2 billion (US$117.0 million) of cash and cash equivalents, and Pesos 10.3 billion (US$229.3 million) of borrowings comprising convertible notes issued and bank loans. In January and February 2015, Philex repaid Pesos 477 million (US$10.8 million) of the bank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



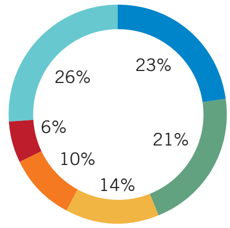
Ore Milled



Operating Cost Per Tonne of Ore Milled

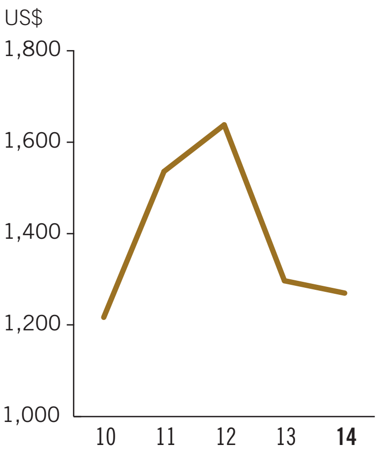


Operating Cost Per Tonne of Ore Milled

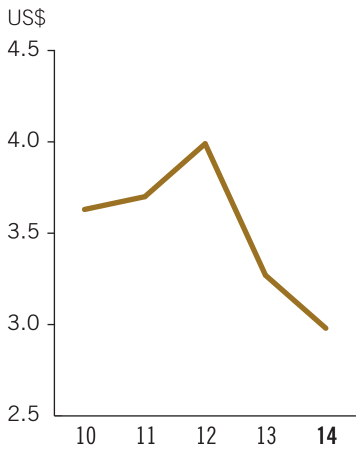


	US$ per tonne
Materials & supplies	4.4
Power	4.1
Labor	2.6
Marketing expenses	2.0
Excise tax and royalties	1.2
Others	5.0
Total	**19.3**

Average Gold Price Per Ounce



Average Copper Price Per Pound



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/PacificLight

First Pacific through a 60%/40%–owned entity with Meralco PowerGen holds a 70% interest in PLP. PLP is the first power plant in Singapore fully fueled by liquefied natural gas. 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

ROXAS HOLDINGS, INC.

First Pacific and its indirect agribusiness subsidiary IndoAgri, through a 70%/30%–owned entity FP Natural Resources and a Philippine affiliate have 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$172.0 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 7.0 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.

Peso 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.

Chairman's Letter

Dear Shareholders

In 2014, the global economy expanded at a slower pace than hoped. While the United States and the United Kingdom gained momentum, growth in other developed countries, slowed. As well, the rate of growth slowed amongst developing countries. Indonesia grew at around 5% rate, its slowest rate in the past five years. In an unusual contrast, Indonesia's growth was outdone by the usually slower-growing Philippines where the economy grew by around 6%.

In markets where 5% growth is considered slow, there can be had strong returns. This is why investors come to First Pacific, and this is why a solid proportion of our owners are long-term shareholders. Our asset value has soared ahead at a compound annual growth rate of 20% over the past 12 years and I see no reason not to expect continuing strong growth going forward. Our commitment to shareholder value remains firm.

We remain confident in our outlook for continuing strong growth in our markets. We are focused on investing only in businesses we understand and feel optimistic about, namely telecommunications, food/consumer, infrastructure and natural resources. We prefer to invest in companies that can deliver cash to shareholders. We prefer to invest in big companies, so that the turnaround we engineer in cash flows can scale up to meaningful levels. And we insist on significant influence or management control of our investee companies, so that we can feel more confident about their strategic direction and financial position.

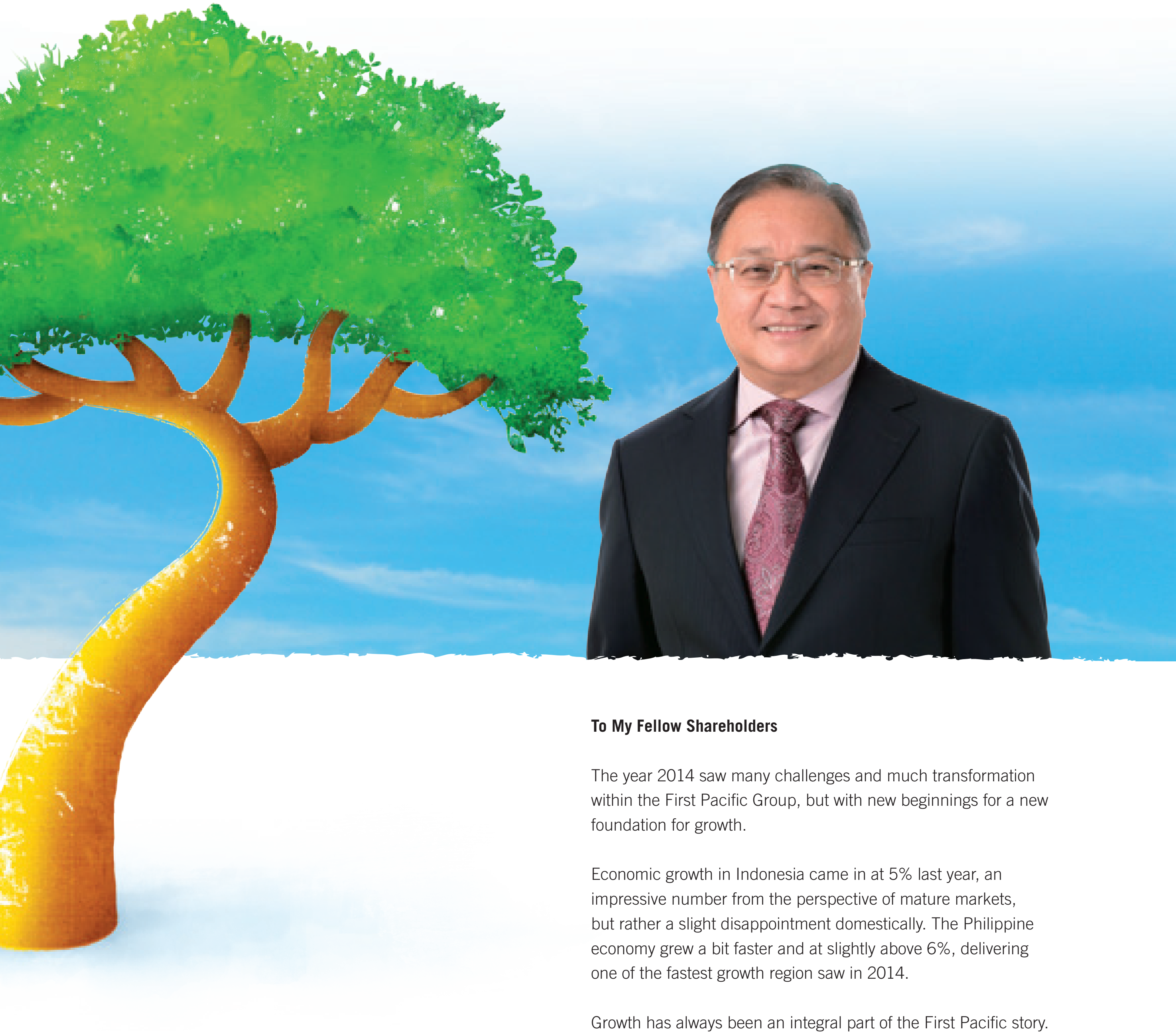
As the year 2015 progresses, we can look forward with increasing optimism about the future. New investments will contribute to earnings even as our more mature assets steadily deliver the strong cash flows we have come to expect over the years. Looking ahead, I remain proudly confident about the prospects of the First Pacific Group.

Yours sincerely

Anthoni Salim
Chairman

24 March 2015

Managing Director and Chief Executive Officer's Letter



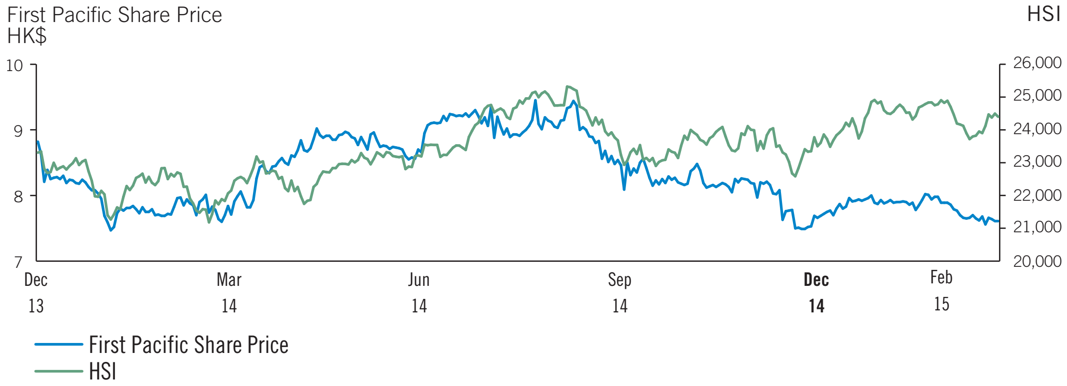
To My Fellow Shareholders

The year 2014 saw many challenges and much transformation within the First Pacific Group, but with new beginnings for a new foundation for growth.

Economic growth in Indonesia came in at 5% last year, an impressive number from the perspective of mature markets, but rather a slight disappointment domestically. The Philippine economy grew a bit faster and at slightly above 6%, delivering one of the fastest growth region saw in 2014.

Growth has always been an integral part of the First Pacific story. Indofood has seen its core income rise seven-fold in the past decade, and there are few signs of slowing down. Indofood is Indonesia's biggest food company and the country's sole brand name widely recognized abroad. Growth is coming organically as consumers buy greater quantities of our products, and move up the value chain to greater quality – for example, by expanding their dairy consumption from sweetened condensed milk to UHT milk to liquid fresh milk and to ice cream. Growth is also coming via acquisitions. We have acquired Danone's liquid dairy business in Indonesia. We have even taken our first tentative

First Pacific Share Price vs Hang Seng Index (HSI)



steps outside consumer foods and soft commodities by entering into a joint venture with Oji Holdings of Japan to produce and sell baby diapers.

MPIC has not slowed down either. On the contrary, MPIC has delivered double-digit earnings growth in each of the past six years and all of its main businesses face the prospect of continuing strong rise in volumes — whether it be the number of vehicles travelling on our toll roads, liters of water pumped through our water pipes, or electricity distributed across our power grid. MPIC is entering new businesses like the Automated Fare Collection System similar to Hong Kong's Octopus® card. We are looking at new PPP infrastructure projects to improve the services required by Filipinos, and the face of volatile and uncertain nature of regulatory risks in the Philippines. The sanctity of contracts is under question arising from regulators which seem unable to appreciate and adhere to the contracts and their terms — whether these refer to our water concession in Maynilad or our toll road operations in MNTC.

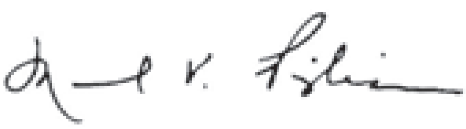
Let me turn to a more exciting topic for a moment: transformation. After many years of building affordable basic mobile telephony and text messaging to millions of Filipinos, PLDT is now in the heady rush to transformation from a legacy telco into being a digital communications company and a multi-media provider. This will not be an easy change to make, and will involve large investments in networks, bandwidth, content and the like. But it is essential for PLDT's continuing growth, and necessary for enriching the quality of life for its customers, and building a modern networked society.

Philex, too, is undergoing transformation. Declining grades of ore at its half-century old Padcal mine serve as a signal reminder of the importance of its major copper-gold Silangan project down in the south of the Philippines, in Mindanao. First Pacific is likely to find itself holding a 28% direct stake in Silangan in addition to the economic interest it has through its Philex investment. As our own Annual Report goes to press, mining and geo-engineering experts are putting the finishing touches on a Bankable Feasibility Study, which would form the basis for seeking financing of this potentially very rich project. This is a transformation needed indeed by Philex.

Finally, the year 2015 will establish a milestone in the history of Australia's home-grown food company, Goodman Fielder. We have taken over this fine company, in partnership with Singapore's Wilmar International, with the aim of transforming it into a regional food company, serving the needs of consumers across Asia — particularly in the fast-growing ASEAN markets we call home and not just Australia, New Zealand and the South Pacific islands.

The challenges we face are represented by many varieties of risks. Against this, we remain confident in our experience and in the skills of our management team. Our markets are strong and large and they are stable. We are confident that the path we have chosen going forward will continue leading us to the shareholder value we have historically delivered to our stakeholders.

Yours cordially



M V Pangilinan
Managing Director and Chief Executive Office

24 March 2015

Board of Directors and Senior Executives

BOARD OF DIRECTORS

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Anthoni Salim 1

Chairman

Age 66, Mr. Salim graduated from Ewell County Technical College in Surrey, England. He is the President and CEO of the Salim Group, President Director and CEO of PT Indofood Sukses Makmur Tbk and PT Indofood CBP Sukses Makmur Tbk, and holds positions as Commissioner and Director in various companies.

Mr. Salim serves on the Boards of Advisors of several multinational companies. He was a member of the GE International Advisory Board, and is currently a member of the International Advisory Board of Allianz SE, an insurance company based in Germany, and a member of Food & Agribusiness Advisory Board of Rabobank Asia. He joined the Asia Business Council in September 2004.

Mr. Salim has served as a Director of First Pacific since 1981 and assumed the role of Chairman in June 2003.

Manuel V. Pangilinan 2

Managing Director and Chief Executive Officer

Age 68, Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts degree in Economics. He received his MBA degree from the Wharton School at the University of Pennsylvania. In Manila, he worked for Philippine Investment Management Consultants Inc. (PHINMA) in the Philippines, and in Hong Kong with Bancom International Limited and American Express Bank. Thereafter he founded First Pacific in May 1981.

Mr. Pangilinan served as Managing Director of First Pacific since its founding in 1981 until 1999. He was appointed Executive Chairman until June 2003, after which he was named Managing Director and Chief Executive Officer. He holds the positions of President Commissioner of PT Indofood Sukses Makmur Tbk in Indonesia. In the Philippines, Mr. Pangilinan is the Chairman of Philippine Long Distance Telephone Company (PLDT), Metro Pacific Investments Corporation (MPIC), Manila Electric Company (Meralco), ePLDT, Inc., Smart Communications, Inc., PLDT Communications and Energy Ventures, Inc. (formerly named Pilipino Telephone Corporation), Maynilad Water Services, Inc., Metro Pacific Tollways Corporation, Manila North Tollways Corporation, Philex Mining Corporation, Philex Petroleum Corporation, Landco Pacific Corporation, Medical Doctors, Inc. (Makati Medical Center), Davao Doctors, Inc. and Colinas Verdes Corporation (Cardinal Santos Medical Center), Mediaquest Holdings, Inc. and Associated Broadcasting Corporation (TV 5), and the Vice Chairman of Roxas Holdings, Inc.

In May 2006, the Office of the President of the Philippines awarded Mr. Pangilinan the Order of Lakandula, rank of Komandante in recognition of his contributions to the country. He was named Management Man of the Year 2005 by the Management Association of the Philippines. Mr. Pangilinan was awarded Honorary Doctorates in Science by Far Eastern University in 2010, in Humanities by Holy Angel University in 2008, by Xavier University in 2007 and by San Beda College in 2002 in the Philippines. He was formerly Chairman of the Board of Trustees of the Ateneo de Manila University and was a member of the Board of Overseers of the Wharton School.

In civic duties, Mr. Pangilinan sits as Chairman of the Philippine Business for Social Progress (PBSP), PLDT-Smart Foundation Inc., One Meralco Foundation, Inc., Philippine Disaster Recovery Foundation (PDRF), and is a director of the Philippine Business for Education (PBED). He is Chairman of the Board of Trustees of San Beda College and of the Holy Angel University in Pampanga, as well as Co-Chairperson of the Board of Trustees of Stratbase Albert del Rosario Institute.

In sports, Mr. Pangilinan is Chairman of the MVP Sports Foundation Inc., President of the Samahang Basketbol ng Pilipinas and Chairman of the Amateur Boxing Association of the Philippines (ABAP).

Robert C. Nicholson 3

Executive Director

Age 59, Mr. Nicholson, who is a graduate of the University of Kent, qualified as a solicitor in England and Wales and in Hong Kong. He is an Executive Chairman of Forum Energy Plc, a Chairman of Goodman Fielder Limited (since March 2015), a Commissioner of PT Indofood Sukses Makmur Tbk and a Director of Metro Pacific Investments Corporation, Philex Mining Corporation and Philex Petroleum Corporation, all of which are First Pacific Group subsidiaries or associates.

Mr. Nicholson is also an Independent Non-executive Director of Pacific Basin Shipping Limited and Lifestyle Properties Development Limited. Previously, he was a senior partner of Reed Smith Richards Butler from 1985 to 2001 where he established the corporate and commercial department, and was also a senior advisor to the board of directors of PCCW Limited between August 2001 and September 2003.

Mr. Nicholson has wide experience in corporate finance and crossborder transactions, including mergers and acquisitions, regional telecommunications, debt and equity capital markets, corporate reorganisations and privatisations in China. Mr. Nicholson joined First Pacific's Board in 2003.

Edward A. Tortorici 4

Executive Director

Age 75, Mr. Tortorici received a Bachelor of Science from New York University and a Master of Science from Fairfield University. He has served in a variety of senior and executive management positions, including Corporate Vice President for Crocker Bank and Managing Director positions at Olivetti Corporation of America and Fairchild Semiconductor Corporation.

Mr. Tortorici subsequently founded EA Edwards Associates, an international management and consulting firm specialising in strategy formulation and productivity improvement with offices in USA, Europe and Middle East.

In 1987, Mr. Tortorici joined First Pacific as an Executive Director for strategic planning and corporate restructuring, and launched the Group's entry into the telecommunications and technology sectors. Presently, he oversees corporate strategy for First Pacific and guides the Group's strategic planning and corporate development activities. Mr. Tortorici serves as a Commissioner of PT Indofood Sukses Makmur Tbk and as Director of Metro Pacific Investments Corporation, Philex Mining Corporation and FPM Power Holdings Limited. He is also a Trustee of the Asia Society Philippines, an adviser for IdeaSpace Foundation and a Director for Jeti Investments, LLC. Mr. Tortorici is on the Board of Advisors of the Southeast Asia Division of the Center for Strategic and International Studies, a Washington D. C. non partisan think tank. He served as a Commissioner of the U.S. ASEAN Strategy Commission.

Napoleon L. Nazareno

Non-executive Director

Age 65, Mr. Nazareno holds a Bachelor of Science degree in Mechanical Engineering from the University of San Carlos in Cebu and a Master's degree in Business Management from the Asian Institute of Management (AIM). He has also completed the INSEAD Executive Programme at the European Institute of Business Administration in Fontainebleau, France.

In 1973, Mr. Nazareno worked as an Assistant Product Manager at the Flexible Packaging Division in Phimco Industries, Inc. and in 1981, he joined the international firm Akerlund & Rausing as Acting Production Manager. In 1989, he was named President and CEO of Akerlund & Rausing (Philippines). Mr. Nazareno served as President and CEO of Metro Pacific Corporation from 1995 to 1999.

In 1998, Mr. Nazareno became President and CEO of PLDT Communications and Energy Ventures, Inc. (formerly named Pilipino Telephone Corporation, a cellular subsidiary of Smart Communications, Inc. (Smart)). He became President and CEO of Smart in 2000 and subsequently assumed the presidency at parent firm Philippine Long Distance Telephone Company in 2004, positions he continues to hold today. Mr. Nazareno is also a Director of Digital Telecommunications Philippines Inc. He also served as a board member of the GSM Association Worldwide from November 2004 to 2012. He joined First Pacific's Board in 2008.

Professor Edward K.Y. Chen, *GBS, CBE, JP*

Independent Non-executive Director

Age 70, educated at the University of Hong Kong and Oxford University, Professor Chen is an Independent Non-executive Director of Wharf Holdings Limited. He has served as President of Lingnan University; Professor and Director of the Centre of Asian Studies of the University of Hong Kong; Chairman of Hong Kong's Consumer Council; as an Executive Councillor of the Hong Kong Government; and as a Legislative Councillor. He is now the Chairman of the HKU SPACE Board of Directors, President of Qianhai Institute for Innovative Research in Shenzhen, a Board Director of the Hong Kong Institute for Monetary Research of the Hong Kong Monetary Authority, a Distinguished Fellow of the Hong Kong Institute for the Humanities and Social Sciences at the University of Hong Kong, and Honorary Professor of the Open University of Hong Kong. Professor Chen joined First Pacific's Board in 1993.

Philip Fan Yan Hok

Independent Non-executive Director

Age 65, Mr. Fan holds a Bachelor's Degree in Industrial Engineering, a Master's Degree in Operations Research from Stanford University and a Master's Degree in Management Science from Massachusetts Institute of Technology.

Mr. Fan had been an Executive Director of CITIC Pacific Limited in charge of industrial projects in China. Prior to his retirement as the Executive Director and General Manager of China Everbright International Limited, he made significant contribution to the company's leadership position in the Chinese Waste-to-energy industry.

Mr. Fan is an Independent Non-executive Director of China Everbright International Limited, Hysan Development Company Limited and China Aircraft Leasing Group Holdings Limited. He is also an Independent Director of Australia listed Goodman Group. Mr. Fan is a member of the Asia Advisory Committee of AustralianSuper, a pension fund established in Australia. From March 2013 till December 2013, he was an Independent Director of Suntech Power Holdings Co., Ltd. which has been put into provisional liquidation since 9 November 2013. He joined First Pacific's Board in December 2012.

Margaret Leung Ko May Yee, *SBS, JP*

Independent Non-executive Director

Age 62, Mrs. Leung holds a Bachelor's Degree in Economics, Accounting and Business Administration from the University of Hong Kong. She was the Vice-Chairman and CEO of Hang Seng Bank Limited and Chairman of Hang Seng Bank (China) Limited prior to her retirement on 30 June 2012. Mrs. Leung also held various pivotal positions in HSBC Holdings Plc and The Hongkong and Shanghai Banking Corporation Limited from February 1978 until 30 June 2012. She was also an Independent Non- executive Director of the Hong Kong listed Swire Pacific Limited and Hutchison Whampoa Limited. Mrs. Leung was the Chairman of the Board of Governors of Hang Seng Management College and Hang Seng School of Commerce, and a Member of the Advisory Board and Chairman of the Investment Committee of the Hong Kong Export Credit Insurance Corporation from 2005 to 2010.

Mrs. Leung is a member of the Board of Directors of the Hospital Authority and a council member and Treasurer of the University of Hong Kong. Mrs. Leung is the Deputy Chairman and Managing Director of Chong Hing Bank Limited, and an Independent Non-executive Director of Sun Hung Kai Properties Limited, Hong Kong Exchanges and Clearing Limited, China Construction Bank Corporation, Li & Fung Limited, and QBE Insurance Group Limited. Mrs Leung joined First Pacific's Board in December 2012.

Graham L. Pickles

Independent Non-executive Director

Age 58, Mr. Pickles holds a Bachelor of Business degree (majoring in accounting). He has significant experience in the distribution and technology sectors, running several distribution businesses in Asia and Australasia in the IT and telecommunications industries over a career spanning more than 20 years.

Mr. Pickles serves as a Commissioner of PT Indofood Sukses Makmur Tbk, and a Director of Goodman Fielder Limited (since March 2015). He was previously CEO of Tech Pacific Holdings Limited, a wholly-owned subsidiary of First Pacific Company Limited until it was sold in 1997. He was also a member of the executive committee of Hagemeyer N.V. in which First Pacific had a controlling interest until 1998. Mr. Pickles joined First Pacific's Board in 2004.

Tedy Djuhar

Non-executive Director

Age 63, Mr. Djuhar received a Bachelor of Economics degree from the University of New England in Australia. He has also completed the EMBA program at Cheung Kong School of Business Beijing in June 2014. Mr. Djuhar is Vice President Commissioner of PT Indocement Tunggal Prakarsa Tbk, a Director of Pacific Industries and Development Limited and a number of other Indonesian companies. He joined First Pacific's Board in 1981.

Benny S. Santoso

Non-executive Director

Age 57, Mr. Santoso graduated from Ngee Ann College in Singapore. He serves as a Commissioner of PT Indofood Sukses Makmur Tbk, a President Commissioner of PT Indofood CBP Sukses Makmur Tbk, PT Nippon Indosari Corpindo Tbk and PT Indoritel Makmur Internasional Tbk, as a Commissioner of PT Fast Food Indonesia Tbk, a Director of PT Indocement Tunggal Prakarsa Tbk and as a member of the Advisory Board of Philippine Long Distance Telephone Company. He joined First Pacific's Board in 2003.

SENIOR EXECUTIVES


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Ray C. Espinosa 1

Associate Director

Age 59, Mr. Espinosa has a Master of Laws degree from the University of Michigan Law School and is a member of the Integrated Bar of the Philippines. He was a partner of SyCip Salazar Hernandez & Gatmaitan from 1982 to 2000, a foreign associate at Covington and Burling (Washington, D.C., USA) from 1987 to 1988, and a law lecturer at the Ateneo de Manila School of Law from 1983 to 1985 and 1989.

Mr. Espinosa is a Director of Philippine Long Distance Telephone Company (PLDT), Manila Electric Company (Meralco), Roxas Holdings, Inc., Metro Pacific Investments Corporation and Meralco PowerGen Corporation. He also serves as an Independent Director of Lepanto Consolidated Mining Company (Lepanto). He is the Chairman of the Finance Committee of Meralco and the Audit Committee of Lepanto. Mr. Espinosa is the General Counsel of Meralco and Head of PLDT's Regulatory Affairs and Policy Office. He is also a trustee of the Beneficial Trust Fund of PLDT.

Mr. Espinosa joined First Pacific in 2013. He is First Pacific Group's Head of Government and Regulatory Affairs and Head of Communications Bureau for the Philippines.

Marilyn A. Victorio-Aquino 2

Assistant Director

Age 59, Ms. Aquino was educated at the University of Santo Tomas (A.B.) and University of the Philippines (LL.B., cum laude) and qualified as a barrister in the Philippines in 1981. She joined Sycip Salazar Hernandez and Gatmaitan Law Offices in the Philippines in 1980 where she became a partner in 1989.

Ms. Aquino's practice focused on banking, finance and securities, construction and infrastructure, investments, mergers and acquisitions, and mining and natural resources.

She is a Director of Philex Mining Corporation, Philex Gold Philippine, Inc., Philex Petroleum Corporation, Silangan Mindanao Mining Company Inc., Lepanto Mining Corporation and Maynilad Water Services, Inc. Ms. Aquino joined First Pacific in 2012.

Paul F. Wallace 3

Chief Financial Officer

Age 64, Mr. Wallace has a BSc in Mathematics from the University of Birmingham. He is a member of the Canadian Institute of Chartered Accountants. Mr. Wallace was a partner at Price Waterhouse for seven years in Hong Kong prior to his appointment as Group Vice President at First Pacific from 1994 to 1997. He was First Pacific's Chief Financial Officer from April 2003 to December 2004. Mr. Wallace subsequently joined The Sanctuary Group, listed on the London Stock Exchange, between 2005 and 2008 as Group Finance Director. He rejoined the First Pacific Group in 2009 as Chief Executive Officer of Blue Ocean Wireless, in 2010 became Finance Director of Forum Energy Plc, a Group company listed on the London Stock Exchange and in 2012 was seconded as Chief Financial Advisor to Philex Mining Corporation. Mr. Wallace is also a Director of JPMorgan Global Emerging Markets Income Trust Plc. He was appointed Chief Financial Officer of First Pacific in February 2014.

Richard L. Beacher 4

Executive Vice President
Group Corporate Development

Age 56, Mr. Beacher received a BA (Hons) in Economics and Accounting from University of Newcastle Upon Tyne in the U.K. He is a member of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Beacher moved to Hong Kong in 1984 with PriceWaterhouse. He is a Director of FPM Power Holdings Limited and a Non-executive Director of Forum Energy Plc. Prior to his current role, Mr. Beacher served as Group Financial Controller since he joined First Pacific in 2006 until March 2014.

Maisie M.S. Lam 5

Executive Vice President
Group Human Resources

Age 60, Ms. Lam received a Diploma from the Hong Kong Polytechnic University/Hong Kong Management Association. She joined First Pacific in 1983.

Joseph H.P. Ng 6

Executive Vice President
Group Finance

Age 52, Mr. Ng received an MBA and a Professional Diploma in Accountancy from Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Ng joined First Pacific in 1988 from PriceWaterhouse's audit and business advisory department in Hong Kong. Prior to his appointment as Executive Vice President, Group Finance in May 2002, Mr. Ng was Group Treasurer of the First Pacific Group and served in several senior finance positions within the Group. He is a Director of FPM Power Holdings Limited.

SENIOR EXECUTIVES

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John W. Ryan 7

Executive Vice President
Group Corporate Communications

Age 49, Mr. Ryan received a Bachelor of Arts degree from the University of Connecticut and completed a Master of Philosophy course on Slavonic and East European Studies at St. Antony's College, Oxford University. He spent several years as a financial journalist, opening and leading Bloomberg's Moscow bureau for five years in the early 1990s and later joining Dow Jones as Bureau Chief over the period 1998–2004 in Moscow and Hong Kong. Mr. Ryan subsequently served as Head of Corporate Communications, Asia Pacific for HSBC's wholesale bank. He joined First Pacific in 2010.

Stanley H. Yang 8

Executive Vice President
Group Corporate Development

Age 38, Mr. Yang received a Bachelor of Science degree in Economics from the Wharton School of the University of Pennsylvania. He oversees the Group's corporate development activities including mergers and acquisitions, strategic investments, joint ventures, and other portfolio company growth initiatives. Prior to joining First Pacific, Mr. Yang worked at Deutsche Bank where he led investment banking coverage for the diversified industrials sector in Asia. He also previously served as a director in Deutsche Bank's mergers and acquisitions department, where he advised clients on mergers and acquisitions, divestitures and leveraged investment transactions in Asia and the United States. Mr. Yang began his career in New York where he gained transaction experience in principal investments and investment banking. He joined First Pacific in 2013.

Richard P.C. Chan 9

Vice President
Group Financial Controller

Age 45, Mr. Chan received a BBA (Hons) degree from Hong Kong Baptist University and an MBA from the Chinese University of Hong Kong. He is a Certified Public Accountant (Practising), a CFA charterholder and a Fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has experience in auditing, accounting, finance and management spanning a diverse range of business activities. Mr. Chan joined First Pacific in 1996 from KPMG. Prior to his appointment as Vice President, Group Financial Controller in October 2014, Mr. Chan was Vice President of Group Finance.

Sara S.K. Cheung 10

Vice President
Group Corporate Communications

Age 51, Ms. Cheung received a BA in Business Economics from the University of California, Los Angeles and an MBA from Southern Illinois University, Carbondale. She is a member of the National Investor Relations Institute and the Hong Kong Investor Relations Association. She joined First Pacific in 1997 from the Public Affairs department of Wharf Limited and Wheelock and Company Limited.

Nancy L.M. Li 11

Vice President
Company Secretary

Age 57, Ms. Li received a BA from McMaster University in Canada and a MSc in Corporate Governance and Directorship from Hong Kong Baptist University. She is a Fellow of the Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries & Administrators of Great Britain. Ms. Li joined First Pacific in 1987 from the Hong Kong Polytechnic University's academic secretariat. Prior to that, she worked in the company secretarial department of Coopers & Lybrand. Ms. Li was appointed as First Pacific's Company Secretary in 2003.

Peter T.H. Lin 12

Deputy Treasurer
Vice President – Group Tax

Age 45, Mr. Lin received a MSc in Management Sciences from the University of Southampton and a BSc in Economics and Statistics from Coventry University. He is a Fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a member of the Institute of Chartered Accountants in England and Wales and the Taxation Institute of Hong Kong. Mr. Lin joined First Pacific in 1998 from KPMG where he was a Tax Manager. Prior to his appointment as Deputy Treasurer and Vice President of Group Tax in October 2014, Mr. Lin was Vice President of Group Tax and Treasury.

C. Noel E. Torres 13

Vice President
Group Corporate Development

Age 38, Mr. Torres received an MBA from the Wharton School at the University of Pennsylvania and a BSc in Mechanical Engineering from the University of the Philippines. Mr. Torres is a member of First Pacific's Group Corporate Development unit with responsibility for originating and executing merger and acquisition transactions and strategic investments. Prior to joining First Pacific in 2013, he was an executive in Metro Pacific Investment Corporations' business development team and an investment banker in the United States focused on the technology sector.


WELCOME
MR. MANNY V. PANGILINAN
Chairman, PLDT & SMART Foundation
WELCOME

CSR focus of First Pacific Group companies and foundations

MVP Sports Foundation

- Creates long-term sport development programs at both the grassroots and the elite level
- Supports mainly badminton, basketball, boxing, cycling, golf and taekwondo

Tulong Kapatid

Offers a framework for seamless coordination among First Pacific Group companies to:

- Share information, resources and volunteers for collective impact
- Eliminate inefficient duplication and identify synergies
- Present First Pacific Group companies as trusted partners in nation building in the Philippines

ideaspace

Promotes technology and science – based entrepreneurship in the Philippines:

- Conducts a national and Southeast Asian start-up challenge
- Organizes technopreneurship boot camps
- Offers financial support and training

PLDT Smart Foundation

Funds activities that promote:

- Education
- Livelihood and social enterprise
- Disaster response and recovery
- Youth and arts
- Sports development

Indofood

Social and community activities are embodied in the five pillars, namely:

- Building human capital
- Outreaching to the community
- Strengthening economic value
- Protecting the environment
- Solidarity for humanity

Metro Pacific Investments Foundation – Reaching Out to Change Lives

- Offers quality education through Mano Amiga ("Friendly Hands")
- Empowers people through a manpower-for-infrastructure cooperative
- Environmental awareness through *Shore it Up*

Philex Mining Corporation

- Social enterprise development
- Community development through Pusong Philex programs in health, education, livelihood and infrastructure
- Environmental conservation and promotion through Adopt-A-Mountain, Adopt-A-Forest Programs
- Climate change mitigation and adoption through participation in the National Greening Program

One Meralco Foundation

Provides funding and support for:

- Electrification of households and public schools in remote and island communities
- Energy education
- Electrical facilities rehabilitation of public schools
- Livelihood and enterprise development
- Youth development through sports
- Disaster relief efforts
- Employee volunteerism
- Power restoration support in disaster areas

Maynilad

Lead initiatives and forge partnerships that promote:

- Greater access to water for marginalized communities
- Health
- Water resource conservation
- Water education
- Sports advocacy
- Livelihood opportunities
- Disaster response

Metro Pacific Tollways

Support activities that lead to improvements in:

- Health
- The environment
- Education

MMC Makati Medical Center Foundation

- Forges Public - Private Partnerships for organizational strengthening of public and military hospitals
- Disaster and emergency medical response
- Conducts medical and surgical missions

Alagang Kapatid Foundation, Inc.

Funds activities that promote:

- Disaster response, recovery and rehabilitation
- Medical assistance for indigent patients

A culture of responsibility

First Pacific Group's companies conduct business with the highest regard for ethical responsibility while protecting and enhancing the interests of stakeholders. We offer equal opportunity to all employees, regardless of race, religion and gender for career development. Our commitment to creating value springs from our close connection to the real needs of the community. Our businesses have the duty to their communities to ensure that vital services such as telecommunications, power, water, food, medical services and roads are maintained.

First Pacific leads its CSR initiatives from the highest level. Management at the Head Office and within operating companies leverage their leadership to provide support to communities where their businesses are located.

CSR as a key contributor to the Group's mission

First Pacific continues to develop its CSR programs as a vital contributor to the Group's mission to "Create Long-term Value in Asia". In 2014, First Pacific Group companies continued their community contributions according to each company's CSR focus, as well as partnered with the CSR teams among Group companies to organize immediate emergency response to communities in need. We also focus on long-term programs to improve livelihoods, enhance health, educate and to protect the environment in each of the Group's home countries.

With approximately 40 employees based at the Head Office in Hong Kong, First Pacific offers:

Employee benefits

- Medical coverage for employees and their spouses and children
- All employees are entitled to medical checking package, and life and accident insurance
- Staff recreation club with approved funds for outings for employees and their families to promote employee and family relations
- Continuing education, encouraging employees to participate in job-related seminars provided by professional organizations and to enroll in part-time programs for knowledge enhancement

Environmental care

- Encouraging e-communication and filing
- Reduced paper consumption
- The implementation of e-communications with registered shareholders, reducing the quantity of printed financial reports by two-thirds
- Recycling of paper, plastic and metal waste
- Changed office facilities and with guidelines in place for energy conservation and reduce carbon output
- Encouraging conference calls and video conferences to reduce executives' travelling

Community support in Hong Kong

- The Community Chest
- Hope for Children
- Scholarships at Lingnan University
- Scholarship scheme for the Hong Kong Management Association

Emergency response

Throughout 2014, First Pacific Group continued to offer relief and assistance to the areas devastated by typhoon Yolanda. The disaster left 6,200 dead and over 4.1 million people displaced.

The Office of the Presidential Assistant for Rehabilitation and Recovery ("OPARR") designated the First Pacific Group disaster response platform, Tulong Kapatid, as the "development sponsor" of the province of Capiz and one of the development sponsors of Tacloban. PLDT provided Internet connectivity to OPARR.

Communications and mobile cash

Smart joined forces with the United Nations Children's Fund ("UNICEF") in helping Yolanda survivors, particularly children, reunite with their families. Smart provided UNICEF Smart Bro SIM cards and free airtime credits for over six months for its Rapid Family Tracing and Reunification program. Smart partnered with the United Nations Development Program ("UNDP") and Land Bank of the Philippines to enable and expand UNDP's ongoing mobile cash transfer program. Beneficiaries were able to join the cash-for-work program.

Food, water and shelter

Food, water, relief goods and shelter were the top priorities for stricken communities. PLDT-Smart Foundation ("PSF") provided over Pesos 2.3 million worth of relief goods to approximately 7,750 families and shelter kits for around 50 families at Pesos 19,000 per kit. PLDT Comrel rallied by donating drinking water in 20 affected municipalities from Leyte to Palawan, while PLDT also gave 700 water filters to Tacloban City. Maynilad partnered with the WASH Cluster of the UN to provide portable treatment machines, and has donated over 21,300 units of compact water filtration systems, benefiting some 42,660 families.

Rebuilding education, churches and livelihoods

PSF, One Meralco Foundation ("OMF") and TV5's social action platform Alagang Kapatid Foundation Inc ("AKFI") donated classrooms, food and learning kits.

PLDT also donated eight in Tacloban, a four-classroom school building in Antique and five chapels in partnership with Caritas Manila and Smart.

First Pacific Group rallied to help communities get back to work. Tulong Kapatid, handed over 50 fishing boats to Capiz's fishermen. PSF, OMF and AKFI also gave 30 fishing boats in Ormoc, large ecotourism rafts in Capiz and a community boat that can carry 20 to 30 passengers for transporting children to school. Smart provided Yolanda survivors from Leyte, Capiz and Samar with three-wheeled pedicabs, and over 400 retailer kits, which can be used to start small businesses selling airtime load.

IdeaSpace

The year 2014 saw the foundation advocating science and technology innovation and entrepreneurship for nation-building. Since its establishment in March 2012, IdeaSpace has invested in 29 companies.

Scaling Technopreneur Bootcamps to more communities in the Philippines

In the effort to scale opportunities for technology entrepreneurship and innovation for emerging markets not only in the country but in the region, IdeaSpace's community implemented programs in 23 cities, engaged in 87 events, and reached over 20,000 people. The third IdeaSpace Startup Competition attracted over 1,000 entries, a 60% jump from previous years. Submissions came from 16 countries apart from the Philippines.

International partnerships

IdeaSpace was invited to share its investment thesis in the first Bloomberg ASEAN Business Summit. The panel was about The Connected Generation, an open forum consisting of next-generation companies. The foundation was also invited to contribute to the US-Asia Technology Management Course at Stanford University to share the incubation and investment thesis being exercised in emerging markets.

Pilot local, scale global

Some companies in the IdeaSpace portfolio went on to gain international recognition. Timefree Innovations, a virtual queuing system that creates an environment of positive customer experiences for establishments with high volumes of customer transactions, did two international deployments in 2014. Sustainable Alternative Lighting (SALt), with their first product being a sustainable and cost-effective, ecologically designed lamp and mobile charger powered by "tap water" and table salt, represented the Philippines and made it to fourth place out of the 50 countries that competed in the Startup Nations 2014 held in South Korea. SALt also won people's choice awards and the KOTRA prize in this competition. SALt graduated from the IdeaSpace acceleration program in October 2014.

IdeaSpace adds 12 more companies to its portfolio

In 2014, the foundation invested in 10 more companies through the second competition. One co-investment was made in tandem with 500 startups – one of the largest startup funds in the world. These investments in 2014 translated to Pesos 30 million in direct investments for new startups in the portfolio, which were composed of second cohort investments, follow-on funding for startups from the first cohort, as well as two side investments.

For 2015, IdeaSpace sets its sights on the ASEAN integration, driving multipartite partnerships with institutions in the academe, government and industry to set up the building blocks for an innovation hub in the Philippines.

PLDT and its subsidiaries Smart and Sun Cellular leveraged interconnectivity and their technological expertise to improve the lives of underserved communities in the country through programs that cut across various sectors and industries.

Disaster preparedness and response

Disaster preparedness has become more important given the increasing vulnerability of the Philippines to disasters such as super typhoon Yolanda. In light of recent climatic emergencies, Smart continues to leverage the use of mobile phones for emergency and disaster preparedness. Working with the Office of Civil Defense-National Disaster Risk Reduction and Management Council ("OCD-NDRRMC") and Cebu-based tech startup, Tudlo Innovation Solutions, Inc., Smart launched Batingaw, a mobile application that transforms any smartphone into a lifeline during disasters and emergencies.

Batingaw – Tagalog for "siren" – is a pro-active and comprehensive disaster management mobile application adopted by the OCD-NDRRMC for their nationwide disaster management efforts. The mobile application gives government agencies, organizations, and individuals immediate access to disaster warnings, advisories, location data, and disaster mappings. It guides users to safety during disasters and enables them to contribute information to emergency response agencies more easily and quickly.

Using this successful model as a guide, Smart will continue to deploy and implement a combination of mobile-based solutions for an integrated disaster preparedness and response strategy that can be used as a global benchmark for future disaster preparedness programs and planning.

In 2014, PLDT group has also helped communities affected by Pablo in Cateel, Davao Oriental. It has turned over to the provincial government of Davao Oriental the first batch of housing units that were constructed in the municipality of Baganga. Twenty-nine housing units have been turned over to beneficiaries identified by the provincial government in April 2014. The site will have a total of 266 housing units. The housing project was funded by First Pacific Group companies and will be named MVP Tulong Kapatid Homes.

mEducation

Smart has sustained its initiatives in the mobile education space as a means to help give more people access to quality education. Programs include digitizing the content of the Department of Education's Bureau Alternative Learning System ("BALS"), giving the department's mobile teachers access to the BALS mobile application anytime, anywhere, online or offline. Non-formal learners in remote areas can also access the learning modules through an Interactive Voice Response System.

Through the Smart Virtual Extension Classroom ("Smart VEC") model, island schools that lack teachers can access to learning resources from expert teachers in science, technology, engineering and mathematics ("STEM"). Smart VEC incorporates a STEM-focused learning platform developed by the Bernido scientists, tablet and cloud technologies, connectivity, and a TeachRemote mobile application that was developed for this purpose.

Smart also began SWEEPx: Mobile Apps Development in 2014 – a five-day training course for teachers that aims to level the playing field by giving teachers from colleges and universities with knowledge on Java and Object-Oriented Programming the capability to create applications on Android devices. The demand for developers of mobile applications continues to increase as fast as smartphone usage. With SWEEPx, Smart aims to nurture the mobile apps development community by building a bigger base of Android application developers in schools.

Smart also co-developed with the University of the Philippines Open University ("UPOU") the country's first Massive Open Online Course ("MOOC") that allows anyone with an Internet connection to access online courses from the UPOU wherever they may be in the world. The first course is on Android mobile applications development, which registered nearly 700 enrollees on its first run in July-October 2014. Smart and UPOU will also offer courses on techno-entrepreneurship and iOS applications development under the program.

Smart partnered with the Department of Education again for Abot Alam, an initiative that aims to create opportunities for education, employment, and entrepreneurship for the millions of out-of-school youth ("OSY") in the country. The program aims to map out all the country's OSY aged 15-31 and match them with appropriate government or civil society programs that will give them a chance to finish high school, acquire needed skills, and be given opportunities for employment or entrepreneurship.

mHealth

By forging an alliance with the Ateneo Java Wireless Competency Center, Smart engaged in health-related and technological initiatives to enhance the Secured Health Information Network and Exchange ("SHINE") and made it an open-source platform that allows users to contribute modules and plug-ins. Launched in 2011 in consultation with the Department of Health and various stakeholders, SHINE is the first cloud-based electronic medical record and e-referral system in the country, readily deployable in any area with Internet coverage. A multi-awarded mHealth platform here and abroad, SHINE enables health facilities and professionals to create an electronic medical record, send electronic referrals to other health facilities, generate reports, and send SMS reminders to patients.

Building livelihoods and communities

Smart, in collaboration with the Bureau of Fisheries and Aquatic Resources, Philippine National Police Maritime Group and United States Agency for International Development, launched an SMS hotline that enables concerned citizens and law enforcement personnel to report maritime violations quickly and easily. The 700 DALOY (Dedicated Alert Lines for Ocean Biodiversity) hotline was piloted in Tawi-Tawi and will be later available in other parts of the country.

Indofood is firmly committed to providing quality and safe products to its customers, in a way that does not disadvantage the local communities nor compromise the environment in which it operates.

The company is committed to its sustainable CSR programs, which are in line with its mission to contribute to the welfare of society and the environment, as well as to continuously build stakeholders' value.

Protecting the environment

Sustainable plantations

Through its Agribusiness group IndoAgri, Indofood is actively engaged in the sustainable production of palm oil. It benchmarks its efforts to the best industry sustainability practices and standards. It has made a commitment to achieving the Roundtable on Sustainable Palm Oil ("RSPO") and Indonesian Sustainable Palm Oil ("ISPO") for all its estates and palm oil mills by 2019.

As of the end of December 2014, 332,000 tonnes or 35% of IndoAgri's total CPO production were certified to RSPO standards. Indofood group also achieved ISPO certification for 45,000 tonnes, or 5%, of the total CPO production. RSPO is recognized globally as the highest standard in sustainable palm oil production. This audit includes eight principles, 41 criteria, and 139 key points, of which 22 key points come under environmental responsibility.

Summary of RSPO principles and criteria:

		Indonesian National Interpretation Indicators	
Principle	**Number of Criteria**	**Major**	**Minor**
Commitment to transparency	3	2	2
Compliance with applicable laws and regulations	3	6	8
Commitment to long-term economic and financial viability	1	1	1
Use of appropriate best practices by growers and millers	8	19	22
Environmental responsibility and conservation of natural resources and biodiversity	6	8	9
Responsible consideration of employees and of individuals and communities affected by growers and mills	11	20	16
Responsible development of new plantings	8	12	11
Commitment to continuous improvement in key areas of activity	1	1	1
Total	41	69	70

IndoAgri's sustainability report is available at www.indofoodagri.com.

Responsibility in the value chain

IndoAgri is working with its external CPO suppliers on its Palm Oil Sourcing Policy and Responsible Supplier Guidelines. Approximately 80% of its third-party CPO suppliers have agreed to participate.

Indofood has developed an integrated KPI Data Management System. Leveraging its SAP infrastructure, it captures all the relevant data into a single consistent source, providing real-time operational and agronomy data to the managers. It is also implementing an RSPO carbon accounting tool to establish a carbon baseline across the group, measure its carbon footprint, and set action plans to mitigate emissions.

IndoAgri adopts a zero burning policy to reduce carbon footprint and maintain High Conservation Value (HCV) areas in accordance with RSPO and ISPO requirements. It is also phasing out the use of paraquat by exploring alternative herbicides and taking advantage of the high potassium content found in by-products to replace the use of chemical fertilizer.

From palm oil to other crops

In Indonesia, there are no viable sustainability standards for cocoa, rubber and tea. IndoAgri is working with the Partnership for Indonesia Sustainable Agriculture to migrate relevant best practices from other international standards like RSPO to develop guidelines for sustainable farming in Indonesia.

In Brazil, IndoAgri has a 50% stake in sugar cane plantations and mills through Companhia Mineirade Açúcar e Álcool Participações ("CMAA"). In 2014, CMAA was awarded the Bonsucro certification for the first 2,687 hectares of its operations. Bonsucro is a globally recognized standard and a multi-stakeholder NGO similar to RSPO.

PROPER

In 2014, Indofood had five additional operating units participating in the Environment Ministry's Program for Company's Environmental Management Performance Rating (PROPER). This brings its total PROPER-certified operating units to 47.

Sustainable tree planting

In collaboration with WWF Indonesia, Indofood conducted a tree planting program in the protected forest of Mount Wilis in East Java. Some 4,000 trees were planted to recover the watershed (Daerah Aliran Sungai) area of Brantas.

Building human capital

Indofood scholarship ("BISMA")

BISMA is Indofood's scholarship program for outstanding students from elementary to university level. Over the past decade, 27,279 children of Indofood employees have benefitted from this scholarship.

Indofood also collaborated with the Karya Salemba Empat Foundation to award scholarships to tertiary students with financial difficulties. In 2014, a total of 12 reputable universities in Indonesia became part of the program.

During training at the Indofood Leadership Camp, BISMA recipients learned about the company's systems, procedures and work culture. On-the-job training and internship opportunities were offered. In 2014, some 130 university scholars were chosen through a rigorous selection process. Since 2008, BISMA has been awarded to 1,245 university students.

Building human capital through nutrition improvement

Indofood strongly advocates the international Scaling Up Nutrition (SUN) Movement, founded on the principle that everyone has a right to food and good nutrition. Indofood's director, Axton Salim has been serving as co-chair of the SUN Business Network since 2014.

Indofood has a Public Private Partnership with the Health Ministry's Center for Health Promotion through Indofood's manufacturer of high-quality food for infants and milk products for expectant and lactating mothers.

Laser Beam Project ("LBP")

Indofood supports the LBP in the East Nusa Tenggara Province, providing supplementary foods for 10,000 breast-feeding infants between the ages of 6 to 24 months.

Strengthening economic value

Indofood is focused on establishing sustainable and mutually beneficial partnerships to generate long-term economic value. Its business partners range from farmers and breeders to retailers, suppliers and small traders across the company's supply chain.

Since 2005, Indofood has established 2,800 potato farmer partnerships to supply raw material for the snack foods division.

In 2014, it initiated a partnership with the Sustainable Trade Initiative to train and guide these smallholders on RSPO compliance. Its smallholders program focuses on supporting a nucleus-plasma scheme through the development of inclusive supply chains. It also embarked on a program to RSPO-certify its plasma and ex-plasma holders, and aimed to welcome the first batch of RSPO smallholders in 2015.

Partnership for Indonesia Sustainable Agriculture ("PISAgro")

Indofood is committed to practicing sustainable agriculture and has been a member of PISAgro since 2011. Its PISAgro goal is to improve by agricultural productivity by 20%, farmer welfare also by 20% and reduce the effects of greenhouse gases also by 20% by 2020.

In PISAgro, Indofood is chair of the Potato Working Group Commodities and a member of the Soybean Working Group Commodities. It collaborates with Balista, the Indonesian Vegetable Research Institute, to develop certified pathogen-free potato seeds.

Bogasari Mitra Card ("BMC") Program

BMC is a special membership program for traditional operators and SME partners who use Bogasari flour in their culinary businesses. Member benefits include training, promotional support, financial assistance, and insurance coverage. In 2014, BMC has acquired more than 55,340 members.

Capacity building for tempe producers

Tempe is a popular fermented soybean cake and a staple source of protein for the locals. Indofood helps tempe producers improve the hygiene and efficiency of their production, with some raising their daily production from 50kg to 1,000kg. Increased tempe production has, in turn, benefitted the surrounding cow breeders, who use the protein-rich soybean by-products as livestock feeds.

Reaching out to the community

Cataract surgery

In 2014, the Agribusiness group partnered with the Indonesian Army to provide Cataract Surgery to the 464 patients in the community around plantation areas.

Qurban offering donations

During Eid-ul-Adha in 2014, Indofood donated qurban offerings of 58 cows and 169 goats to its neighbouring communities.

Solidarity for humanity

Indofood cares

In 2014, Indofood established Indofood Peduli Posts (relief centers) for the emergency efforts in several locations such as Jambi, Lampung, DKI Jakarta, Central Java, West Kalimantan, South Kalimantan, North Sulawesi, Kendari and South Sulawesi; fire disaster management in Purwakarta and West Sumatera; Sinabung volcanic eruption management in North Sumatera and the Rokatenda eruption in East Nusa Tenggara.

MPIC CSR programs cover a wide range of initiatives from infrastructure development to environmental conservation. Capacity building for underprivileged communities is also on MPIC's list of program areas.

Empowering people through Manpower for Infrastructure Cooperative

Launched in 2012, the Manpower for Infrastructure Cooperative Development project is a sustainable livelihood and enterprise development program for 25 urban poor households of Ana Maria Heights, Barangay Calamansian in Caloocan City. In cooperation with the Philippine Business for Social Progress, of which MPIC is a member company, the community-based cooperative project embarks on raising the quality of labor skills of its members for possible employment within MPIC's business portfolio. The 25 highly skilled workers on masonry, carpentry, plumbing, electrical lining, and construction painting who signed up for the project, underwent various strategic planning workshops, including a one-day course on basic financial management given by MPIC's group controller. As part of the cooperative governance and pre-membership education seminars, the group familiarized themselves with their organizational structure and roles of each officer and formed committees to oversee education, election, ethics, membership, and mediation and policy formulation.

Environmental awareness through Shore It Up!

Now on its seventh year, the Shore It Up! campaign continues to promote sustainable development and the preservation and conservation of Philippine's marine resources. As a yearly program of the foundation, it also aims to help reduce destructive floods caused by environmental neglect by both businesses and communities. Shore It Up! continued to implement a coastal and underwater clean-up and environmental protection campaign after its successful start in 2009. With over 75,000 volunteers, including 10,000 graduates of the Junior Environmental Scouts from various public schools, Shore it Up! has undertaken the construction of three Mangrove Propagation and Information Centers in key cities of the three major island in the Philippines.

Special outreach activities: Faith, Hope and Love

In order to serve underprivileged youth, MPIC launched the Faith, Hope & Love Kid's Ranch Inc. in 2004, and continues to operate it to this day. It was established by the Lamar family to give abandoned, abused, neglected and orphaned children a second chance at life. The facility currently has about 40 children under its care and is registered with the Department of Social Welfare.

Tulong Kapatid improving lives of communities

The CSR Council composed of foundations and CSR units of First Pacific Group companies formed Tulong Kapatid (Brotherly Help) to implement environmental programs, including tree planting and coastal clean-up, as well as health projects like the establishment of blood banks and the conducting of medical missions. Disaster preparedness and responsiveness are also part of Tulong Kapatid's mission. Tulong Kapatid recently provided coordination for medical assistance and service restoration in telecommunications, electricity and water.

Philex In line with the company's policy of promoting corporate social and environmental responsibility, Philex and its subsidiaries, including Philex Gold Philippines, Inc. ("PGPI") and Lascogon Mining Corporation ("LMC"), continuously implement environmental management measures in the areas of land and water resources, as well as air quality management. PMC aims to mitigate the impacts of its operations on the environment, promote environmental awareness among its stakeholders and ensure improved operations.

Environmental management

Philex continues the implementation of its Annual Environmental Protection and Enhancement Program for its Padcal mine in Benguet Province. Philex and its subsidiaries also undertook environmental initiatives in its various mine sites to support the national government's environmental conservation efforts, including the National Greening Program of the Department of Environment and Natural Resources. The reforestation and forest protection of Padcal mine involved the creation of a new 100-hectare plantation area, maintenance and enhancement of 265 hectares of existing plantation, and a 75-hectare agroforestry project that also underwent maintenance and enhancement.

Philex also donated 10,500 seedlings in support of the National Greening Program, which saw 218,987 assorted seedlings planted for the year. The company ensured the maintenance and protection of bamboo plantations and vegetation at decommissioned Tailings Storage Facility 1.

In Negros Occidental, PGPI and PMC continued its projects in Vista Alegre, Cayas, Bulawan and Bulog. Among them is the ongoing Agroforestry Project in Bulawan mine site, which includes the maintenance of the existing and developed 12-hectare coffee plantation, now home to more than a thousand trees; the now 10-hectare coffee expansion area; and the planting of calamansi bushes and lanzones, guava, durian and pomelo trees in the area.

At the Bulawan Central Nursery, a seedling production program by PGPI continues. Some 10,000 robusta coffee, 10,000 arabica coffee, grafted lemon, calamansi marcots being introduced, as well as fruit bearing stocks and various vegetables.

In the Sibutad mine in Zamboanga del Norte, PGPI participated in the National Greening Program and continuous implementation of the Coastal Resource Management mangrove reforestation project. PGPI also propagated 6,500 Falcata seedlings, collected and planted 55,400 mangrove propagules and planted a mangrove area of 5 hectares in Sibutad. It tapped the Philippine Association of Landscape Architects to assess the care and maintenance of the site and conceptualize possible alternative uses for the land.

Community development initiatives

Community engagement work entails the establishment of networks and development of partnerships with the various stakeholders, including the local government units, concerned government agencies, communities, and other local entities. Part of the engagement is the continuous implementation of information, education and communication projects ("IEC") and community development programs ("CDP") that support exploration and social development management programs ("SDMP") and the development of mining technology and geosciences ("DMTG") for Padcal mine.

Philex implemented IEC, DMTG and SDMP in health, education, livelihood and public infrastructure projects in Padcal mine area, as well as for its other mining projects areas.

PLP as a power generation and electricity retailing company, it recognizes the importance of social responsibility and the company strives to maximize efficiency. In 2014, PLP has implemented high quality equipment and adopted sustainable practices to ensure that resources are used wisely across its operations. Maximizing efficiency allows the company to produce electricity with the least emission and at more competitive prices.

PLP's Jurong Island Power Generation Facility received the Green Mark Award from the Building Construction Authority of Singapore and was also registered as a Clean Development Mechanism ("CDM") project under the United Nations Framework Convention on Climate Change. The plant is the largest CDM project in Singapore.

Environmentally friendly features

The plant was designed to include energy-saving lighting; the use of reclaimed water throughout the plant; water saving fittings; environmentally friendly materials and resources; and recycling across the site.

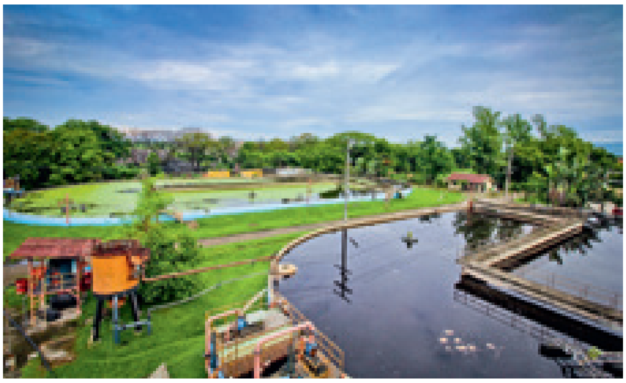
Its high level of efficiency is a result of its combined cycle system which allows waste heat content from the combustion turbine to be recycled in the heat recovery steam generators. This in turn is used to drive a steam generator and produce additional electricity. The F-class gas turbines of the power plant are designed to comply with stringent international emissions standards and are able to ramp up its full capacity in 60 minutes, making it one of the most efficient and flexible power plants operating in the region.

Community support

In 2014, PLP supported CSR activities organized by Run for Hope 2014, the Community Chest, Dignity Kitchen, Singapore Cancer Research and GK1 World (Singapore) Ltd. It also sponsored the Typhoon Relief Gala Dinner organised by GK1 World (Singapore) Ltd. and the Community Chest's Singapore Power Heartware Fund 2014 – Charity Golf 2014.

RHI Roxol Bioenergy Corporation's initiatives to mitigate its carbon footprint and maximize the image of waste products have earned for the communities in Negros Occidental a Pesos 4.3 million grant from the World Bank, which was used to fund the Community Benefits Plan ("CBP"). The CBP was implemented in partnership with Roxas Foundation, Inc. and its five-fold plan consisting of projects on livelihood, education, public infrastructure, environmental protection and conservation, and accessibility of healthcare.

RHI's green initiatives made an approximately Pesos 16.7 million saving on energy and power expenses. Its newly installed pollution control facilities also significantly improved its emission performance to beyond the standards.



Corporate Governance Report

Governance Framework

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.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed issuers (as set out in Appendix 10 to the Listing Rules).

Having made specific enquiry of all Directors, the Company can confirm that all of the Directors have complied with the Company's Model Code for Securities Transactions by Directors throughout the year of 2014.

Directors' interest in securities of the Company and its associated corporations as at 31 December 2014 have been disclosed in the Report of the Directors as set out in this Annual Report.

Whistleblowing Policy

The Company has put in place a Whistleblowing Policy to increase the awareness of maintaining internal corporate justice through this internal control mechanism. This policy is intended to assist individual employees of the FP Group to disclose information relevant to any suspected misconduct, malpractice or irregularity which he/she has become aware of or genuinely suspects that the FP Group has been or may become involved in through a confidential reporting channel. The policy is regularly reviewed to ensure its effectiveness and is posted on the Company's website (www.firstpacific.com). In 2014, the Company did not receive any disclosure of information under the Whistleblowing Policy.

Board of Directors

As at the date of this Annual Report, the Board is comprised of eleven Directors, of whom three are Executive Directors, eight are NEDs of whom four are INEDs. Since four out of our current eleven-member Board are INEDs, the Company complies with the Listing Rule requirements that INEDs shall represent at least one-third of the Board. The composition of our current Board is as follows:

Non-executive Directors	Independent Non-executive Directors	Executive Directors
Anthoni Salim (Chairman) Term of Appointment: 31 May 2012 (re-elected) to 2015 AGM	**Graham L. Pickles** Term of Appointment: 28 May 2014 (re-elected) to 2017 AGM	**Manuel V. Pangilinan** Term of Appointment: 30 May 2013 (re-elected) to 2016 AGM
Benny S. Santoso Term of Appointment: 28 May 2014 (re-elected) to 2017 AGM	**Prof. Edward K.Y. Chen**, *GBS, CBE, JP* Term of Appointment: 30 May 2013 (re-elected) to 2016 AGM	**Edward A. Tortorici** Term of Appointment: 30 May 2013 (re-elected) to 2015 AGM
Napoleon L. Nazareno Term of Appointment: 28 May 2014 (re-elected) to 2017 AGM	**Margaret Leung Ko May Yee**, *SBS, JP* Term of Appointment: 30 May 2013 (re-elected) to 2016 AGM	**Robert C. Nicholson** Term of Appointment: 28 May 2014 (re-elected) to 2017 AGM
Tedy Djuhar Term of Appointment: 28 May 2014 (re-elected) to 2015 AGM	**Philip Fan Yan Hok** Term of Appointment: 30 May 2013 (re-elected) to 2016 AGM	

During the year, there was no change to the composition of the Board or the Board Committees.

Board Process

The Board usually meets formally at least four times a year to review operational performance and financial plans, monitors the implementation of strategy and any other significant matters that affect the operations of the Group, and approves matters specifically reserved to the Board for its decision.

Schedule for the regular Board/Board Committee meetings in each year (subject to amendment) is made available to all Directors/ Board Committee members before the end of the preceding year to provide sufficient notice to Directors enabling them to attend. In addition, notice of at least 14 days will be given of a regular board meeting to give all Directors an opportunity to attend. For all other Board/Board Committee meetings or special meetings, reasonable notice will be given. Apart from attending the scheduled meetings, all Directors will use their best endeavors to attend ad-hoc meetings, even on short notice, either in person or by teleconference, when necessary.

Meeting agendas for regular board meetings are set after consultation with the Chairman and the Executive Directors. All Directors are given an opportunity to include matters in the agenda. Directors have access to the advice and services of the Company Secretary to ensure that board procedures, all applicable rules and regulations, are followed. Adequate and appropriate information, in the form of agendas, board papers and related materials, are prepared and provided to the Directors prior to the scheduled dates for the Board meetings in a timely manner.

In March 2014, the Company installed the ICSA Software and implemented the distribution of Board/Board Committee papers through an electronic platform. Those Directors who chose to access Board/Board Committee papers through the electronic platform were provided with an iPad. A reading room was added to the platform to provide Directors with access to relevant information relating to the Company. The implementation ensures timely and secure provision of information to Directors, while reducing paper usage at the same time.

Minutes of the Board/Board Committee meetings are kept by the Company Secretary. Minutes are open for inspection at any reasonable time on reasonable notice by any Director.

Minutes of the Board/Board Committee meetings have been recorded in sufficient details including matters considered by the Board/Board Committees, decisions reached, any concerns raised by the Directors/Board Committee members or dissenting views expressed by them. Draft and final versions of minutes of the Board/Board Committee meetings are sent to all Directors/Board Committee members for their comments and records respectively within a reasonable time after the meeting. Chairmen of the Board Committees report on important issues discussed and reviewed by the Board Committees, at each Board meeting.

In addition to the regular financial performance reports submitted to the Board at its regular meetings, the Directors also receives monthly financial and business updates with information on the Company's latest financial performance. Directors can therefore have a balanced and understandable assessment of the Company's performance, position and prospects throughout the year.

The Board reviews and evaluates its work process and effectiveness annually, with a view to identifying areas for improvement and further enhancement. The Board also regularly reviews the time commitment required from the NEDs (including the INEDs).

Under the bye-laws of the Company, a Director should not vote or be counted in the quorum in respect of any contract, arrangement, transaction or other proposal in which he/she or his/her associate(s) is/are materially interested.

Board Evaluation

The Company conducted a performance evaluation of the First Pacific Board for 2013 in the form of a questionnaire to be completed by each Director individually. Based on the response received, the Company's Directors generally understand their duties and responsibilities individually and as a Board. They also considered the Company's corporate governance policies and process to be sufficient and in compliance with the current CG Code and the Listing Rule requirements. Similar questionnaire will be sent to all Directors on an annual basis.

Attendance Records

The Board held eleven meetings in 2014, of which five were scheduled physical board meetings and six were held on an ad hoc basis (one by physical board meeting and five by teleconference) when a Board decision is required on major issues. The attendance records of the Board and Board Committee meetings as well as the AGM held in 2014 are shown in the following table. The overall attendance rate of Directors at Board Meetings was 86% while for the Board Committee meetings was 100%. The high attendance record at the Board and its Board Committee meetings in 2014 demonstrates Directors' strong commitment to the Company.

	Meetings held in 2014						
	Physical Board	**Board via Teleconference**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Corporate Governance Committee**	**2014 AGM**
Number of Meetings	6	5	5	2	1	2	1
Executive Directors							
Manuel V. Pangilinan	6/6	4/5	1/5#	2/2	1/1	–	1/1
Edward A. Tortorici	6/6	1/5	1/5#	–	–	–	1/1
Robert C. Nicholson	6/6	5/5	4/5#	–	1/1#	2/2	1/1
Non-executive Directors							
Anthoni Salim	4/6	2/5	–	–	1/1	–	1/1
Benny S. Santoso	6/6	5/5	5/5	–	–	–	1/1
Napoleon L. Nazareno	5/6	3/5	–	–	–	–	1/1
Tedy Djuhar	5/6	3/5	–	–	–	–	0/1
Independent Non-executive Directors							
Graham L. Pickles	6/6	5/5	5/5	2/2	1/1	–	1/1
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	6/6	5/5	5/5	2/2	1/1	2/2	1/1
Margaret Leung Ko May Yee, *SBS, JP*	6/6	5/5	5/5	–	–	2/2	1/1
Philip Fan Yan Hok	6/6	5/5	–	–	1/1	2/2	0/1
Average Attendance Rate	94%	78%	100%	100%	100%	100%	82%

Not a member of the respective Board Committees but attended the Committee meetings

Board Diversity

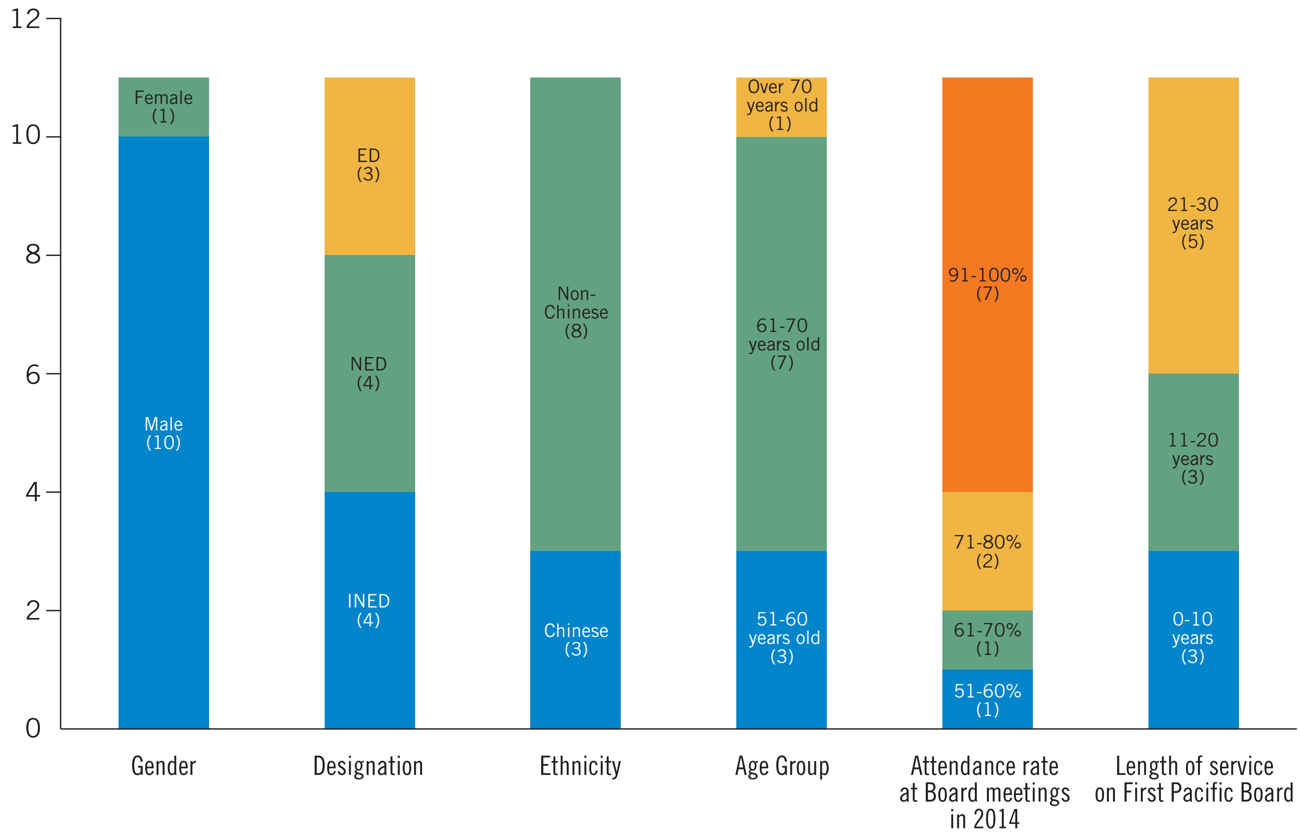
The Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The Board has a balance of skill and experience appropriate for the requirements of the Group's businesses.

As at the date of this Annual Report, Members of the Board came from different background, with a diverse range of academic, business and professional expertise. Brief biographical information of each of our Directors is set out in the section "Board of Directors and Senior Executives" in this Annual Report.

The Board considers that its diversity, including gender diversity, is a vital asset to its businesses. In August 2013, the Board adopted a Board Diversity Policy, which is available on the Company's website (www.firstpacific.com) for better transparency and governance. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company remains committed to meritocracy in the board room, which requires a diverse and inclusive culture where Directors believe that their views are heard, their concerns are attended to and they serve in an environment where bias, discrimination and harassment on any matter are not tolerated.

An analysis of the Board's current composition is set out in the following chart:

Number of Directors



The Company has maintained on its website (www.firstpacific.com) and on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) an updated list of its Directors identifying their roles and functions and whether they are INEDs. INEDs are also identified as such in all corporate communications that disclose the names of the Company's Directors.

Chairman and Chief Executive

The roles of the Chairman and Chief Executive Officer of the Company are separate, with a clear division of responsibilities.

Currently, Mr. Anthoni Salim, a Non-executive Director, is the Chairman of the Company and Mr. Manuel V. Pangilinan, an Executive Director, is the Managing Director and Chief Executive Officer of the Company. Accordingly, the roles of the chairman and chief executive officer of the Company are segregated and are not exercised by the same individual. The division of responsibilities between the Chairman and the Chief Executive Officer of the Company are set out in the First Pacific Code.

Responsibilities of Directors

The Board is responsible for the success of the Company by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith and in the best interests of the Company. Directors are expected to devote sufficient time and attention to performing their duties and responsibilities. The Directors are aware of their collective and individual responsibilities to all shareholders for the manner in which the affairs of the Company are managed, controlled and operated.

The Executive Directors, led by the Managing Director and Chief Executive Officer, are responsible for the day-to-day management of the Company's operations. In addition, there are regular meetings with the senior management of subsidiary, associated and joint venture companies, at which operating strategies and policies are formulated and communicated.

The Company has established a policy enabling all Directors to seek independent professional advice in appropriate circumstances, at the Company's expense. The Board will provide separate independent professional advice to Directors to assist the relevant Director or Directors to discharge his/her/their duties to the Company as and when requested or necessary.

The Company has arranged Directors' and Officers' Liability Insurance for a total liability limit of US$40 million, renewable annually in May of each year. The underwriters are AIG Insurance Hong Kong Limited, ACE Insurance Limited, Federal Insurance Company, Liberty International Underwriters and Allied World Assurance Company, Ltd, who are all specialists in the Directors' and Officers' Liability Insurance market.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall not be dealt with by way of circulation of written resolutions or by a Committee (except an appropriate Board Committee set up for that purpose pursuant to a resolution passed in a Board meeting) but a Board meeting shall be held. A majority of the INEDs who, and whose associates, have no material interest in the transaction shall be present at such Board meeting.

Appointment and Re-election of Directors

The Company uses a formal, considered and transparent procedure for the appointment of new Directors. Before a prospective Director's name is formally proposed, opinions of the existing Directors (including the NEDs and INEDs) will be solicited. The proposed appointment will first be reviewed by the Nomination Committee, taking into account the balance of skills, and knowledge and experience on the Board. Upon recommendation of the Nomination Committee, the proposed appointment will then be reviewed and, if thought fit, approved by the Board after due deliberation.

In accordance with the Company's bye-laws, any new Director appointed by the Board to fill a casual vacancy shall remain as a Director of the Company until the next following AGM and then he/she shall be eligible for re-election at that meeting.

In accordance with the Company's bye-laws and the First Pacific Code, every Director, including the NEDs and INEDs, or those appointed for a specific terms, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election at the AGM.

Each year, the Nomination Committee received from each of the INED an annual confirmation of his/her independence. The independence of the INEDs has been assessed in accordance with the guidelines set out in Rule 3.13 of the Listing Rules. As a good corporate governance practice, every Nomination Committee member abstained from assessing his/her own independence.

Following such assessment, the Nomination Committee affirmed, and the Board concurred, that all the INEDs continued to demonstrate strong independence in judgment and were free from any business or other relationship which could interfere with their ability to discharge their duties effectively, and they are therefore considered as independent. Each INED is required to inform the Company as soon as practicable if there is any change in his or her own personal particulars that may affect his or her independence. No such notification was received during 2014.

In 2014, the Nomination Committee considered the independence of Mr. Graham L. Pickles, who has served as an INED of the Company for more than nine years. Mr. Pickles has extensive knowledge and experience in the financial accounting sector. During his years of service, Mr. Pickles continues to demonstrate strong independence in judgment and is free from any business or other relationship with the Company which could interfere with his ability to discharge his duties effectively. Notwithstanding his years of service, the Nomination Committee was of the view that Mr. Pickles is able to continue fulfilling his role as an INED and he is therefore considered as independent.

All Directors do not have any financial, business, family, or other material/relevant relationship with each other. Non-executive Directors (including INEDs) have the same duties of care and skill and fiduciary duties as Executive Directors. The biographies of the Directors are set out on pages 52 to 59.

Succession Planning

The Board recognizes the importance of having continuity in the senior management, maintaining leaders with appropriate skills and experience to support the delivery of the Group's strategic priorities. Senior management succession planning is a regular board agenda item to be considered by the Board.

Directors' Training

The Board was informed of updates of current Listing Rules, accounting practices and disclosure requirements, as and when necessary.

Further, all Directors are provided with briefings and training on an on-going basis each year to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities under the applicable laws, rules and regulations. Such briefings and training are provided at the Company's expenses.

During the year, the Company arranged for a Directors' training session relating to Synopsis on Legal and Regulatory issues with emphasis on Continuing Connected Transactions, which was attended by a majority of our Directors and senior management.

Furthermore, certain Directors also attended external seminars on topics relevant to their duties as Directors. The Company maintains proper records of the training provided to and received by its Directors during the year.

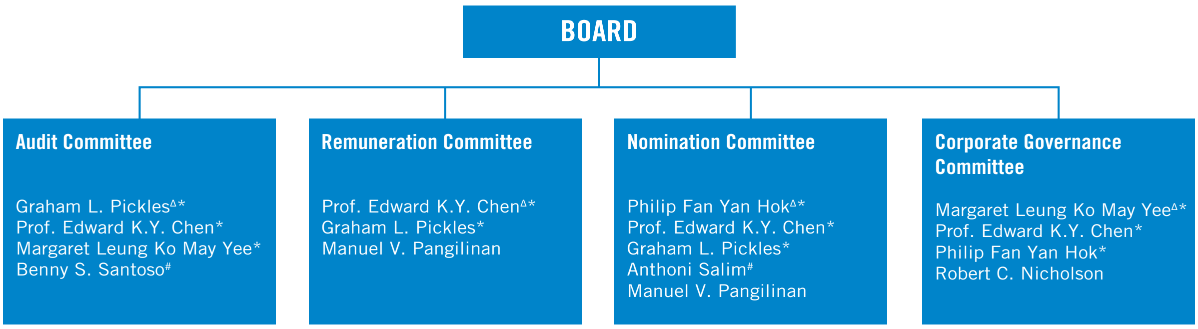
Analysis of Directors' Training in 2014:

	Training in relation to continuing connected transactions and their disclosure	Training in relation to discharge of responsibilities as INEDs	Training in relation to Money Laundering	Training on recent regulatory developments on corporate governance	Attend external seminar(s) and/or read briefing
Executive Directors					
Manuel V. Pangilinan	✓			✓	✓
Edward A. Tortorici	✓			✓	✓
Robert C. Nicholson	✓				✓
Non-executive Directors					
Anthoni Salim	✓				✓
Benny S. Santoso	✓			✓	✓
Napoleon L. Nazareno	✓			✓	✓
Tedy Djuhar					✓
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	✓	✓		✓	✓

Board Committee

The Board has set up four Committees, namely the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee, in order to assist the Board in carrying out its responsibilities.

The current composition of the four Board Committees is as follows:



Δ *Chairman of the Committee*
* *INED*
\# *NED*

Each of these Committees has specific written terms of reference, which set out in detail their respective authorities. Each Committee reviews its terms of reference and effectiveness regularly. The terms of reference of all the Board Committees have been made available on the Stock Exchange's and Company's website (www.firstpacific.com). All Board Committees are comprised of a majority of INEDs and chaired by an INED. All Committees report back to the Board on their decisions or recommendations on a regular basis.

Audit Committee

The Audit Committee is currently comprised of four Non-executive Directors, three of whom are INEDs, with Mr. Graham L. Pickles, who possesses appropriate professional qualifications and experience in financial matters, acting as chairman of the Audit Committee. This is in compliance with Rule 3.21 of the Listing Rules.

The Audit Committee's written terms of reference, which describe its authorities and duties, are regularly reviewed and updated by the Board. Reporting to the Board, the Audit Committee reviews matters within the purview of audit, such as financial statements and internal controls, to protect the interests of the Company's shareholders. The Audit Committee also performs an independent review of the interim and annual financial statements.

Members of the Audit Committee meet regularly with the Company's external auditors and hold separate sessions in the absence of management. The Audit Committee discussed the audit process and accounting issues and reviewed the effectiveness of internal controls and risk evaluation. Special meetings are also convened, where appropriate, to review significant financial or internal control issues. Minutes of the Audit Committee meetings are prepared with details of the matters considered and decisions reached.

During the year, the Audit Committee held five meetings. Attendance record of each Committee members is shown in the section headed "Attendance Records". Major work performed by the Audit Committee during the year was as follows:

- reviewed the Company's annual results and financial statements for the year ended 31 December 2013 and the related documents, financial reporting and audit issues noted by the Company's external auditor;
- reviewed the Company's interim results and financial statements for the six months ended 30 June 2014 and the related documents, financial reporting and audit issues noted by the Company's external auditors;
- reviewed the revised accounting standards and prospective changes to accounting standards, and the impact on the Group's financial statements;
- conducted annual reviews of the Group's continuing connected transactions pursuant to Listing Rule requirements;
- reviewed the engagement and remuneration of the Company's external auditor, its independence and objectivity, and the effectiveness of the audit process;
- recommended the re-appointment of the external auditor for shareholders' approval at the 2014 AGM;
- reviewed the adequacies of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budgets;
- exercised oversight over the Group's financial reporting system, internal control and risk management procedures;
- exercised oversight over the audit committees of the Company's major operating companies;
- considered the proposed disposal by Indofood of a majority controlling interest in China Minzhong and the related matters;
- considered the proposed revision of the 2014-2016 annual caps and certain new transactions in relation to Indofood's CCTs and the related matters;
- considered the 2014 Audit Plan for the First Pacific Group; and
- reviewed the Audit Committee's effectiveness in discharging its role and responsibilities and its terms of reference and made recommendation to the Board for any changes;

Remuneration Committee

The Remuneration Committee is currently comprised of a majority of INEDs, and chaired by Prof. Edward Chen, an INED. It has specific written terms of reference which deal clearly with its authorities and duties. The terms of reference of the Remuneration Committee have included the specific duties set out in paragraphs B.1.3(a) to (j) of the First Pacific Code, with appropriate modifications, where necessary.

During the year, the Remuneration Committee held two meetings. Attendance record of each Committee members is shown in the section headed "Attendance Records". Major work performed by the Remuneration Committee during the year was as follows:

- made recommendations to the Board on the Company's policy and structure for Directors' and senior management's remuneration;
- established a formal and transparent procedure for developing the remuneration policy;
- assessed the performance of executive directors and approved the terms of executive directors' service contracts;
- reviewed and approved the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- determined, with delegated responsibility, the remuneration packages of individual executive directors and senior management;
- considered the granting of share options and subscription award to a senior executive under the long-term incentive plan and the publication of the related announcement to the Stock Exchange;

- reviewed the 2015 salary budget and 2014 annual bonus; considered certain staff movement and recommended the same to the Board for approval; and
- reviewed the Remuneration Committee's effectiveness in discharging its role and responsibilities and its terms of reference and made recommendation to the Board for any changes.

Nomination Committee

The Nomination Committee is currently comprised of a majority of INEDs, and chaired by Mr. Philip Fan, an INED. It has specific written terms of reference which deal clearly with its authorities and duties. The terms of reference of the Nomination Committee have included the specific duties set out in paragraphs A.5.2(a) to (d) of the First Pacific Code, with appropriate modifications, where necessary.

During the year, the Nomination Committee held one meeting. Attendance record of each Committee members is shown in the section headed "Attendance Records". Major work performed by the Nomination Committee during the year was as follows:

- reviewed the structure, size and composition of the Board;
- reviewed the succession planning for the Board;
- reviewed and confirmed the independence of INEDs (details of which are set out in the section headed "Appointment and Re-election of Directors" on page 77);
- nominated the retiring Directors to stand for re-election;
- made recommendations to the Board on the appointment or re-appointment of Directors;
- reviewed the composition and diversity of the Board and monitored the implementation of the Board Diversity Policy; and
- reviewed the Nomination Committee's effectiveness in discharging its role and responsibilities and its terms of reference and made recommendation to the Board for any changes.

Corporate Governance Committee

The Corporate Governance Committee is currently comprised of a majority of INEDs, and chaired by Mrs. Margaret Leung, an INED. It has specific written terms of reference which deal clearly with its authorities and duties. The terms of reference of the Corporate Governance Committee have included the specific duties set out in paragraphs D.3.3(i) to (v) of the First Pacific Code, with appropriate modifications, where necessary.

During the year, the Corporate Governance Committee held two meetings. Attendance record of each Committee members is shown in the section headed "Attendance Records". Major work performed by the Corporate Governance Committee during the year was as follows:

- developed and reviewed the Company's policies and practices on corporate governance and made recommendations to the Board;
- reviewed and monitored the training and continuous professional development for Directors and senior management;
- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- reviewed the Company's compliance with the CG Code and disclosure in this Corporate Governance Report;
- reviewed the Company's risk matrix; and
- reviewed the Corporate Governance Committee's effectiveness in discharging its role and responsibilities and its terms of reference and made recommendation to the Board for any changes.

Directors' Service Contract

No Director has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Disclosure of Inside Information

The Company has put in place a framework for the disclosure of inside information, in compliance with the Securities and Futures Ordinance. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow the shareholders, staff and other stakeholders to understand the major development of the Company and its major operating companies. The framework and its effectiveness are subject to review on a regular basis in accordance with the established procedures.

Financial Reporting

In order to enable the Directors to present a balanced, clear and comprehensible assessment of the Company's performance, financial position and prospects to its shareholders, financial reports with adequate information and explanations are prepared by the Company's management to the Board on a timely and regular basis.

Directors' Responsibility for the Financial Statements

The Hong Kong Companies Ordinance requires the Directors to prepare financial statements for each financial year that give a true and fair view of the Company's state of affairs as at the end of the financial year and of its profit or loss for the year then ended. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and apply them on a consistent basis, making judgments and estimates that are prudent, fair and reasonable;
- state the reasons for any significant departure from the relevant accounting standards; and
- prepare the financial statements on a going concern basis, unless it is not appropriate to presume that the Company will continue in business for the foreseeable future.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' Remuneration

An analysis of auditors' remuneration in respect of audit and non-audit services is as follows:

US$ millions	**2014**	2013 (Restated)
Auditors' remuneration		
– Audit services	**3.3**	2.9
– Non-audit services(i)	**0.8**	0.9
Total	**4.1**	3.8

(i) 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 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.

Company Secretary

All Directors have access to the advice and services of the Company Secretary, who is an employee of the Company and reports to the Executive Directors on board governance matter. She is responsible for ensuring that the board procedures are followed and for facilitating communications among Directors as well as with shareholders and management.

The Company Secretary's biography is set out in the Board of Directors and Senior Management section of the 2014 Annual Report. During 2014, the Company Secretary undertook over 15 hours of professional training to update her skills and knowledge.

Carbon Management

First Pacific has commissioned Carbon Care Asia Ltd. (CCA) to conduct carbon audit for the years 2013 and 2014 and submitted the Summary of Carbon Footprint for 2013 to the website of Environment Protection Department of Hong Kong Special Administrative Region – "Carbon Footprint Repository for Listed Companies in Hong Kong" (www.carbon-footprint.hk). Subsequent report for 2014 will also be submitted in due course.

The reported Greenhouse Gas emission of the Group Head Office in 2014 was 308.4 tonnes of CO_2-e (2013: 303.0 tonnes of CO_2-e), while the ratio indicator in terms of revenue showed a 10.6% decrease from 50.46 kg CO_2-e/US$m in 2013 to 45.09 kg CO_2-e/US$m in 2014. The spread for the 2014 emission is as follows:

1. Scope 1: Mobile fuel consumption (1.5%);
2. Scope 2: Purchased electricity (42.4%); and
3. Scope 3: Paper waste disposal (8.3%) and business travel by air (47.8%).

In October 2014, the Company registered with CarbonCare® Label, a carbon management scheme developed by CCA, and was awarded with CarbonCare® Label in respect of the Group Head Office in Central, Hong Kong. The Company has also received support from its management to establish a carbon reduction target of at least 5% compared to base year 2013.

The Company commenced different procedures of carbon management and implemented the following carbon reduction measures in 2014, which were well received by our staff:

- print less annual/interim reports through e-communication with a majority of our registered shareholders;
- print less copies of Board/Board Committee papers through the use of electronic platform for distribution to those Directors who preferred electronic distribution;
- reduce use of paper by printing or photocopying on both sides of paper, where applicable;
- retrofit office lighting from halogen spotlights to energy–saving LED lights and bulbs;
- switch off lights and electrical appliances when not in use or when leaving office;
- installed dedicated facilities for recycling paper, plastic and aluminum at our Head Office;
- implement and strengthen teleconference system to reduce business travel by air; and
- use electric vehicles or hybrid vehicles as much as possible.

Achievements:

In 2014, the Company received the following awards in recognition of its achievement in corporate governance and its involvement in carbon management:

- Best of Asia 2014 Corporate Governance Awards for Asia's outstanding company on Corporate Governance;
- Asia Corporate Director of the year Award – Mr. Manuel V. Pangilinan, *Managing Director and CEO*;
- Corporate Governance Asia Awards 2014 – Company Secretary of the Year;
- Certificate of Commendation for its participation in the Carbon Footprint Repository for Listed Companies in Hong Kong;
- CarbonCare® Label Award in respect of the Group Head Office in Central, Hong Kong; and
- Certificate of Commendation for its participation in the Carbon Audit Pilot Fund.

Constitutional Document

During the year ended 31 December 2014, there was no change in the constitutional document. They are available on the websites of the Stock Exchange and the Company (www.firstpacific.com).

Communications with Shareholders

Effective Communication

First Pacific encourages an active and open dialogue with all of its shareholders; private and institutional, large and small. The Board acknowledges that its role is to represent and promote the interests of the Company as a whole and that its members are accountable to shareholders for the performance and activities of the Company. As such First Pacific is always responsive to the views and requests of its shareholders.

The formal channels of communicating with shareholders are the annual and interim reports, press releases, published announcements, shareholders' circulars and the AGM. The annual and interim reports seek to communicate, both to shareholders and the wider investment community, developments in the Company's businesses. In addition, the annual report sets out strategic goals for the coming year and management's performance against predetermined objectives are reported and assessed. All of these initiatives are designed to better inform shareholders and potential investors about the Company's activities and strategic direction.

The AGM is the principal forum for formal dialogue with shareholders. The Company's Chairman, Executive Directors, Chairmen of the Board Committees and NEDs (including INEDs), will be present at the AGM, when feasible, to answer questions from shareholders about specific resolutions being proposed at the meeting and also about the Group in general. In addition, where appropriate, the Company will convene a special general meeting to approve transactions in accordance with the Listing Rules and the Company's corporate governance procedures. These provide further opportunities for shareholders to comment and vote on specific transactions.

In order to promote effective communication, the Company also maintains a website (www.firstpacific.com) which includes past and present information relating to the Group and its businesses.

Voting by Poll

The Company's shareholders are adequately informed of the procedures for and their rights to demand voting by poll in shareholders' meetings at which their approvals are sought through disclosure in the Company's circulars. All voting at general meetings are conducted by poll.

At the 2014 AGM, the chairman demanded a poll on all resolutions. The procedures for demanding a poll by the shareholders were incorporated in the AGM circular sent to the shareholders in the time stipulated. Computershare Hong Kong Investor Services Limited, the Company's Hong Kong Branch Registrar, was engaged as scrutineer to ensure the votes were properly counted.

Shareholders Communication Policy

The Company has put in place a Shareholders Communication Policy to ensure that Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company. The policy is regularly reviewed to ensure its effectiveness and is posted on the Company's website (www.firstpacific.com).

Calling a Special General Meeting

Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Company, to require a Special General Meeting (SGM) to be called by the Board for the transaction of any business specified in such requisition.

The requisition:

- must be in writing and state the purposes of the meeting;
- must be signed by all the Shareholders concerned;
- may consist of several documents in like form each signed by one or more Shareholders concerned; and
- may either be deposited at the principal office of the Company at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong in hard copy form or sent by email to companysecretary@firstpacific.com.

Details of the abovementioned procedures are set out in a document titled "Rights and procedures for shareholders to convene meetings/put forward proposals" which is available on the Company's website (www.firstpacific.com).

Putting Forward Proposals at General Meetings

Shareholders can make a request to circulate a resolution at an AGM or circulate a statement (of not more than one thousand words) in connection with a proposed resolution or the business to be dealt with at a general meeting; the number of shareholders necessary for such requisition shall be:

(a) shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or
(b) not less than one hundred shareholders of the Company.

A copy or copies of requisition signed by all requisitionists shall be deposited, with a sum reasonably sufficient to meet the Company's expenses in giving notice of the proposed resolution or circulating any necessary statement, either at the principal office of the Company at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong in hard copy form or sent by email to companysecretary@firstpacific.com in the case of:

(a) a requisition requiring notice of a resolution, not less than six weeks before the meeting; and
(b) any other requisition, not less than one week before the meeting.

Details of the abovementioned procedures are set out in a document titled "Rights and procedures for shareholders to convene meetings/put forward proposals" which is available on the Company's website (www.firstpacific.com).

Further, a shareholder may propose a person other than a Director of the Company for election as a Director of the Company at a general meeting at which elections to the office of directors are to be considered. For such purpose, the shareholder must send to the Company's principal address (for the attention of the Company Secretary) (i) a written notice of intention to propose a resolution at the general meeting; and (ii) a notice signed by the proposed candidate of his/her willingness to be elected, together with that candidate's information as required to be disclosed under the Listing Rules and such other information as required by the Company, and his/her written consent to the publication of his/her personal data. Such notice must be sent within a period of not less than seven days before the date of the general meeting. Procedures for shareholders to propose a person for election as Directors of the Company are also available on the website of the Company (www.firstpacific.com).

Putting Enquiries to the Board

Shareholders may send their enquiries requiring the Board's attention to the Company Secretary at the Company's principal office located at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong in hard copy form or sent by email to companysecretary@firstpacific.com. Questions concerning the procedures for convening or putting forward proposals at an AGM or SGM may also be put to the Company Secretary in the same manner.

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"), became 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 became 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$0.91) 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 CCTs, 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 the connected transaction requirements.

I. Details of those continuing connected transactions relating to the Indofood Group, which are required to be specified by Rule 14A.49 of the Listing Rules are set out below:

A. Transactions relating to the Noodles Business of the Indofood Group

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	Transaction amount for the year ended 31 December 2014 (US$ millions)
PT Indofood Sukses Makmur Tbk (ISM)/PT Indofood CBP Sukses Makmur Tbk (ICBP)	Dufil Prima Foods PLC (Dufil), an associate of Mr. Anthoni Salim	(1) Trademark licensing for the exclusive use by Dufil of the "Indomie" trademark owned by ISM in the Nigerian market, and provision of related technical services in connection with Dufil's instant noodle manufacturing operations in Nigeria; and (2) the sale and supply of food ingredients, noodle seasonings and packaging used for the production of instant noodles	1 January 2014	31 December 2016	29.1
ISM/ICBP	Pinehill Arabian Food Ltd. (Pinehill), an associate of Mr. Anthoni Salim	(1) Trademark licensing for the exclusive use by Pinehill of the "Indomie", "Supermi" and "Pop Mie" trademarks owned by ISM in certain countries in the Middle East; (2) provision of related technical services in connection with Pinehill's instant noodle manufacturing operations in certain countries in the Middle East; and (3) the sale and supply of food ingredients, noodle seasonings and packaging used for the production of instant noodles	1 January 2014	31 December 2016	75.9
ISM/ICBP	Salim Wazaran Group Limited (SAWAZ Group), an associate of Mr. Anthoni Salim	(1) Trademark licensing for the non-exclusive use by the SAWAZ Group of the "Indomie" trademark owned by ISM in certain countries in the Middle East and Africa; (2) provision of related technical services in connection with the SAWAZ Group's instant noodle manufacturing operations in certain countries in the Middle East and Africa; and (3) the sale and supply of food ingredients, noodle seasonings and packaging used for the production of instant noodles	1 January 2014	31 December 2016	9.8
ISM and its subsidiaries	PT Indomobil Sukses Internasional Tbk and its subsidiaries (Indomobil), associates of Mr. Anthoni Salim	Indomobil sells/rents cars, provides car services and sells spare parts to ISM and its subsidiaries	2 January 2014	31 December 2016	0.8
ISM and its subsidiaries	PT Sumberdaya Dian Mandiri (SDM), an associate of Mr. Anthoni Salim	ISM and its subsidiaries use human resources outsourcing services from SDM	2 January 2014	31 December 2016	–
Aggregated transaction amount					**115.6**

B. Transactions relating to the Plantations Business of the Indofood Group

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	Transaction amount for the year ended 31 December 2014 (US$ millions)
PT Salim Ivomas Pratama Tbk (SIMP)	PT Adithya Suramitra (ADS), an associate of Mr. Anthoni Salim	SIMP entered into a 20-year lease contract with ADS for the use of factory property	1 June 1996	31 December 2016	0.0
SIMP and its subsidiaries	PT Sarana Tempa Perkasa (STP), an associate of Mr. Anthoni Salim	STP provides pumping services to SIMP and its subsidiaries to load crude palm oil and other derivative products to the shipping vessels; and STP rents office space from SIMP and its subsidiaries	1 January 2014	31 December 2016	0.4
SIMP and its subsidiaries	PT Rimba Mutiara Kusuma (RMK), an associate of Mr. Anthoni Salim	SIMP and its subsidiaries lease heavy equipment and buy building materials from RMK; rent trucks, office space and tug boats from RMK; use transportation services from RMK; and purchase road reinforcement services from RMK	1 January 2014	31 December 2016	0.6
SIMP and its subsidiaries	IndoInternational Green Energy Resources Pte. Ltd. (IGER Group), an associate of Mr. Anthoni Salim	SIMP and its subsidiaries provide research services, sale of seedlings, sale of prefabricated housing materials, sale of fertilizer products, lease of office space to IGER Group, and purchase of palm oil and its derivative products from IGER Group	1 January 2014	31 December 2016	71.1
ISM and its subsidiaries	PT Indotek Konsultan Utama (IKU), an associate of Mr. Anthoni Salim	IKU provides consulting services to LPI on specific technical aspect in respect of project development	1 January 2014	31 December 2016	–
ISM and its subsidiaries	PT Lajuperdana Indah (LPI), an associate of Mr. Anthoni Salim	ISM and its subsidiaries purchase sugar from LPI	1 January 2014	31 December 2016	–
SIMP	PT Fast Food Indonesia, Tbk (FFI), an associate of Mr. Anthoni Salim	SIMP sells deep fat frying oil to FFI	1 January 2014	31 December 2016	3.9
ISM and its subsidiaries	Indomobil, an associate of Mr. Anthoni Salim	Indomobil sells/rents cars/spare parts and provides car services to ISM and its subsidiaries	2 January 2014	31 December 2016	5.4
SIMP	Shanghai Resources International Trading, Co. Ltd. (Shanghai Resources), an associate of Mr. Anthoni Salim	SIMP sells palm oil and its derivative products to Shanghai Resources	1 January 2014	31 December 2016	16.8
SIMP	PT Nippon Indosari Corpindo Tbk (NIC), an associate of Mr. Anthoni Salim	SIMP sells margarine to NIC	1 January 2014	31 December 2016	0.3

B. Transactions relating to the Plantations Business of the Indofood Group (Continued)

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	Transaction amount for the year ended 31 December 2014 (US$ millions)
ISM	LPI, an associate of Mr. Anthoni Salim	ISM grants an exclusive license to LPI to use, manufacture, sell, distribute, advertise and promote its sugar products under ISM's "INDOSUGAR" trademark in Indonesia	1 January 2014	31 December 2016	0.5
PT Inti Abadi Kemasindo (IAK)	LPI, an associate of Mr. Anthoni Salim	IAK sells packaging materials to LPI	2 January 2014	31 December 2016	0.1
ISM – Bogasari Division (Bogasari)	LPI, an associate of Mr. Anthoni Salim	Bogasari provides management services to LPI	1 January 2014	31 December 2016	–
SIMP	PT Cipta Subur Nusa Jaya (CSNJ), a subsidiary of Mr. Anthoni Salim	SIMP rents infrastructure from CSNJ	1 January 2014	31 December 2016	0.0
ISM	SDM, an associate of Mr. Anthoni Salim	ISM uses human resources outsourcing services from SDM	1 January 2014	31 December 2016	–
SIMP and its subsidiaries	PT Rumah Asri Perdanaindo (RAP), an associate of Mr. Anthoni Salim	RAP provides services to SIMP and its subsidiaries in connection with prefabricated housing	1 January 2014	31 December 2016	1.3
SIMP and its subsidiaries	PT Indomarco Prismatama (Indomaret), an associate of Mr. Anthoni Salim	SIMP and its subsidiaries sell finished goods to Indomaret	2 January 2014	31 December 2016	34.8
SIMP and its subsidiaries	PT Inti Cakrawala Citra (Indogrosir), an associate of Mr. Anthoni Salim	SIMP and its subsidiaries sell finished goods to Indogrosir	2 January 2014	31 December 2016	15.9
PT Indoagri Inti Plantation (IIP)	CSNJ, a subsidiary of Mr. Anthoni Salim	IIP rents infrastructure from CSNJ	15 October 2014	31 December 2016	–
PT Samudera Sejahtera Pratama (SSP)	PT Mentari Subur Abadi (MSA), an associate of Mr. Anthoni Salim	MSA leases tug boats from SSP	15 October 2014	31 December 2016	–
SIMP and its subsidiaries	MSA, an associate of Mr. Anthoni Salim	SIMP and its subsidiaries sell seedlings to MSA to be used for its operations; and lease trucks to MSA	15 October 2014	31 December 2016	–
Aggregated transaction amount					**151.1**

C. Transactions relating to the Insurance Policies of the Indofood Group

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	Transaction amount for the year ended 31 December 2014 (US$ millions)
ISM and its subsidiaries	PT Asuransi Central, Asia (ACA), an associate of Mr. Anthoni Salim	ACA provides vehicle, property and other assets insurance services to ISM and its subsidiaries	1 January 2014	31 December 2016	4.5
ISM and its subsidiaries	PT Central Asia Raya (CAR), an associate of Mr. Anthoni Salim	CAR provides personal accident and health insurance coverage to ISM and its subsidiaries	2 January 2014	31 December 2016	3.7
ISM and its subsidiaries	PT Indosurance Broker Utama (IBU), a subsidiary of Mr. Anthoni Salim	IBU provides insurance services to ISM and its subsidiaries	2 January 2014	31 December 2016	0.7
Aggregated transaction amount					**8.9**

D. Transactions relating to the Distribution Business of the Indofood Group

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	Transaction amount for the year ended 31 December 2014 (US$ millions)
PT Indomarco Adi Prima (IAP)	PT Lion Superindo (LS), an associate of Mr. Anthoni Salim	IAP distributes various consumer products to LS	2 January 2014	31 December 2016	15.8
IAP	FFI, an associate of Mr. Anthoni Salim	IAP sells chili and tomato sauces, seasonings and dairy products to FFI	2 January 2014	31 December 2016	1.9
PT Putri Daya Usahatama (PDU)	LS, an associate of Mr. Anthoni Salim	PDU distributes various consumer products to LS	2 January 2014	31 December 2016	1.4
ISM and its subsidiaries	IKU, an associate of Mr. Anthoni Salim	IKU provides consulting services to ISM and its subsidiaries	1 January 2014	31 December 2016	–
ISM and its subsidiaries	Indomobil, an associate of Mr. Anthoni Salim	Indomobil sells/rents cars/spare parts and provide car services to ISM and its subsidiaries	2 January 2014	31 December 2016	6.0

D. Transactions relating to the Distribution Business of the Indofood Group (Continued)

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2014 (US$ millions)
PT Indofood Asahi Sukses Beverages (IASB)	FFI, an associate of Mr. Anthoni Salim	IASB sells drinking products to FFI	1 August 2012*	31 July 2017	8.6
ISM and its subsidiaries	SDM, an associate of Mr. Anthoni Salim	ISM and its subsidiaries use human resources outsourcing services from SDM	2 January 2014	31 December 2016	3.9
IAP	Indomaret, an associate of Mr. Anthoni Salim	IAP sells finished goods to Indomaret	2 January 2014	31 December 2016	101.0
PDU	Indomaret, an associate of Mr. Anthoni Salim	PDU sells finished goods to Indomaret	2 January 2014	31 December 2016	9.6
IAP	Indogrosir, an associate of Mr. Anthoni Salim	IAP sells finished goods to Indogrosir	2 January 2014	31 December 2016	21.4
PDU	Indogrosir, an associate of Mr. Anthoni Salim	PDU sells finished goods to Indogrosir	2 January 2014	31 December 2016	2.3
Aggregated transaction amount					**171.9**

* *IASB took over this 5-year (1 August 2012 to 31 July 2017) agreement in September 2013, subsequent to IASB and PT Asahi Indofood Beverage Makmur completing the acquisition of PT Prima Cahaya Indobeverage (formerly known as PT Pepsi-Cola Indobeverage). Therefore, this agreement became a continuing connected transaction of the Indofood Group since September 2013.*

E. Transactions relating to the Flour Business of the Indofood Group

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	Transaction amount for the year ended 31 December 2014 (US$ millions)
Bogasari	NIC, an associate of Mr. Anthoni Salim	Bogasari sells flour to NIC	1 January 2014	31 December 2016	21.9
Bogasari	FFI, an associate of Mr. Anthoni Salim	Bogasari sells flour and spaghetti to FFI	1 January 2014	31 December 2016	0.9
Bogasari	PT Tarumatex (Tarumatex), an associate of Mr. Anthoni Salim	Bogasari rents warehouse from Tarumatex	1 January 2014	31 December 2016	0.1
ISM and its subsidiaries	IKU, an associate of Mr. Anthoni Salim	IKU provides consulting services to ISM and its subsidiaries	2 January 2014	31 December 2016	0.1
ISM and its subsidiaries	Indomobil, an associate of Mr. Anthoni Salim	Indomobil sells/rents cars/spare parts and provides car services to ISM and its subsidiaries	2 January 2014	31 December 2016	0.7
ISM and its subsidiaries	SDM, an associate of Mr. Anthoni Salim	ISM and its subsidiaries use human resources outsourcing services from SDM	2 January 2014	31 December 2016	2.1
ISM and its subsidiaries	PT Primajasa Tunas Mandiri (PTM), an associate of Mr. Anthoni Salim	ISM and its subsidiaries use human resources outsourcing services from PTM	2 January 2014	31 December 2016	1.7
Bogasari	Indogrosir, an associate of Mr. Anthoni Salim	Bogasari sells finished goods to Indogrosir	2 January 2014	31 December 2016	6.0
Aggregated transaction amount					**33.5**

F. Transactions relating to the Dairy Business of the Indofood Group

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	Transaction amount for the year ended 31 December 2014 (US$ millions)
ISM and its subsidiaries	IKU, an associate of Mr. Anthoni Salim	IKU provides consulting services to ISM and its subsidiaries	2 January 2014	31 December 2016	–
ISM and its subsidiaries	Indomobil, an associate of Mr. Anthoni Salim	Indomobil sells/rents cars/spare parts and provides car services to ISM and its subsidiaries	2 January 2014	31 December 2016	0.1
ISM and its subsidiaries	SDM, an associate of Mr. Anthoni Salim	ISM and its subsidiaries use human resources outsourcing services from SDM	2 January 2014	31 December 2016	0.2
PT Indolakto (Indolakto)	Indomaret, an associate of Mr. Anthoni Salim	Indolakto sells finished goods to Indomaret	2 January 2014	31 December 2016	1.3
Indolakto	Indogrosir, an associate of Mr. Anthoni Salim	Indolakto sells finished goods to Indogrosir	2 January 2014	31 December 2016	0.0
Indolakto	LS, an associate of Mr. Anthoni Salim	Indolakto sells finished goods to LS	2 January 2014	31 December 2016	0.4
Indolakto	NIC, an associate of Mr. Anthoni Salim	Indolakto sells finished goods to NIC	2 January 2014	31 December 2016	0.1
Indolakto	FFI, an associate of Mr. Anthoni Salim	Indolakto sells finished goods to FFI	2 January 2014	31 December 2016	0.1
Aggregated transaction amount					**2.2**

G. Transactions relating to the Beverage Business of the Indofood Group

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	Transaction amount for the year ended 31 December 2014 (US$ millions)
IASB and its subsidiaries	SDM, an associate of Mr. Anthoni Salim	IASB and its subsidiaries use human resources outsourcing services from SDM	2 January 2014	31 December 2016	0.1
IASB and its subsidiaries	Indomaret, an associate of Mr. Anthoni Salim	IASB and its subsidiaries sell finished goods to Indomaret	2 January 2014	31 December 2016	3.6
IASB and its subsidiaries	Indogrosir, an associate of Mr. Anthoni Salim	IASB and its subsidiaries sell finished goods to Indogrosir	2 January 2014	31 December 2016	0.6
IASB and its subsidiaries	Indomobil, an associate of Mr. Anthoni Salim	Indomobil sells/rents cars, provides car services and sells spare parts to IASB and its subsidiaries	2 January 2014	31 December 2016	0.4
IASB and its subsidiaries	LS, an associate of Mr. Anthoni Salim	IASB and its subsidiaries sell drinking products to LS	2 January 2014	31 December 2016	0.0
Aggregated transaction amount					**4.7**

H. Transactions relating to the Beverage Business – Asahi Transactions

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	Transaction amount for the year ended 31 December 2014 (US$ millions)
IASB	Asahi Breweries Ltd. (ABL), a substantial shareholder of the Indofood Group	Secondment agreement to assign certain Japanese employees of ABL who have certain skills and expertise in conducting beverages business to IASB	2 January 2014	31 December 2016	0.2
ISM	PT Asahi Indofood Beverage Makmur (AIBM), a substantial shareholder of the Indofood Group	ISM rents office space to AIBM	1 January 2014	31 December 2016	0.1
PT Surya Rengo Containers (SRC)	AIBM and its subsidiaries, a substantial shareholder of the Indofood Group	SRC sells carton box packaging to AIBM and its subsidiaries for product packaging	2 January 2014	31 December 2016	0.2
ICBP	AIBM and its subsidiaries, a substantial shareholder of the Indofood Group	ICBP sells lids to AIBM and its subsidiaries for product packaging	2 January 2014	31 December 2016	0.3
IASB and its subsidiaries	AIBM and its subsidiaries, a substantial shareholder of the Indofood Group	AIBM and its subsidiaries sell drinking products to IASB and its subsidiaries	27 January 2014	31 December 2016	119.3
IASB and its subsidiaries	PT Calpis Indonesia (PTCI), a substantial shareholder of the Indofood Group	PTCI pays supply fee to IASB and its subsidiaries	1 July 2014	31 December 2016	0.1
Aggregated transaction amount					**120.2**

II. Details of those continuing connected transactions entered into between Maynilad and DMCI Holdings Inc. (DMCI), which are required to be specified by Rule 14A.49 of the Listing Rules are set out below:

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		
Name of entity of the group	**Name of connected party and relationship between the parties**	**Nature of agreement/arrangement**	**From**	**To**	**Transaction amount for the year ended 31 December 2014 (US$ millions)**
Maynilad	D.M. Consunji, Inc. (Consunji), a subsidiary of DMCI	Consunji provides construction services in repect of the proposed 2013 Partial Pipe Replacement of 500mm ACP under Tondo BA	15 January 2014	2 September 2014	53.3
Maynilad	Consunji	Consunji provides construction services in respect of the proposed 500mm Supply Improvement Project along Payatas Road, Fairview Quezon City	9 May 2014	21 September 2014	
Maynilad	Consunji	Consunji provides construction services for the proposed 2014 PDS (700mm, 500mm & 400mm) with SDS for HA-33 under Cavite BA	4 July 2014	2 February 2015	
Maynilad	Consunji	Consunji provides design and construction services in respect of the proposed rehabilitation and improvement of Drainage System at Putatan Water Treatment Plant	24 July 2014	15 May 2015	
Maynilad	Consunji	Consunji provides construction services for the completion of the Putatan Development Plan	24 October 2014	21 May 2015	
Maynilad	Consunji	Consunji provides construction services for the Paranaque Sewer Network – Package 3	29 December 2014	20 June 2016	
Maynilad	Consunji	Consunji provides construction services for the proposed Victoria Home Pump Station and Reservoir	29 December 2014	24 October 2015	
Sub-total					**53.3**
Maynilad	DMCI Project Developers, Inc. (DMCIPD), a subsidiary of DMCI	Lease agreement entered between Maynilad and DMCIPD	1 February 2012	31 January 2015	0.1
Aggregated transaction amount					**53.4**

In respect of the financial year ended 31 December 2014, each of the continuing connected transactions has been subject to annual review by the INEDs of the Company pursuant to Rule 14A.55 of the Listing Rules and confirmation of the auditors of the Company pursuant to Rule 14A.56 of the Listing Rules.

The INEDs of the Company have concluded that each continuing connected transaction has been entered into:

- in the ordinary and usual course of business of the Company;
- either on normal commercial terms or, in those instances where there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Indofood group or to Maynilad than terms available to or from (as appropriate) independent third parties;
- in accordance with the relevant agreements governing them, or the relevant written memorandum recording their terms; and
- on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to SEHK.

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.

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

The Company does not have an internal audit department. The internal audit and risk management functions of the Group is achieved principally through the assurance provided to the Company's Audit Committee by the respective operating companies' audit committee based on their review of the works performed by their internal audit and/or risk management teams. In addition, the Company's management closely supervises and monitors the operating and financial activities of the operating companies.

Each of the operating companies has its own management team responsible for the implementation of an effective internal control system for operational, financial and compliance controls and risk management functions. Their effectiveness is continuously being evaluated and enhanced by the respective operating companies' internal audit and/or risk management teams and audit committee and regularly reviewed by the Company's Audit Committee.

The key controls and risk management measures undertaken by the operating companies are summarized below:

Operational Controls

- The Executive Directors actively participate on the boards of the operating companies and manage their operating and financial activities, which includes attending their board meetings, approving their annual budgets, and monitoring of their compliance with applicable laws and regulations and quality of internal and external reporting.
- Prior to the investments in new businesses, extensive due diligence regarding the operational, financial, regulatory aspects and risk management of the concerned businesses are conducted. Risks to investment returns are calibrated and specific measures to manage these risks are also determined.
- Quality and timely monthly management reports and quarterly board papers or financial packages, with proper analysis of actual operational and financial performance against budgets, forecasts and prior periods, are prepared and reviewed by the operating companies' management and submitted to their directors.
- The management teams of operating companies continuously evaluate the performances of their businesses and provide periodical operational and financial reforecasts to the Executive Directors for their review.
- The Executive Directors review monthly management reports and conduct regular meetings with the management teams of operating companies to communicate on their businesses' actual operational and financial performances against budgets and forecasts, and business risks and strategies.
- To increase the awareness of maintaining internal corporate justice, whistleblowing policies and procedures are in place in certain operating companies, which provides employees with clearly defined processes to report concerns to their audit committees about any suspected misconduct, malpractice or irregularity which he/she has become aware of or genuinely suspects that the operating companies has been involved.

Financial Controls

- The management in each of the operating companies manages and ensures the optimal capital structure of its company is maintained. Information about the Group's capital management is set out in Note 41(A) to the Consolidated Financial Statements.
- The finance and treasury teams in each of the operating companies undertake the management of the financial risks of foreign exchange, interest rate, liquidity and commodity. Information about the Group's management of its financial risks is set out in the "Financial Review – Financial Risk Management" section and Note 41(B) to the Consolidated Financial Statements.

Compliance Controls

- The Corporate/Company Secretary and legal team in each of the operating companies undertake the monitoring of compliance with relevant laws, rules and regulations. In some of the regulated businesses, specific regulatory management groups with experienced personnel are established to mitigate risk arising from potential differences with regulators in the interpretation of the relevant laws, rules and regulations.
- The financial reporting team and audit committee in each of the operating companies ensure that the financial statements of their companies prepared comply with the relevant financial reporting and accounting standards and regulatory requirements, and based on suitable accounting policies as well as prudent and reasonable judgments and estimates.
- The treasury team in each of the operating companies undertakes the monitoring of compliance with relevant covenants for borrowings.

Risk Management

- Head Office – Head Office's risk management principles cover its role as an investment holding and management company. The key risks which need to be managed are those risks attributable to its business plans, inherent risks of its investment portfolio, evaluation of possible acquisitions and divestments in the context of the overall investment portfolio and the risk that the Group's overall performance does not meet market expectations. A risk matrix has been developed and reviewed regularly by the Corporate Governance Committee, Audit Committee and the Board.
- To ensure effective implementation of internal controls, risk management processes are conducted according to the operating companies' prescribed risk management policies and procedures, based on carefully defined risk management framework for the effective management of risks at all levels across all operating and functional units in the operating companies.

- Telecommunications – PLDT's risk management team continuously implement its standard risk management process to address the key identified risks for 2014 relating to fast and disruptive pace of technological change, evolving business model, organization and people, media and related investments, network quality and consistency and information technology systems, hazards, market dynamics, vendor-related issues, regulatory and political challenges, information security and privacy. PLDT is committed to pursuing measures to ensure that all these risks are effectively managed. Treatment strategies have been developed and mitigation initiatives were put in place. Risk management activities are continuously monitored and reviewed to ensure that critical risks are appropriately addressed across the organization.
- Consumer food products – In order to mitigate the main risks that may potentially result in significant impact on the sustainability of Indofood's operations, such as reputational risks related to food safety issues, risks arising from raw material and commodity price fluctuations, more intense competition in its respective business, succession and workforce capability, natural disaster, extreme climate and weather risks, Indofood consistently ensures that raw materials used have met the requirements set by the authorities and have fulfilled the requirements for halal certification and implements "Good Manufacturing Practices" to ensure that products are manufactured through hygienic processing and are produced in good quality. In order to mitigate the risk relating to fluctuations in raw material prices in the international market and depreciation of the Rupiah against foreign currencies, Indofood has initiated strategic activities to build partnerships with farmers and suppliers, conducts raw material and selling prices simulations, develops partnership contracts with a number of domestic and foreign entities, and uses substitute raw material without reducing the quality of the final products marketed to consumers. As for rising competition, Indofood follows the dynamics of market development, introduces products that meet the needs and taste of consumers, conducts ongoing innovation to develop new leading products, maintains and improves product quality, conducts well-targeted marketing activities and implements cost efficiency programs to improve competitiveness. Indofood conducts ongoing people development and professional training programs both internally and externally. Indofood conducts reviews on protection in the event of natural disasters, ensures adequate insurance coverage and implements system of crisis management. In respect of RHI, it has established the enterprise risk management framework that provides RHI with both the structure and mechanisms to effectively manage existing and emerging risks as well as enhancing its ability to take on additional risks accompanying new growth opportunities.
- Infrastructure – MPIC identifies the key potential risks specific to its businesses and addresses them accordingly, which includes working on the development of water treatment plant to secure water supply for Maynilad, carefully choosing projects for MPTC by reference to traffic density, competing routes, demographic changes and other relevant factors, and comprehensive studies of the target market and scaling of improvements towards the patients' ability to pay for MPIC's hospital business. Meralco reviews management's top business risks and discusses ongoing risk treatments. It recognizes management's short-to-medium term plans to streamline enterprise risk management integration in the annual strategic planning activities. It also institutionalizes risk management functions at the subsidiaries, and develops a risk reporting dashboard that will facilitate reporting and monitoring of top risks and mitigation plans to its Audit and Risk Management Committee. For the Group's electricity generation business, risk management programs are undertaken by PLP to mitigate market risks, including adverse pool price movement and inability to secure retail contractors; regulatory risks such as the review of vesting contract price and vesting volume, proposed establishment of an electricity futures market, and tendering out a significant portion of the vesting contract through competitive bidding; volumetric risks in retail contracts causing mismatch between hedged and actual quantities of fuel required; as well as the delay in completion of power plant project.
- Natural resources – Philex has undertaken a risk management program that will mitigate or eliminate identified physical, social-ecological and economic risks inherent in its mining business, thereby ensuring a productive and profitable operation. It employs a comprehensive, integrated risk management program, effected across all levels of the organization, with the goal of identifying, analyzing and managing its risks to an acceptable level, so as to enhance opportunities, reduce threats, and thus sustain competitive advantage.
- Risk assessments are conducted regularly by each operating company's management team and reported to its audit committee and board of directors. The audit committees of the operating companies meet with internal and external auditors as well as the operating companies' management teams regularly to communicate on the issues regarding the operating companies' risks in order to ensure accuracy of risk assessment reports and proper implementation of the reported risk mitigation strategies and controls.

During the year ended 31 December 2014, the Audit Committee reviewed and advised that:

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

Remuneration Policy

Details of Directors' remuneration for the year are set out in Note 38(A) to the Consolidated Financial Statements. The remuneration of senior executives, including Directors, consists of the following:

Salary and Benefits

Salary reflects an executive's experience, responsibility and market value. Increases are based on effective management of the Company and on increased responsibility. Benefits principally comprise housing allowance, educational support and health care, and are consistent with those provided by comparable companies.

Bonus and Long-term Incentives

Bonuses are based on the achievement of individual performance targets, and do not necessarily correlate with annual profit movements. Long-term incentives comprise monetary payments, share options and/or share awards that link reward to the achievement of pre-determined objectives. The value of the long-term incentive offered to each executive is related to job grade and contribution to the management of the business.

Fees

It is the Company's policy that it pays no fees to the Company's Executive Directors.

Pension Contributions

The Company operates defined contribution schemes, in respect of which contributions are determined on the basis of basic salaries and length of service.

Share Awards/Share Options

Restricted shares and share options are granted to certain Directors and senior executives as part of the long-term incentive arrangements. Details of the Company's restricted shares and share options granted to Directors and senior executives are set out in Notes 31 and 38(D) to the Consolidated Financial Statements.

Financial Review

Financial Performance and Position

Analysis of Consolidated Income Statement

An analysis of the Group's 2014 reported results compared with 2013's follows.

For the year ended 31 December US$ millions	**2014**	2013 (Restated)	% change
Turnover	**6,841.3**	6,005.8	+13.9
Gross profit	**1,917.3**	1,760.4	+8.9
Operating expenses	**(1,075.3)**	(971.3)	+10.7
Other operating expenses, net	**(196.4)**	(102.1)	+92.4
Net finance costs	**(267.6)**	(231.6)	+15.5
Share of profits less losses of associated companies and joint ventures	**279.1**	255.1	+9.4
Taxation	**(199.5)**	(145.7)	+36.9
Profit for the year from a discontinued operation	**63.2**	56.1	+12.7
Non-controlling interests	**(439.8)**	(385.6)	+14.1
Recurring profit	**323.9**	327.1	–1.0
Profit attributable to owners of the parent	**81.0**	235.3	–65.6

Significant changes in consolidated income statement items are explained as follows:

Turnover – increased by 13.9%, principally reflecting a growth in Indofood's sales (increased by 14.3% in rupiah terms) and MPIC's revenues (increased by 9.6% in peso terms) and the first full year revenue contribution from PLP (acquired in March 2013 and began selling electricity in July 2013) for its sale of electricity, partly offset by the impact of an 11.5% depreciation in the average rupiah exchange rate against the U.S. dollar. The growth in Indofood's sales mainly reflects an increase in average selling prices at all its major divisions. MPIC's revenues increased mainly as a result of the increases in the billed volume and tariff rates at Maynilad, higher traffic volumes at MPTC and the first full year revenue contributions from DLSMC and CLDH (acquired in June and October 2013, respectively).

Gross profit – increased by 8.9%, principally reflecting the increases in both Indofood's and MPIC's gross profit, partly offset by the depreciation in the average rupiah exchange rate against the U.S. dollar. The decrease in gross margin (2014: 28.0% vs 2013: 29.3%) principally reflects a lower gross margin at PLP (2014: 0.3%), partly offset by an increase in Indofood's gross margin (2014: 26.8% vs 2013: 24.5%) mainly as a result of an increase in the average selling prices at all its major divisions.

Operating expenses – increased by 10.7%, principally reflecting the increases in freight and handling expenses and advertising and promotions spending at Indofood and employees expenses at both Indofood and MPIC, coupled with PLP's commencement of commercial operations in February 2014.

Other operating expenses, net – increased by 92.4%, principally reflecting the Group's impairment provision in respect of its investments in Philex of US$188.0 million, partly offset by a change to net foreign exchange gain from net foreign exchange loss recorded by Indofood for its foreign currency denominated borrowings and payables.

Net finance costs – increased by 15.5%, principally reflecting PLP's charging of interest expenses to the income statement since its commencement of commercial operations in February 2014 and a higher average debt level at Indofood.

Share of profits less losses of associated companies and joint ventures – increased by 9.4%, principally reflecting an increase in profit contributions from Meralco, DMT and Philex, partly offset by a decrease in profit contribution from PLDT.

Taxation – increased by 36.9%, principally reflecting a higher taxable profit at Indofood.

Profit for the year from a discontinued operation – which represents CMZ's profit for the year, increased 12.7% principally reflecting a full year results of CMZ (acquired since February 2013) taken up by the Group in 2014.

Non-controlling interests – increased by 14.1%, principally attributable to a higher profit at Indofood's Agribusiness division as a result of its higher average selling prices at the Plantations and Edible Oils & Fats divisions.

Recurring profit – decreased by 1.0%, principally reflecting the decrease in profit contribution from PLDT, an increase in loss at FPM Power, the impact of depreciation of the average rupiah exchange rate against the U.S. dollar which resulted in a decline in Indofood's recurring profit contribution and higher Head Office interest expenses, while MPIC saw its recurring profit contribution increase.

Profit attributable to owners of the parent – decreased by 65.6%, principally reflecting an increase in non-recurring losses (mainly as a result of the Group's impairment provision in respect of its investments in Philex) and a decrease in recurring profit, partly offset by a lower net foreign exchange and derivative loss recorded.

Analysis of Consolidated Statement of Financial Position

An analysis of the Group's statement of financial position at 31 December 2014 compared with 31 December 2013's follows.

At 31 December US$ millions	**2014**	2013 (Restated)	% change
Property, plant and equipment	**2,731.8**	2,856.6	–4.4
Plantations	**1,210.7**	1,166.4	+3.8
Associated companies and joint ventures	**3,568.4**	3,406.6	+4.7
Goodwill	**1,057.6**	1,047.1	+1.0
Other intangible assets	**2,511.8**	2,386.8	+5.2
Cash and cash equivalents[(i)]	**2,350.0**	2,435.8	–3.5
Assets classified as held for sale	**982.4**	–	–
Other assets	**2,229.3**	2,244.8	–0.7
Total Assets	**16,642.0**	15,544.1	+7.1
Borrowings	**5,805.9**	5,618.3	+3.3
Liabilities directly associated with the assets classified as held for sale	**335.9**	–	–
Other liabilities	**2,783.2**	2,446.3	+13.8
Total Liabilities	**8,925.0**	8,064.6	+10.7
Net Assets	**7,717.0**	7,479.5	+3.2
Equity attributable to owners of the parent	**3,428.4**	3,509.9	–2.3
Non-controlling interests	**4,288.6**	3,969.6	+8.0
Total Equity	**7,717.0**	7,479.5	+3.2

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

Significant movements in consolidated statement of financial position items are explained as follows:

Property, plant and equipment – decreased by 4.4%, principally reflecting depreciation, deconsolidation of CMZ and a retranslation effect (principally reflecting the depreciation of the closing exchange rate of the rupiah against the U.S. dollar of 2.0%), partly offset by capital expenditure incurred by Indofood, PLP and MPIC.

Plantations – increased by 3.8%, principally reflecting Group's investments in newly planted area and maintenance of immature plantations, partly offset by the deconsolidation of CMZ and a retranslation effect.

Associated companies and joint ventures – increased by 4.7%, principally reflecting MPIC's acquisition of a 5% interest in Meralco (US$297.1 million), the Group's share of profits of PLDT, Meralco and Philex and the Group's investment in SMECI's convertible notes (US$112.7 million), partly offset by the payments of dividends by the associated companies and joint ventures and the Group's impairment provision in respect of its investments in Philex.

Other intangible assets – increased by 5.2%, principally reflecting MPIC's capital expenditure for its water and toll road concessions and Indofood's acquisition of packaged drinking water business, partly offset by amortization and a retranslation effect.

Cash and cash equivalents – decreased by 3.5%, principally reflecting the Group's payments for capital expenditure, new investments and dividends to shareholders, partly offset by operating cash inflow from Indofood and MPIC, net proceeds from borrowings and MPIC's divestment of a 39.9% interest in its Hospital business.

Assets classified as held for sale – comprise the carrying amount of CMZ's assets (US$951.8 million) and MPIC's investments in and receivables related to Landco (US$30.6 million) which MPIC plans to dispose during 2015.

Other assets – comprise accounts receivable, other receivables and prepayments, available-for-sale assets, deferred tax assets, other non-current assets and inventories.

Borrowings – increased by 3.3%, principally reflecting Indofood's and MPIC's new borrowings for financing its investments and capital expenditure, partly offset by the deconsolidation of CMZ.

Liabilities directly associated with the assets classified as held for sale – represent the carrying amount of CMZ's liabilities.

Other liabilities – comprise accounts payable, other payables and accruals, provision for taxation, deferred liabilities, provisions and payables and deferred tax liabilities, increased 13.8% principally reflecting the increases in accounts payables at Indofood and PLP and MPIC's outstanding payable to Beacon in respect of its acquisition of a 5% interest in Meralco, coupled with their additional provisions for pension and other liabilities.

Equity attributable to owners of the parent – decreased by 2.3%, principally reflecting the Company's payments for 2013 final dividend (US$71.7 million) and 2014 interim dividend (US$44.2 million) and an unfavourable movement in exchange reserve (US$67.7 million), partly offset by the Group's profit for 2014 (US$81.0 million).

Non-controlling interests – increased by 8.0%, principally reflecting share of profits by non-controlling shareholders, MPIC's sale of a 39.9% effective interest in its Hospital business, partly offset by a retranslation effect and dividends paid to non-controlling interests by Indofood, MPIC and their subsidiary companies.

Liquidity and Financial Resources

Analysis of Consolidated Statement of Cash Flows

An analysis of the Group's 2014 consolidated statement of cash flows compared with 2013's follows.

For the year ended 31 December US$ millions	**2014**	2013	% change
Operating Activities			
Net cash flow from operating activities	**835.8**	723.9	+15.5
Investing Activities			
Dividends received	**243.1**	237.6	+2.3
Net capital expenditure	**(629.6)**	(892.5)	–29.5
Acquisitions and disposals	**(752.4)**	(1,574.3)	–52.2
Financing Activities			
Net borrowings	**538.8**	1,083.5	–50.3
Dividends paid	**(255.5)**	(297.0)	–14.0
Other financing cash flows	**126.5**	785.6	–83.9
Net Increase in Cash and Cash Equivalents	**106.7**	66.8	+59.7
Cash and cash equivalents at 1 January[(i)]	**2,002.8**	2,161.7	–7.4
Exchange translation	**(23.2)**	(225.7)	–89.7
Cash and Cash Equivalents at 31 December[(i)]	**2,086.3**	2,002.8	+4.2

(i) Includes short-term deposits, pledged deposits, restricted cash, bank overdrafts and cash and cash equivalents attributable to a discontinued operation but excludes time deposits with original maturity of more than three months

Significant changes in consolidated statement of cash flows items are explained as follows:

Net cash flow from operating activities – increased by 15.5%, principally reflecting an increase in operating cash flow at Indofood, partly offset by a depreciation in the rupiah average exchange rate against the U.S. dollar.

Dividends received – increased by 2.3%, principally reflecting an increase in dividend income from Philex, RHI and MPIC's associated companies.

Net capital expenditure – decreased by 29.5%, principally reflecting reduced investments in property, plant and equipment at PLP and Indofood.

Acquisitions and disposals – decreased by 52.2%. 2014's net cash outflow principally relates to CMZ's increased time deposits (US$356.6 million), the Group's investments in a 9.8% interest in Goodman Fielder (US$128.3 million), SMECI's convertible notes (US$112.7 million) and a 16.4% interest in VMC (US$43.5 million) and MPTC's investments in Unit Investment Trust Funds and bonds (US$96.8 million). 2013's net cash outflow principally relates to FPM Power's investment in a 70.0% interest in PLP (US$478.6 million), Indofood's investments in a 82.9% interest in CMFC (US$469.7 million), a 50.0% interest in CMAA (US$66.6 million), a 99.4% interest in MPM (US$34.0 million) and increased investments in AIBM (US$41.9 million) and Heliae (US$7.5 million), FPM Infrastructure's investment in a 29.5% interest in DMT (US$134.6 million), FP Natural Resources' investment in a 34.0% interest in RHI (US$56.6 million), MPTC's investments in Unit Investment Trust Funds and bonds (US$73.1 million) and a deposit made by IASB for the acquisition of a packaged drinking water business in Indonesia (US$52.3 million).

Net borrowings – decreased by 50.3%. 2014's net cash inflow relates to net proceeds from borrowings at Indofood (US$261.0 million), MPIC (US$226.5 million) and FPM Power (US$51.3 million). 2013's net cash inflow principally relates to net proceeds from net additional borrowings at Indofood (US$840.9 million), FPM Power (US$130.4 million), PLP (US$95.0 million), MPIC (US$16.0 million) and Head Office's issuance of ten-year unsecured bonds (US$395.0 million), partly offset by its net repayment of borrowings (US$393.8 million).

Dividends paid – decreased by 14.0%. The amount represents the payments of 2013 final and 2014 interim dividends by the Company to its shareholders and by its subsidiary companies to their non-controlling shareholders. The decrease principally reflects a decrease in dividends paid by Indofood, MPIC and their subsidiary companies.

Other financing cash flows – decreased by 83.9%. 2014's net cash inflow mainly relates to proceeds from MPIC's divestment of a 39.9% interest in Hospital business (US$229.6 million), capital contributions from non-controlling shareholders of MPIC (US$17.8 million) and Indofood's subsidiary companies (US$17.3 million), partly offset by MPIC's increased investments in MNTC (US$70.1 million), the Company's payments for repurchase of its shares (US$28.0 million), Maynilad's payments for concession fees (US$26.7 million) and SIMP's payments for share repurchase (US$14.0 million). 2013's net cash inflow mainly relates to net proceeds from the Company's rights issue (US$494.5 million), net proceeds from MPIC's share placement (US$145.5 million) and sale of 4% effective interest in Maynilad (US$82.8 million) and capital contributions from non-controlling shareholders of FPM Power (US$110.0 million) and Indofood's subsidiary companies (US$31.4 million), partly offest by the Company's payments for repurchase of its shares (US$31.3 million) and Maynilad's payments for concession fees (US$29.7 million).

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

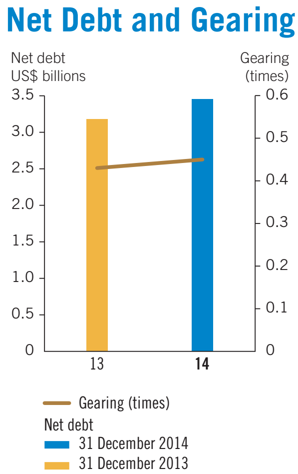
In July 2013, the Company completed a rights offering on the basis of one rights share for every eight existing shares at a price of HK$8.1 (US$1.04) per rights share. The offering raised approximately US$494.5 million (net of expenses) to finance potential acquisition and strategic investments, and 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 (times) 2014**	Net debt/ (cash)(i) 2013	Total equity 2013 (Restated)	Gearing (times) 2013 (Restated)
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(ii)	**–**	**(1,585.4)**	**–**	–	(1,558.1)	–
Total	**3,455.9**	**7,717.0**	**0.45x**	3,182.5	7,479.5	0.43x



Associated

US$ millions	**Net debt(i) 2014**	**Total equity 2014**	**Gearing (times) 2014**	Net debt(i) 2013	Total equity 2013	Gearing (times) 2013
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) 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.

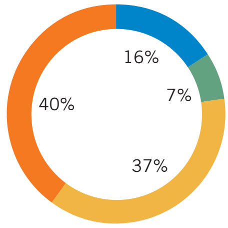
Maturity Profile

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

Maturity Profile of Consolidated Debt 2014



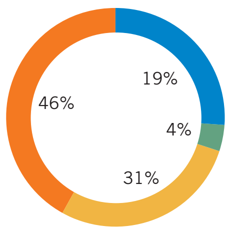
	US$ millions
Within one year	912.0
One to two years	401.0
Two to five years	2,186.8
Over five years	2,306.1
Total	**5,805.9**

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

Maturity Profile of Consolidated Debt 2013



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

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 SMECI. The reduction in RHI's debt principally reflects its repayments.

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 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 SMECI'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.

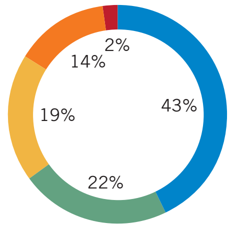
Net Debt by Currency

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**

Analysis of Total Borrowings by Currency



	US$ millions
US$	2,482.7
Peso	1,273.4
Rupiah	1,096.5
S$	842.2
Others	111.1
Total	**5,805.9**

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

Details of changes in Head Office net debt are set out on page 104.

PLDT carries U.S. dollar debts primarily because international vendors of telecommunications equipment quote prices and require payment in U.S. dollars. In addition, large funding requirements often cannot be satisfied in local currency due to inherent constraints within the financial markets in the Philippines. As a result, financing frequently needs to be sourced from the international capital market, principally in U.S. dollars. PLDT has actively hedged approximately 39% of its U.S. dollar net borrowings. In addition, substantial revenues of PLDT are either denominated in, or linked to, the U.S. dollar. For example, PLDT's U.S. dollar denominated international inbound revenue accounted for approximately US$230 million or 6% of PLDT's total service revenues in 2014. In addition, under certain circumstances, PLDT is able to adjust the rates for its fixed line service by one per cent for every Peso 0.1 change in the U.S. dollar to peso exchange rate.

Maynilad carries certain U.S. dollar debts which were arranged for financing its capital expenditure. Under its concession agreement with Metropolitan Waterworks and Sewerage System (MWSS) of the Philippine government for the provision of water and sewerage services in the area of West Metro Manila, Maynilad is entitled to rate adjustments which enable Maynilad to recover/account for present and future foreign exchange losses/gains until the expiration date of the concession on a quarterly basis.

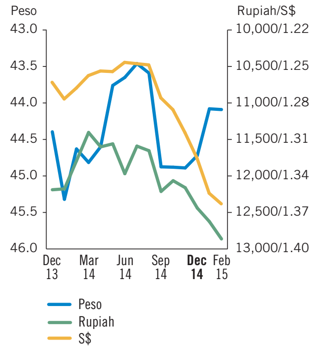
Meralco's debt is substantially denominated in peso. Therefore, any change of the U.S. dollar to peso exchange rate will not have a significant impact on Meralco's principal and interest payments. In addition, Meralco is allowed to recover foreign exchange differences on foreign currency-denominated loans through adjustments in its customers' billing in accordance with its local regulations.

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.

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



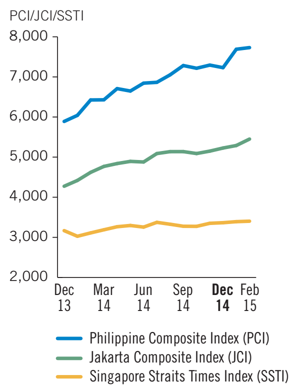
Equity Market Risk

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

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

	Philippine Composite Index	**Jakarta Composite Index**	**Singapore Straits Times Index**
At 31 December 2013	5,890	4,274	3,167
At 31 December 2014	**7,231**	**5,227**	**3,365**
Increase during 2014	+22.8%	+22.3%	+6.3%
At 24 March 2015	7,829	5,448	3,413
Increase during 1 January 2015 to 24 March 2015	+8.3%	+4.2%	+1.4%

Stock Markert Indices



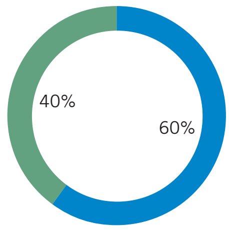
Interest Rate Risk

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/ (cash)**
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**

Interest Rate Profile



	US$ millions
Fixed	3,463.4
Variable	2,342.5
Total	**5,805.9**

Associated

US$ millions	Fixed interest rate borrowings	Variable interest rate borrowings	Cash and cash equivalents	**Net debt**
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**

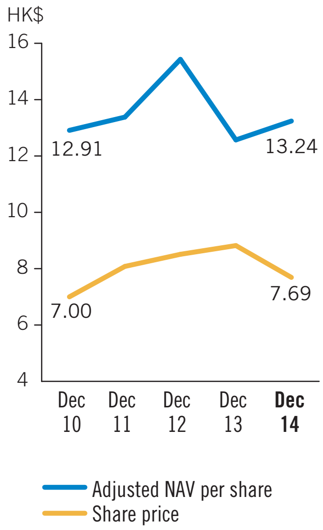
Adjusted NAV Per Share

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 SMECI's convertible notes at 31 December 2014 and loans receivable from Philex at 31 December 2013

Share Price vs Adjusted NAV Per Share



Statutory Reports, Consolidated Financial Statements and Notes to the Consolidated Financial Statements

Contents

Report of the Directors

The Directors present their report and the audited financial statements of First Pacific Company Limited (the Company) and its subsidiary companies (together, the Group) (the Consolidated Financial Statements) for the year ended 31 December 2014.

Principal Business Activities and Geographical Market Analysis of Operations

First Pacific Company Limited is a Hong Kong-based investment management and holding company with operations located in Asia-Pacific. Its principal business interests relate to telecommunications, consumer food products, infrastructure and natural resources. During the year, there were no significant changes in the nature of the Group's principal business activities.

An analysis of the Group's turnover and operating segmental information for the year is set out in Note 4 to the Consolidated Financial Statements, and a summary of its principal investments is set out on page 236.

Incorporation

The Company was incorporated on 25 May 1988 in Bermuda with limited liability.

Share Capital, Shares Held for Share Award Scheme and Share Options

Details of movements in the Company's share capital, shares held for share award scheme and share options issued by the Group during the year, together with their reasons, are set out in Notes 30, 31 and 38(D)(a) to the Consolidated Financial Statements.

Reserves

Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Financial Statements on pages 123 to 125.

Purchase, Sale or Redemption of Listed Securities of the Company

During the year, the Company repurchased 28,330,000 shares on the SEHK and these shares were subsequently cancelled by the Company. Further details of these transactions are set out in Note 30(B) to the Consolidated Financial Statements.

During the year, the independent trustee managing the Company's share award scheme subscribed 860,000 new shares issued by the Company on the SEHK at the cost of the Company. Further details of these transactions are set out in Note 31 to the Consolidated Financial Statements.

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.

Results and Appropriations

The consolidated profit of the Group for the year ended 31 December 2014 and the state of affairs of the Company and the Group at that date are set out in the Consolidated Financial Statements on pages 119 to 232.

An interim dividend of HK8.00 cents (U.S. 1.03 cents) (2013: HK8.00 cents or U.S. 1.03 cents) per ordinary share, totaling HK$344.8 million (US$44.2 million) (2013: HK$346.3 million or US$44.4 million), was paid on 24 September 2014. The Directors recommended the payment of 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, totaling HK$556.1 million (US$71.3 million) (2013: HK$559.3 million or US$71.7 million). The total dividends per ordinary share for 2014 equals to HK21.00 cents (U.S. 2.70 cents) (2013: HK21.00 cents or U.S. 2.70 cents), totaling HK$900.9 million (US$115.5 million) (2013: HK$905.6 million or US$116.1 million).

Charitable Contributions

The Group made charitable contributions totaling US$46.0 million in 2014 (2013: US$39.4 million).

Property, Plant and Equipment

Details of movements in the Group's property, plant and equipment during the year are provided in Note 12 to the Consolidated Financial Statements.

Borrowings

Details of the borrowings of the Group are provided in Note 27 to the Consolidated Financial Statements.

Distributable Reserves

At 31 December 2014, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended) amounted to US$309.4 million (2013: US$383.8 million). The Company's share premium account, in the amount of US$1,797.2 million (2013: US$1,821.8 million), may be distributed in the form of fully paid bonus shares.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Directors

The names of the Directors of the Company who held office at 31 December 2014 are set out on pages 52 to 55. Details of the remuneration policy and other details are provided in the Corporate Governance Report on page 99 and Note 38(A) to the Consolidated Financial Statements, respectively.

Interests of Directors in the Company and its Associated Corporations

As at 31 December 2014, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (SFO)) which (a) were recorded in the register required to be kept under section 352 of Part XV of the SFO; or (b) were notified to the Company and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (Model Code) were as follows:

(A) Long Positions in Shares in the Company

Name	Ordinary shares	Approximate percentage of issued share capital (%)	Ordinary share options
Anthoni Salim	1,925,474,957(C)(i)	44.89	–
Manuel V. Pangilinan	59,827,698(P)(ii)	1.39	28,224,972
Edward A. Tortorici	37,274,149(P)	0.87	20,573,666
Robert C. Nicholson	2,229,939(P)(iii)	0.05	27,632,368
Benny S. Santoso	–	–	3,594,812
Napoleon L. Nazareno	477,166(P)(iv)	0.01	4,502,055
Graham L. Pickles	–	–	2,528,635
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	898,838(P)(v)	0.02	4,502,790
Margaret Leung Ko May Yee, *SBS, JP*	238,582(P)(vi)	less than 0.01	1,812,887
Philip Fan Yan Hok	238,582(P)(vii)	less than 0.01	1,812,887

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

(i) Anthoni Salim indirectly owns 100% of First Pacific Investments (B.V.I.) Limited, his indirect interests in First Pacific Investments (B.V.I.) Limited are held through Salerni International Limited (a company of which Anthoni Salim directly holds 100% of the issued share capital). First Pacific Investments (B.V.I.) Limited and Salerni International Limited are interested in 633,186,599 shares and 502,058,994 shares respectively in the Company. Anthoni Salim also owns 82.55% of First Pacific Investments Limited which, in turn, is interested in 790,229,364 shares in the Company. Of this, 4.04% is held by Anthoni Salim directly, and 18.9% by Salerni International Limited and 59.61% by Asian Capital Finance Limited (a company in which Anthoni Salim owns 100% share interests). The remaining 17.45% interest in First Pacific Investments Limited is owned as to 12.12% by Sutanto Djuhar (a former Non-executive Director of the Company), 4.04% by Tedy Djuhar (a Non-executive Director of the Company), and 1.29% by a company controlled by the estate of the late Mr. Ibrahim Risjad (a former Non-executive Director of the Company).

(ii) It included Mr. Pangilinan's interests in 2,044,996 awarded shares granted pursuant to the Company's Share Award Scheme as adopted by the Board on 19 March 2013 (the Share Award Scheme) which remain unvested.

(iii) It included Mr. Nicholson's interests in 1,329,247 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(iv) It included Mr. Nazareno's interests in 286,300 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(v) It included Prof. Chen's interests in 286,300 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

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

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

(B) Long Positions in Shares in Associated Corporations

- Manuel V. Pangilinan owned 21,342,404 common shares(P) (0.08%)* and 6,250,000 share options in MPIC, 230,033 common shares(P) (0.11%)* in PLDT as beneficial owner and a further 15,417 common shares (less than 0.01%)* in PLDT as nominee, 4,655,000 common shares(P) (0.09%)* in Philex, 891,250 common shares(P) (0.05%)* in PPC, 40,000 common shares(P) (less than 0.01%)* (which has included 15,000 stock grants which remain unvested) in Meralco, as well as 50,000 common shares(P) (less than 0.01%)* in Roxas Holdings, Inc.

- Edward A. Tortorici owned 69,596 common shares(C) and 10,660,000 common shares(P) (collectively 0.04%)* and 5,000,000 share options in MPIC, 104,874 common shares(P) (0.05%)* in PLDT, 3,285,100 common shares(P) (0.07%)* and 1,515,000 share options in Philex, 37,512 common shares(P) (less than 0.01%)* in PPC as well as US$600,000 of bonds due 2019 issued by FPC Finance Limited, which is a wholly-owned subsidiary of the Company.

- Robert C. Nicholson owned 1,250 common shares(P) (less than 0.01%)* in Philex, 156 common shares(P) (less than 0.01%)* in PPC, 15,000,000 share options in MPIC, as well as US$400,000 of bonds due 2017 issued by FPMH Finance Limited, US$200,000 of bonds due 2020 issued by FPT Finance Limited and US$600,000 of bonds due 2019 issued by FPC Finance Limited, all of which are wholly-owned subsidiaries of the Company.

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

- Anthoni Salim owned 1,329,770 ordinary shares(P) (0.02%)* in Indofood and an indirect interest of 4,396,103,450 Indofood shares (50.07%)* through the Company's group companies, a direct interest of 2,007,788 shares(C) (0.14%)* in Indofood Agri Resources Ltd. (IndoAgri) through his controlled corporations other than the Company and an indirect interest of 1,018,200,000 IndoAgri shares (71.84%)* through the Company's group companies and a direct interest of 20,483,364 shares (0.13%)* in PT Salim Ivomas Pratama Tbk (SIMP) through his controlled corporations other than the Company and an indirect interest of 12,448,625,000 SIMP shares (80.31%)* through the Company's group companies.

- Napoleon L. Nazareno owned 6,648 common shares(P) (less than 0.01%)* in MPIC, 20,299 common shares(P) (less than 0.01%)* in PLDT as well as 121,043 common shares(P) (0.01%)* (which has included 10,833 stock grants which remain unvested) in Meralco.

(P) = Personal interest, (C) = Corporate interest
* Approximate percentage of the issued capital of the respective class of shares in the respective associated corporations as at 31 December 2014.

Save for those disclosed above, as at 31 December 2014, none of the Directors and chief executive of the Company had any interests or short positions in respect of shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code.

Interests of Substantial Shareholders in the Company

The interests and short positions of substantial shareholders in the shares and underlying shares of the Company as at 31 December 2014 as recorded in the register required to be kept under Section 336 of the SFO are set out below:

(a) Salerni International Limited (Salerni), which was incorporated in the British Virgin Islands, was interested in 1,135,245,593 ordinary shares of the Company at 31 December 2014, representing approximately 26.47% of the Company's issued share capital at that date, by way of 502,058,994 ordinary shares of the Company held, representing approximately 11.70% of the Company's issued share capital at that date and also its 18.90% interest in First Pacific Investments Limited (FPIL-Liberia) and 100% interest in First Pacific Investments (B.V.I.) Limited (FPIL-BVI). Anthoni Salim, Chairman of the Company, beneficially owns the entire issued share capital of Salerni and, accordingly, is taken to be interested in the shares owned by Salerni.

(b) Asian Capital Finance Limited (ACFL), which was incorporated in the British Virgin Islands, was interested in 790,229,364 ordinary shares of the Company at 31 December 2014, representing approximately 18.42% of the Company's issued share capital at that date, by way of its 59.61% interest in First Pacific Investments Limited (FPIL-Liberia). Anthoni Salim, Chairman of the Company, beneficially owns the entire issued share capital of ACFL and, accordingly, is taken to be interested in the shares owned by ACFL.

(c) FPIL-Liberia, which was incorporated in the Republic of Liberia, beneficially owned 790,229,364 ordinary shares at 31 December 2014, representing approximately 18.42% of the Company's issued share capital at that date. FPIL-Liberia is owned by Anthoni Salim (Chairman of the Company), Tedy Djuhar (a Non-executive Director of the Company), Sutanto Djuhar (a former Non-executive Director of the Company) and a company controlled by the estate of the late Ibrahim Risjad (a former Non-executive Director of the Company), in the proportion specified in note (i) of the table on page 114. Anthoni Salim, Chairman of the Company, is taken to be interested in the shares owned by FPIL-Liberia.

(d) FPIL-BVI, which was incorporated in the British Virgin Islands, beneficially owned 633,186,599 ordinary shares at 31 December 2014, representing approximately 14.76% of the Company's issued share capital at that date. Anthoni Salim, Chairman of the Company, beneficially owns the entire issued share capital of FPIL-BVI and, accordingly, is taken to be interested in the shares owned by FPIL-BVI.

(e) Lazard Asset Management LLC (Lazard), a United States incorporated company, notified the Company that it held 300,508,599 ordinary shares of the Company as at 20 May 2014, representing approximately 6.99% of the Company's issued share capital at that date. At 31 December 2014, the Company has not received any other notification from Lazard of any change to such holding.

(f) Brandes Investment Partners L.P. (Brandes), a United States incorporated company, notified the Company that it held 215,306,314 ordinary shares of the Company as at 8 April 2014, representing approximately 5.01% of the Company's issued share capital at that date. At 31 December 2014, the Company has not received any other notification from Brandes of any change to such holding.

Other than as disclosed above, the Company had not been notified of any person (other than Directors or chief executive of the Company) at 31 December 2014 who had an interest or short position in the shares or underlying shares of the Company to be recorded in the register required to be kept under Section 336 of Part XV of the SFO.

Contracts of Significance

Except for the connected transaction and continuing connected transactions set out in the Corporate Governance Report on pages 86 to 95, there were no contracts of significance in relation to the Company's business to which the Company or its subsidiary companies were parties, and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

None of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to the Company or any of its subsidiary companies at the end of the year or at any time during the year.

Directors' Rights to Acquire Shares or Debentures

Apart from as disclosed under the heading "Interests of Directors in the Company and its Associated Corporations" above, "Shares Held for Share Award Scheme" and "Share Options" in Notes 31 and 38(D)(a) to the Consolidated Financial Statements, at no time during the year was the Company or any of its subsidiary companies a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors of the Company or their spouses or minor children had any right to subscribe for securities of the Company, or had exercised any such right during the year.

Summary Financial Information

A summary of the published results, assets, liabilities and non-controlling interests, and various information and financial ratios of the Company and the Group for the last ten financial years, as extracted from the audited Consolidated Financial Statements and restated/reclassified as appropriate, is set out on pages 2 and 3. This summary does not form part of the audited Consolidated Financial Statements.

Major Customers and Suppliers

In 2014, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year, whereas purchases from the Group's five largest suppliers accounted for 34% (2013: 36%) of the total purchases for the year of which purchases from the largest supplier included therein accounted for 31% (2013: 32%) of the total purchases.

Continuing Connected Transactions and Connected Transaction

Continuing connected transactions and connected transaction required to be disclosed in accordance with Chapter 14A of the Listing Rules, are disclosed in the Corporate Governance Report on pages 86 to 95.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public at both 31 December 2014 and the date of this report.

Directors' and Officers' Liability Insurance

During the year, the Company has maintained appropriate Directors' and officers' liability insurance for all Directors and officers of the Company and its related companies, save in those instances where individual companies have maintained their own coverage.

Employment Policy

The Company has a policy of non-discrimination in respect of the age, religion, gender, race, disability or marital status of employees and prospective employees. This ensures that individuals are treated equally, given their skills and abilities, in terms of career development and opportunities for advancement.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming AGM.

On behalf of the Board of Directors

Nancy L.M. Li
Company Secretary

Hong Kong
24 March 2015

Independent Auditors' Report

TO THE SHAREHOLDERS OF FIRST PACIFIC COMPANY LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of First Pacific Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 119 to 232, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

ERNST & YOUNG
Certified Public Accountants

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

24 March 2015

Consolidated Financial Statements

Consolidated Income Statement

For the year ended 31 December US$ millions	Notes	**2014**	2013 (Restated)[i]
Turnover	4	**6,841.3**	6,005.8
Cost of sales		**(4,924.0)**	(4,245.4)
Gross Profit		**1,917.3**	1,760.4
Selling and distribution expenses		**(527.0)**	(452.4)
Administrative expenses		**(548.3)**	(518.9)
Other operating expenses, net		**(196.4)**	(102.1)
Interest income		**89.2**	69.0
Finance costs	5	**(356.8)**	(300.6)
Share of profits less losses of associated companies and joint ventures		**279.1**	255.1
Profit Before Taxation	6	**657.1**	710.5
Taxation	7	**(199.5)**	(145.7)
Profit for the Year from Continuing Operations		**457.6**	564.8
Profit for the year from a discontinued operation	8(A)	**63.2**	56.1
Profit for the Year		**520.8**	620.9
Attributable to:			
Owners of the Parent	9		
– For profit from continuing operations		**54.8**	210.2
– For profit from a discontinued operation		**26.2**	25.1
– For Profit for the Year		**81.0**	235.3
Non-controlling Interests			
– For profit from continuing operations		**402.8**	354.6
– For profit from a discontinued operation		**37.0**	31.0
– For Profit for the Year		**439.8**	385.6
		520.8	620.9
Earnings Per Share Attributable to Owners of the Parent (U.S. cents)	10		
Basic			
– For profit from continuing operations		**1.28**	5.06
– For profit from a discontinued operation		**0.61**	0.60
– For Profit for the Year		**1.89**	5.66
Diluted			
– For profit from continuing operations		**1.27**	5.00
– For profit from a discontinued operation		**0.60**	0.60
– For Profit for the Year		**1.87**	5.60

(i) Refer to Note 43

Details of the dividend proposed for the year are disclosed in Note 11 to the Consolidated Financial Statements.

The Notes on pages 128 to 232 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December US$ millions	**2014**	2013
Profit for the Year	**520.8**	620.9
Other Comprehensive (Loss)/Income		
Items that may be Reclassified Subsequently to Profit or Loss:		
Exchange differences on translating foreign operations	**(138.2)**	(990.5)
Unrealized (losses)/gains on available-for-sale assets	**(25.2)**	18.0
Realized gains on available-for-sale assets	**(5.0)**	(0.8)
Unrealized (losses)/gains on cash flow hedges	**(61.3)**	7.6
Income tax related to cash flow hedges	**9.8**	(1.3)
Share of other comprehensive income of associated companies and joint ventures	**45.5**	2.3
Items that will not be Reclassified to Profit or Loss:		
Actuarial gains/(losses) on defined benefit pension plans	**5.5**	(25.6)
Revaluation deficit of assets	**–**	(1.6)
Share of other comprehensive loss of associated companies and joint ventures	**(26.5)**	(51.4)
Other Comprehensive Loss for the Year, Net of Tax	**(195.4)**	(1,043.3)
Total Comprehensive Income/(Loss) for the Year	**325.4**	(422.4)
Attributable to:		
Owners of the parent	**(11.4)**	(177.2)
Non-controlling interests	**336.8**	(245.2)
	325.4	(422.4)

Consolidated Statement of Financial Position

US$ millions	Notes	At 31 December 2014	At 31 December 2013 (Restated)[i]
Non-current Assets			
Property, plant and equipment	12	**2,731.8**	2,856.6
Plantations	13	**1,210.7**	1,164.4
Associated companies and joint ventures	15	**3,568.4**	3,406.6
Goodwill	16	**1,057.6**	1,047.1
Other intangible assets	17	**2,511.8**	2,386.8
Accounts receivable, other receivables and prepayments	18	**11.8**	18.5
Available-for-sale assets	19	**193.8**	63.7
Deferred tax assets	20	**200.2**	162.9
Pledged deposits and restricted cash	21	**30.9**	11.1
Other non-current assets	22	**385.9**	423.4
		11,902.9	11,541.1
Current Assets			
Cash and cash equivalents and short-term deposits	23	**2,265.9**	2,375.4
Pledged deposits and restricted cash	21	**53.2**	49.3
Available-for-sale assets	19	**59.2**	101.8
Accounts receivable, other receivables and prepayments	18	**661.2**	778.8
Inventories	24	**717.2**	695.7
Plantations	13	**–**	2.0
		3,756.7	4,003.0
Assets classified as held for sale	25	**982.4**	–
		4,739.1	4,003.0
Current Liabilities			
Accounts payable, other payables and accruals	26	**1,192.4**	980.7
Short-term borrowings	27	**912.0**	1,067.0
Provision for taxation	28	**51.0**	32.6
Current portion of deferred liabilities, provisions and payables	29	**321.9**	250.4
		2,477.3	2,330.7
Liabilities directly associated with the assets classified as held for sale	8(B)	**335.9**	–
		2,813.2	2,330.7
Net Current Assets		**1,925.9**	1,672.3
Total Assets Less Current Liabilities		**13,828.8**	13,213.4
Equity			
Issued share capital	30	**42.9**	43.1
Shares held for share award scheme	31	**(8.7)**	(9.6)
Retained earnings		**1,540.1**	1,575.7
Other components of equity	32	**1,854.1**	1,900.7
Equity attributable to owners of the parent		**3,428.4**	3,509.9
Non-controlling interests	33	**4,288.6**	3,969.6
Total Equity		**7,717.0**	7,479.5
Non-current Liabilities			
Long-term borrowings	27	**4,893.9**	4,551.3
Deferred liabilities, provisions and payables	29	**850.0**	816.0
Deferred tax liabilities	20	**367.9**	366.6
		6,111.8	5,733.9
		13,828.8	13,213.4

(i) Refer to Note 43

The Notes on pages 128 to 232 form an integral part of the Consolidated Financial Statements.

On behalf of the Board of Directors

MANUEL V. PANGILINAN
Managing Director and Chief Executive Officer

ROBERT C. NICHOLSON
Executive Director

24 March 2015

Company Statement of Financial Position

At 31 December US$ millions	Notes	**2014**	2013
Non-current Assets			
Subsidiary companies	14	**1,035.0**	1,106.9
		1,035.0	1,106.9
Current Assets			
Cash and cash equivalents	23	**463.1**	552.5
Amounts due from subsidiary companies	14(A)	**3,505.3**	3,437.5
Other receivables and prepayments	18	**0.3**	0.4
		3,968.7	3,990.4
Current Liabilities			
Amounts due to subsidiary companies	14(B)	**1,096.9**	1,106.9
Other payables and accruals	26	**2.2**	1.4
		1,099.1	1,108.3
Net Current Assets		**2,869.6**	2,882.1
Total Assets Less Current Liabilities		**3,904.6**	3,989.0
Equity			
Issued share capital	30	**42.9**	43.1
Shares held for share award scheme	31	**(8.7)**	(9.6)
Retained earnings		**135.6**	210.0
Other components of equity	32	**2,029.0**	2,040.9
Equity attributable to owners of the parent		**2,198.8**	2,284.4
Non-current Liabilities			
Loans from subsidiary companies	14(C)	**1,702.9**	1,703.1
Other payables	29	**2.9**	1.5
		1,705.8	1,704.6
		3,904.6	3,989.0

The Notes on pages 128 to 232 form an integral part of the Consolidated Financial Statements.

On behalf of the Board of Directors

MANUEL V. PANGILINAN
Managing Director and Chief Executive Officer

ROBERT C. NICHOLSON
Executive Director

24 March 2015

Consolidated Statement of Changes in Equity

US$ millions	Notes	Equity attributable to owners of the parent										Non-controlling interests	Total equity (Restated)[i]
		Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive income/(loss) (Note 34)	Differences arising from changes in equities of subsidiary companies	Reserves for assets classified as held for sale	Capital and other reserves	Retained earnings	Total		
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	30(A)	0.3	–	18.9	(6.0)	–	–	–	–	–	13.2	–	13.2
Repurchase and cancellation of shares	30(B)	(0.3)	–	–	–	–	–	–	0.3	(28.5)	(28.5)	–	(28.5)
Issue of shares in respect of rights issue	30(C)	4.8	–	496.7	–	–	–	–	–	–	501.5	–	501.5
Purchase of shares for share award scheme	31	–	(10.6)	–	–	–	–	–	–	–	(10.6)	–	(10.6)
Issue of shares under share award scheme	31	–	(1.0)	1.0	–	–	–	–	–	–	–	–	–
Shares vested under share award scheme	31	–	2.0	–	(2.0)	–	–	–	–	–	–	–	–
Transaction costs for issue of shares	30(C)	–	–	(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	11	–	–	–	–	–	–	–	–	(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

continued/...

Consolidated Statement of Changes in Equity (continued)

		Equity attributable to owners of the parent											
US$ millions	Notes	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive income/(loss) (Note 34)	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]
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]	43	–	–	–	–	–	–	–	–	–	–	(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	30(A)	0.1	–	3.1	(1.0)	–	–	–	–	–	2.2	–	**2.2**
Repurchase and cancellation of shares	30(B)	(0.3)	–	(28.7)	–	–	–	–	–	–	(29.0)	–	**(29.0)**
Issue of shares under share award scheme	31	–	(1.0)	1.0	–	–	–	–	–	–	–	–	**–**
Shares vested under share award scheme	31	–	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	11	–	–	–	–	–	–	–	–	(71.7)	(71.7)	–	**(71.7)**
2014 interim dividend	11	–	–	–	–	–	–	–	–	(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 43

The Notes on pages 128 to 232 form an integral part of the Consolidated Financial Statements.

Company Statement of Changes in Equity

US$ millions	Notes	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Capital redemption reserve	Contributed surplus	Retained earnings	Total
Balance at 1 January 2013		38.3	–	1,312.2	31.6	1.7	173.8	135.5	1,693.1
Profit for the year		–	–	–	–	–	–	211.6	211.6
Issue of shares upon the exercise of share options	30(A)	0.3	–	18.9	(6.0)	–	–	–	13.2
Repurchase and cancellation of shares	30(B)	(0.3)	–	–	–	0.3	–	(28.5)	(28.5)
Issue of shares in respect of rights issue	30(C)	4.8	–	496.7	–	–	–	–	501.5
Purchase of shares for share award scheme	31	–	(10.6)	–	–	–	–	–	(10.6)
Issue of shares under share award scheme	31	–	(1.0)	1.0	–	–	–	–	–
Shares vested under share award scheme	31	–	2.0	–	(2.0)	–	–	–	–
Transaction costs for issue of shares		–	–	(7.0)	–	–	–	–	(7.0)
Employee share-based compensation benefits		–	–	–	19.7	–	–	–	19.7
2012 final dividend		–	–	–	–	–	–	(64.2)	(64.2)
2013 interim dividend	11	–	–	–	–	–	–	(44.4)	(44.4)
Balance at 31 December 2013		43.1	(9.6)	1,821.8	43.3	2.0	173.8	210.0	**2,284.4**
Profit for the year		–	–	–	–	–	–	39.5	**39.5**
Issue of shares upon the exercise of share options	30(A)	0.1	–	3.1	(1.0)	–	–	–	**2.2**
Repurchase and cancellation of shares	30(B)	(0.3)	–	(28.7)	–	–	–	–	**(29.0)**
Issue of shares under share award scheme	31	–	(1.0)	1.0	–	–	–	–	**–**
Shares vested under share award scheme	31	–	1.9	–	(1.9)	–	–	–	**–**
Employee share-based compensation benefits		–	–	–	17.6	–	–	–	**17.6**
Reclassification		–	–	–	–	(2.0)	–	2.0	**–**
2013 final dividend	11	–	–	–	–	–	–	(71.7)	**(71.7)**
2014 interim dividend	11	–	–	–	–	–	–	(44.2)	**(44.2)**
Balance at 31 December 2014		**42.9**	**(8.7)**	**1,797.2**	**58.0**	**–**	**173.8**	**135.6**	**2,198.8**

The Notes on pages 128 to 232 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 December US$ millions	Notes	**2014**	2013 (Restated)[i]
Profit Before Taxation			
From continuing operations		**657.1**	710.5
From a discontinued operation	8	**79.5**	63.3
Adjustments for:			
Finance costs		**370.9**	304.5
Depreciation		**233.1**	176.5
Impairment losses	6	**196.9**	12.4
Amortization of other intangible assets	6	**86.4**	85.7
Employee share-based compensation benefit expenses	37(A)	**20.4**	21.6
Foreign exchange and derivative losses, net	6	**12.7**	109.1
Share of profits less losses of associated companies and joint ventures		**(279.1)**	(267.7)
Interest income		**(103.8)**	(70.3)
Preferred share dividend income from a joint venture	6	**(9.1)**	(9.5)
Gain on changes in fair value of plantations	13	**(5.7)**	(5.8)
Gain on disposal of available-for-sale assets	6	**(5.0)**	(0.8)
Gain on sale of property, plant and equipment	6	**(0.7)**	(0.2)
Others		**(17.1)**	33.3
		1,236.5	1,162.6
Increase in accounts payable, other payables and accruals		**41.5**	89.1
Decrease/(increase) in other non-current assets		**36.8**	(68.6)
Decrease in accounts receivable, other receivables and prepayments		**3.9**	8.8
Increase in inventories		**(29.7)**	(34.1)
Net cash generated from operations		**1,289.0**	1,157.8
Interest received		**94.3**	66.9
Interest paid		**(340.9)**	(300.2)
Taxes paid	28	**(206.6)**	(200.6)
Net Cash Flows From Operating Activities		**835.8**	723.9
Dividends received from associated companies	15(B)	**234.0**	228.1
Repayment from/(loans to) an associated company, net		**80.0**	(55.9)
Proceeds from disposal of available-for-sale assets		**29.7**	7.2
Preferred share dividends received from a joint venture		**9.1**	9.5
Proceeds from disposal of property, plant and equipment		**6.6**	6.2
Proceeds from disposal and divestment of interests in associated companies		**6.1**	–
Dividends received from available-for-sale assets		**3.2**	–
Proceeds from disposal of plantations		**0.2**	1.0
Purchase of property, plant and equipment		**(378.2)**	(659.5)
Increase in time deposits with original maturity of more than three months		**(342.4)**	(376.0)
Acquisition of available-for-sale assets	35(A)	**(269.8)**	(73.1)
Investments in other intangible assets		**(153.6)**	(131.7)
Investments in convertible notes	35(B)	**(117.5)**	–
Investments in plantations		**(104.6)**	(108.5)
Acquisition of a business	35(C)	**(44.3)**	–
Increased investments in associated companies	35(D)	**(42.5)**	(52.0)
Increase in pledged deposits and restricted cash		**(27.4)**	(13.6)
Acquisition of subsidiary companies	35(C)	**(13.4)**	(693.0)
Investments in associated companies		**(11.8)**	(194.3)
Investments in joint ventures		**(2.3)**	(71.3)
Deposit for acquisition of a business		**–**	(52.3)
Net Cash Flows Used in Investing Activities		**(1,138.9)**	(2,229.2)

(i) Refer to Note 43

continued/...

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December US$ millions	Notes	2014	2013 (Restated)[i]
Proceeds from new borrowings		**1,745.7**	3,588.9
Proceeds from divestment of interests in subsidiary companies		**229.9**	–
Capital contributions from non-controlling shareholders		**35.1**	141.4
Proceeds from the issue of shares under long-term incentive plan		**3.2**	14.2
Proceeds from shares issued to non-controlling shareholders by subsidiary companies		**1.3**	145.5
Borrowings repaid		**(1,206.9)**	(2,505.4)
Dividends paid to non-controlling shareholders by subsidiary companies		**(139.6)**	(188.4)
Dividends paid to shareholders		**(115.9)**	(108.6)
Increased investments in subsidiary companies	35(E)	**(71.2)**	–
Repurchase of shares		**(28.0)**	(31.3)
Payments for concession fees payable		**(26.7)**	(29.7)
Repurchase of subsidiary companies' shares		**(16.1)**	(20.2)
Payments for purchase and subscription of shares under long-term incentive plan		**(1.0)**	(11.6)
Proceeds from rights issue of the Company, net		**–**	494.5
Proceeds from divestment of interests in subsidiary companies		**–**	82.8
Net Cash Flows From Financing Activities		**409.8**	1,572.1
Net Increase in Cash and Cash Equivalents		**106.7**	66.8
Cash and cash equivalents at 1 January		**2,002.8**	2,161.7
Exchange translation		**(23.2)**	(225.7)
Cash and Cash Equivalents at 31 December		**2,086.3**	2,002.8
Representing			
Cash and cash equivalents and short-term deposits as stated in the consolidated statement of financial position		**2,265.9**	2,375.4
Add cash and cash equivalents and short-term deposits attributable to a discontinued operation	8	**595.6**	–
Less short-term deposits and time deposits with original maturity of more than three months		**(765.8)**	(360.5)
Less bank overdrafts		**(9.4)**	(12.1)
Cash and Cash Equivalents at 31 December		**2,086.3**	2,002.8

(i) Refer to Note 43

The Notes on pages 128 to 232 form an integral part of the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1. Corporate Information

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

The Group comprises the Company and its subsidiary companies.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The Company's ordinary shares are listed on the SEHK. Its shares are also available for trading in the United States through ADRs (Level 1).

2. Basis of Preparation and Summary of Principal Accounting Policies

(A) Basis of Preparation

The Consolidated Financial Statements have been prepared in accordance with HKFRSs (which include all HKFRSs, HKASs and HK(IFRIC)-Ints) issued by the HKICPA, Hong Kong GAAP and the Listing Rules. The Consolidated Financial Statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audits", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The Consolidated Financial Statements have been prepared under the historical cost convention except for plantations, available-for-sale assets and derivative financial instruments which, as disclosed in the accounting policies below, are stated at fair value. These Consolidated Financial Statements are presented in United States (U.S.) dollars and all values are rounded to the nearest million (US$ millions) with one decimal place except when otherwise indicated.

(B) Impact of New and Revised HKFRSs

During 2014, the Group has adopted the following revised standards and a new interpretation issued by the 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.

(C) New and Revised HKFRSs and New Disclosure Requirements under the Hong Kong Companies Ordinance Not Yet Adopted

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these Consolidated Financial Statements.

HKAS 1 Amendments	"Disclosure Initiative"(i)
HKAS 16 and HKAS 38 Amendments	"Clarification of Acceptable Methods of Depreciation and Amortization"(i)
HKAS 16 and HKAS 41 Amendments	"Agriculture: Bearer Plants"(i)
HKAS 19 Amendments	"Defined Benefit Plans: Employee Contributions"(ii)
HKAS 27 (2011) Amendments	"Equity Method in Separate Financial Statements"(i)
HKFRS 9 (2014)	"Financial Instruments"(iii)
HKFRS 10 and HKAS 28 (2011) Amendments	"Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"(i)
HKFRS 10, HKFRS 12 and HKAS 28 (2011) Amendments	"Investment Entities: Applying the Consolidation Exception"(i)
HKFRS 11 Amendments	"Accounting for Acquisitions of Interests in Joint Operations"(i)
HKFRS 14	"Regulatory Deferral Accounts"(iv)
HKFRS 15	"Revenue from Contracts with Customers"(v)
Improvements to HKFRSs	"Annual Improvements to HKFRSs 2010-2012"(vi)
Improvements to HKFRSs	"Annual Improvements to HKFRSs 2011-2013"(vi)
Improvements to HKFRSs	"Annual Improvements to HKFRSs 2012-2014"(i)

(i) Effective for annual periods commencing on or after 1 January 2016
(ii) Effective for annual periods commencing on or after 1 July 2014
(iii) Effective for annual periods commencing on or after 1 January 2018
(iv) Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
(v) Effective for annual periods commencing on or after 1 January 2017
(vi) Generally effective 1 July 2014, unless otherwise stated in the specified HKFRSs

Further information about these HKFRSs is as follows:

HKAS 1 Amendments clarify that entities should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Besides, an entity need not provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contains a list of specific requirements or describes them as minimum requirements. An entity shall also consider whether to provide additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

HKAS 16 and HKAS 38 Amendments clarify the principle in HKAS 16 "Property, Plant and Equipment" and HKAS 38 "Intangible Assets" that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are to be applied prospectively.

HKAS 16 and HKAS 41 Amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will be within the scope of HKAS 16 instead of HKAS 41 "Agriculture". After initial recognition, bearer plants will be measured under HKAS 16 at accumulated cost before maturity. After the bearer plants mature, they will be measured either using the cost model or revaluation model in accordance with HKAS 16. The amendments also require that produce growing on the bearer plants will remain in the scope of HKAS 41 and is measured at fair value less costs to sell. Government grants relating to bearer plants will now be accounted for in accordance with HKAS 20 "Accounting for Government Grants and Disclosure of Government Assistance". A bearer plant is a living plant that: (i) is used in the production or supply of agricultural produce; (ii) is expected to bear produce for more than one period; and (iii) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

The HKAS 19 Amendments simplify the accounting for contributions that are independent of the number of years of employee service, such as employee contributions that are calculated according to a fixed percentage of salary. Under the amendments, such contributions are permitted to be recognized as a reduction of service cost in the period in which the related service is rendered.

HKAS 27 (2011) Amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying HKFRSs and electing to change to the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements are required to apply the change retrospectively.

HKFRS 9 (2014) simplifies the many different rules in HKAS 39 "Financial Instruments: Recognition and Measurement" into a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The standard revises the measurement of financial liabilities designated at fair value through profit or loss using the fair value option. For these fair value option liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk is required to be presented in other comprehensive income, whereas the remainder of the change in fair value is required to be presented in profit or loss. The standard adds the requirements related to hedge accounting and made some related changes to HKFRS 7 "Financial Instruments: Disclosure" and HKAS 39 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on fair value option liabilities as introduced in 2010 without applying the other HKFRS 9 requirements concurrently. HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply.

HKFRS 10 and HKAS 28 (2011) Amendments address an inconsistency between the requirements in HKFRS 10 "Consolidated Financial Statements" and in HKAS 28 (2011) "Investments in Associates and Joint Ventures" in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognized in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively.

HKFRS 10, HKFRS 12 and HKAS 28 (2011) Amendments address issues that have arisen in applying the investment entities exception under HKFRS 10. The HKFRS 10 Amendments clarify that the exception from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments also clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The HKAS 28 (2011) Amendments allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

HKFRS 11 Amendments require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3 "Business Combinations". The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 "Joint Arrangements" to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

HKFRS 14 specifies the financial reporting requirements for regulatory deferral account balances arising when an entity provides goods or service to customers at a price or rate that is subject to rate regulation. The standard permits entities adopting HKFRSs to continue to use the previous generally accepted accounting principles for the recognition, measurement, impairment and derecognition of regulatory deferral account balances. Under the new requirements, however, regulatory deferral account balances and movements in these accounts are required to be presented as separate line items in the statement of financial position and the income statement and the statement of comprehensive income, respectively. The standard also improves transparency by requiring specific disclosure to identify the nature of, and risks associated with, the rate regulation that has resulted in the recognition of the balances in accordance with the standard.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognizing revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgments and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs.

"Annual Improvements to HKFRSs 2010-2012 Cycle", "Annual Improvements to HKFRSs 2011-2013 Cycle" and "Annual Improvements to HKFRSs 2012-2014 Cycle" set out amendments to a number of HKFRSs and HKASs, which include certain changes that may result in accounting changes for presentation, recognition or measurement purposes.

The key amendments of "Annual Improvements to HKFRSs 2010-2012 Cycle" are summarized as follows:

The HKFRS 8 "Operating Segments" amendment explains that operating segments may be combined or aggregated if (i) they are consistent with the core principle of the standard, (ii) the segments have similar economic characteristics and (iii) they are similar in other qualitative respects. The amendment requires a disclosure of the economic characteristics, such as sales and gross margins, for assessing the similarity of the combined operating segments. However, it relaxes the requirement to reconcile segment assets to total assets. A reconciliation is required to be disclosed when it is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The HKAS 16 "Property, Plant and Equipment" and HKAS 38 "Intangible Assets" amendment remark two accepted revaluation methods: (i) adjusting the gross carrying amount of the asset to market value and (ii) determining the market value of the carrying amount and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment also clarifies the definition of accumulated depreciation/amortization, with a further elaboration on its requirement to eliminate such balances in revaluation exercises, matching the gross carrying amounts and carrying amounts with market values after revaluation adjustments.

The HKAS 24 "Related Party Disclosures" amendment clarifies that a management entity, an entity providing key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. However, notwithstanding that an entity incurs key management personnel expenses, detailed key management personnel compensation disclosure requirements do not apply if the individual is part of a separate management entity.

The key amendments of "Annual Improvements to HKFRSs 2011-2013 Cycle" are summarized as follows:

The HKFRS 3 "Business Combination" amendment excludes from its scope joint arrangements as defined in HKFRS 11 "Joint Arrangements" and clarifies that the aforesaid scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The HKFRS 13 "Fair Value Measurement" amendment clarifies that the portfolio exception applies to all contracts within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" or HKFRS 9 "Financial Instruments" when measuring fair value, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in HKAS 32 "Financial Instruments: Presentation".

HKAS 40 "Investment Property" amendment clarifies the inter-relationship of the standard itself and HKFRS 3 "Business Combinations" when classifying a property as an investment property or owner-occupied property. The amendment also explains that judgment is needed to determine whether an acquisition of investment property is an acquisition of an asset, a group of assets or a business combination which falls within the scope of HKFRS 3. Such judgment shall be based on the guidance in HKFRS 3.

The key amendments of "Annual Improvements to HKFRSs 2012-2014 Cycle" are summarized as follows:

The HKAS 19 "Employee Benefits" amendment clarifies that market depth of high quality corporate bonds used for discounting the post-employment benefit obligation for defined benefit plans is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

The HKAS 34 "Interim Financial Reporting" amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report. The amendments also specify that the information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

The HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" amendment clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendment is to be applied prospectively.

The HKFRS 7 "Financial Instruments: Disclosures" amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the HKFRS 7 disclosures are required. The amendment clarifies that the disclosures in respect of the offsetting of financial assets and financial liabilities in HKFRS 7 are not required in the condensed interim financial statements, except where the disclosures provide a significant update to the information reported in the most recent annual report, in which case the disclosures should be included in the condensed interim financial statements.

The Group has not early adopted the above new and revised HKFRSs for the year ended 31 December 2014. The Company has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position and presentation of its Consolidated Financial Statements.

In addition, the new Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the Consolidation Financial Statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

(D) Summary of Principal Accounting Policies

(a) Basis of consolidation

(I) Basis of consolidation

The Consolidated Financial Statements include the financial statements of the Company and its subsidiary companies for the year ended 31 December 2014. All significant intra-group transactions and balances within the Group are eliminated on consolidation.

A subsidiary company is an entity controlled by the Company. Control exists when the Company has exposure, or rights, to variable returns from its involvement with the entity and the ability to use its power over the entity to affect the amount of those returns. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: (i) the contractual arrangement with the other vote holders of the investee, (ii) rights arising from other contractual arrangements, (iii) the Group's voting rights and potential voting rights and (iv) other factors which enable the Company to direct the relevant activities of the investee unilaterally, such as the existence of control, through majority representatives appointed, over the board of directors of the investee by the Company. Potential voting rights that are substantive (i.e., practically exercisable by the Company considering all facts and circumstances), where applicable to certain Philippine affiliates of the Company, are taken into account in determining whether an entity should be consolidated. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes in the elements of control described above.

The results of subsidiary companies are included in the consolidated income statement from the effective date of acquisition, being the date on which the Group obtains control, or up to the effective date of disposal, as appropriate. Adjustments are made to bring into line any dissimilar accounting policies that may exist. Total comprehensive losses are attributed to the non-controlling interests even if it results in a deficit balance.

Non-controlling interests represent the interests of non-controlling shareholders not held by the Group in the results and net position of the Company's subsidiary companies.

A change in the ownership interest of a subsidiary company, without a change of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary company, it (i) derecognizes the assets (including goodwill) and liabilities of the former subsidiary company at their carrying amounts, (ii) derecognizes the carrying amount of any non-controlling interests in the former subsidiary company, (iii) derecognizes the components of other comprehensive income (e.g., cumulative exchange reserve) recorded in equity attributable to the former subsidiary company, (iv) recognizes the fair value of the consideration received, (v) recognizes the fair value of any investment in the former subsidiary company retained, (vi) recognizes any resulting difference as a gain or loss on disposal in profit or loss, (vii) reclassifies the parent's share of components of the former subsidiary company previously recognized in other comprehensive income (except revaluation reserve) to profit or loss, (viii) transfers the parent's share of the former subsidiary company's revaluation reserve previously recognized in other comprehensive income directly to retained earnings and (ix) transfers the related differences arising from changes in shareholdings of subsidiary companies without a change of control previously recognized as other reserves directly to retained earnings.

(II) Business combination and goodwill

Business combinations are accounted for using the acquisition method of accounting. This method involves allocating the consideration transferred to the vendor to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The consideration transferred is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Non-controlling interests in the acquirees (that are present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation) are measured either at the non-controlling interests' proportionate share of the acquirees' identifiable net assets or at their fair values. All other components of non-controlling interests are measured at fair values. All acquisition-related costs are recognized as expenses in profit or loss. Contingent consideration is measured at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" is measured at fair value with changes in fair value either recognized in profit or loss or as a charge to other comprehensive income depending on its classification in accordance with HKAS 39. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired, liabilities and contingent liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the assets acquired, liabilities and contingent liabilities assumed, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase. In the case of associated companies and joint ventures, goodwill is included in the carrying amount thereof, rather than as a separately identified asset in the consolidated statement of financial position.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized but reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired and its amount will be written down for impairment when it is considered necessary. Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. A previously recognized impairment loss for goodwill is not reversed.

For step acquisitions, the Group's previously held equity interests are remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

For business combinations involving entities or businesses under common control (a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory), they are accounted for applying the principles of merger accounting which is consistent with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. The method requires the combined entity to recognize the assets, liabilities and equity of the combining entities or businesses at the carrying amounts (i.e., existing book values from the controlling parties' perspective) in the consolidated financial statements of the controlling party or parties prior to the common control combination. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identified assets, liabilities and contingent liabilities over the cost at the time of the common control combination to the extent of the controlling party's or parties' interests.

(III) Separate financial statements

In the Company's statement of financial position, investments in subsidiary companies are stated at cost less any provision for impairment losses. The results of subsidiary companies are accounted for by the Company on the basis of dividends received and receivable.

(b) Cash and cash equivalents and short-term deposits

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use, whereas short-term deposits are highly liquid money market placements with average maturities of more than three months but less than one year from the date of acquisition. Cash restricted as to use represent cash which are restricted from being exchanged or used to settle a liability.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have original maturities of three months or less from the date of acquisition, less bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

(c) Accounts and other receivables

Accounts and other receivables, categorized as loans and receivables, are recognized initially at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of accounts and other receivables is established when there is objective evidence that their amounts due according to the original terms of the receivables cannot be collected in full. The amount of loss is measured as the difference between the asset's carrying amount and the present value of future cash flows. The carrying amount of the receivables is reduced through the use of a provision account and the amount of loss is recognized as an expense in the consolidated income statement. When an account and other receivable has no realistic prospect of future recovery, it is written off against the provision for accounts and other receivables. Subsequent recoveries of amounts previously written off are included as income in the consolidated income statement.

(d) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the first-in, first-out method, the weighted average method or the moving average method, and in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. The cost of goods purchased for resale includes costs incurred in bringing the goods to their present location. Net realizable value is determined on the basis of current anticipated selling prices less estimated costs to be incurred to completion and selling expenses. The Group provides allowance for obsolescence and/or decline in market values of inventories based on periodic reviews of the physical conditions and net realizable value.

(e) Property, plant and equipment

Freehold land is stated at cost and is not depreciated. Other property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses, calculated on the straight-line basis at annual rates estimated to write off their book values to residual values over their expected useful lives. Details of depreciation rates are set out in Note 12(A) to the Consolidated Financial Statements. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and measured at the lower of its carrying amount and fair value less costs to sell.

The initial cost of property, plant and equipment comprises its purchase price and any costs directly attributable in bringing the asset to its working condition and location for its intended use. Cost also includes asset retirement obligations, interest on borrowed funds used during the construction period and qualified finance costs from foreign exchange losses related to foreign currency denominated liabilities used to acquire such assets. Major costs incurred in restoring property, plant and equipment to their normal working condition are normally charged to the consolidated income statement. Where the recognition criteria are satisfied, improvements are capitalized and depreciated over their expected useful lives to the Group. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated income statement.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized finance and other costs incurred in connection with the borrowing of funds, including exchange differences arising from foreign currency borrowings, during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

(f) Plantations

Plantations, which primarily comprise oil palm, rubber and sugar cane plantations, are stated at fair value less costs to sell. Gains or losses arising on initial recognition of plantations at fair value less costs to sell and from the change in fair value less costs to sell of plantations at each reporting date are included in the consolidated income statement for the period in which they arise.

The fair value of the plantations is computed by independent professional valuers using the discounted cash flows of the underlying plantations. The expected net cash flows from the whole life cycle of the oil palm, rubber and sugar cane plantations are determined using the projected market prices of the estimated yields of FFB, cup lump and sugar cane, respectively, net of maintenance and harvesting costs, and any costs required to bring the oil palm, rubber and sugar cane plantations to maturity. The estimated yields of the oil palm, rubber and sugar cane plantations are dependent on the age of the oil palm, rubber and sugar cane trees, the location of the plantations, soil type and infrastructure. The projected market prices of FFB, rubber and sugar cane are largely dependent on the prevailing market prices of CPO, PKO, RSS1 and other rubber products of the Group, and sugar, respectively.

Oil palm trees have an average life of 25 years, with the first three to four years at immature stage and the remaining years at mature stage.

Rubber trees have an average life of 25 years, with the first five to six years at immature stage and the remaining years at mature stage.

Sugar cane is ready for harvest in 12 months since planting and can be harvested annually for an average of four years.

(g) Associated companies and joint ventures

An associated company is an entity, not being a subsidiary company or a joint venture, in which the Group over whose management is in a position to exercise significant influence, including participation in the financial and operating policy decisions. Generally, significant influence is assumed to exist when the Group has a long-term interest of not less than 20% of the equity voting rights in the entity.

The Group has interests in joint ventures, whereby the Group and the other venturers have contractual arrangements that give them joint controls and rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associated companies and joint ventures are accounted for by the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's investments in associated companies and joint ventures include goodwill (net of any accumulated impairment losses) identified on acquisition. The Group's share of its associated companies' and joint ventures' post-acquisition profits and losses is recognized in the consolidated income statement, and its share of post-acquisition other comprehensive income is recognized in consolidated other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Income from associated companies and joint ventures is stated in the consolidated income statement as the Group's share of profits less losses of associated companies and joint ventures. For the share of associated companies' and joint ventures' post acquisition movements in other comprehensive income recognized in the Group's consolidated other comprehensive income, the Group will disclose them, when applicable in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred.

Equity accounting is discontinued when the carrying amount of the investment in an associated company or a joint venture reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company or joint venture.

If an investment in an associated company becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, when the Group discontinues the use of the equity method from the date when it ceases to have significant influence over an associated company or joint control over the joint venture, the Group measures at fair value any investment that the Group retains in the former associated company or joint venture. In accordance with HKAS 39, the Group recognizes in the consolidated income statement any difference between (i) the fair value of any retained investment and any proceeds from disposing of part of the interest in the associated company or joint venture and (ii) the carrying amount of the investment at the date when significant influence or joint control is lost. When an investment ceases to be an associated company or a joint venture and is accounted for in accordance with HKAS 39, the fair value of the investment at the date when it ceases to be an associated company or a joint venture shall be regarded as its fair value on initial recognition as a financial asset.

(h) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired from business combinations is initially recognized at fair value at the date of acquisition. Additions of service concession assets subsequent to business combinations are initially measured at present value of any additional estimated future concession fee payments pursuant to the concession agreements and/or the costs of rehabilitation works incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment loss. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible assets is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The Group's concession assets represent the fair value of concessions of right granted by governments to charge users of public services provided. The Group's concession assets for the water distribution business are amortized using either the unit of production method or the straight-line method over the term of the concessions. The Group's concession assets for the toll road business are amortized using the unit of production method over the term of the concessions. The Group's brands represent the brands for its various milk-related products. The brands are amortized using the straight-line method over their estimated useful lives. The Group's vesting contract is a commitment to produce a specified quantity of electricity at a specified price, limiting the Group's exposure to volatility in the electricity prices, providing certainty on cost recovery for a portion of the electricity generated. The vesting contract is amortized using the straight-line method. The Group's software is amortized using the straight-line method over its estimated useful life.

Intangible asset with indefinite life is not amortized. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on prospective basis. Intangible asset with indefinite life is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The Group's intangible assets with indefinite life mainly consist of the registered brand name and distribution and customer networks of its packaged drinking water business, for which the Group does not expect to incur significant expenses to maintain the future economic benefits that can be generated from these assets.

(i) Accounts and other payables

Accounts and other payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

(j) Asset retirement obligations

The net present value of legal obligations associated with the retirement of an item of property, plant and equipment that resulted from the acquisition, construction or development of property, plant and equipment is recognized in the period in which the obligations arise. The obligations are reviewed and adjusted, if appropriate, at least at each financial year end.

(k) Income tax

Income tax comprises current and deferred taxes. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted, by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Deferred tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences (with limited exceptions) while deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses (with limited exceptions). For deferred tax liabilities for the withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes, the Group fully recognizes the amounts for its associated companies and recognizes the amounts to the extent representing the earnings to be distributed as dividends for its subsidiary companies. The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. Conversely, previously unrecognized deferred tax assets are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(l) Provisions, contingent liabilities and assets

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the effect of discounting is material, the amount recognized for a provision is the present value, at the end of the reporting period, of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount, arising from the passage of time, is included in finance costs in the consolidated income statement.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognized in accordance with the general guidance for provisions above and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the general guidance for revenue recognition.

Contingent assets represent assets arising from unplanned or unexpected events that give rise to the possibility of an inflow of economic benefits to the Group. Contingent assets are not recognized in the Group's consolidated financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable.

(m) Impairment of non-financial assets

An assessment is made at the end of each reporting period as to whether there is an indication of impairment of assets including property, plant and equipment, other intangible assets and other non-current assets, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's fair value less costs of disposal and value in use.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the consolidated income statement in the period in which it arises, unless the asset is carried at a revalued amount, then the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognized impairment loss of all assets other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset. However, this is limited and will not give rise to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization), had no impairment loss been recognized for the asset in prior years.

A reversal of such an impairment loss is credited to the consolidated income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

(n) Foreign currencies

(I) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The Consolidated Financial Statements are presented in the currency of the United States dollar, which is the Company's functional and presentation currency.

(II) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement (except for those which will be refunded or billed to customers through billings as approved by governments under service concession arrangements). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item.

(III) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) income and expenses for each consolidated income statement and consolidated statement of comprehensive income presented are translated at average exchange rates; and

(iii) all resulting exchange differences are recognized in other comprehensive income. On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, such exchange differences are recognized in the consolidated income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the rates at the dates of the transactions.

(IV) Consolidated statement of cash flows

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiary companies are translated into United States dollars at the exchange rates prevailing at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiary companies which arise throughout the year are translated into United States dollars at the average exchange rates of the year.

(o) Turnover and revenue recognition

Turnover represents the amounts received and receivable from the sale of goods and electricity and the rendering of services to third parties, falling within the ordinary activities of the Group's businesses. Turnover from sales is recognized when the risks and rewards of ownership of goods sold has been transferred to the buyer. Turnover from services is recognized when it can be measured reliably by reference to stages of completion for the rendering of the said services. Turnover from supply of electricity is recognized upon delivery.

Dividend income is recognized when the Group's right to receive payment has been established. Interest income is recognized as it accrues, taking into account the principal amount outstanding and the effective interest rate.

(p) 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 to assess its performance, and for which discrete financial information is available.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process.

(q) Leases

Leases, where substantially all of the risks and rewards of ownership of assets remain with the lessor, are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases are recorded in the consolidated income statement on the straight-line basis over the lease terms.

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalized finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and are depreciated over the shorter of the lease terms and the estimated useful lives of the assets. Finance lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. A finance lease gives rise to a depreciation expense for the asset as well as a borrowing cost for each period. Finance charges are charged directly to current operations. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned by the Group.

(r) Employee benefits

(I) Pension obligations

The Group operates defined contribution and defined benefit retirement schemes.

Contributions to defined contribution schemes by the Group and employees are calculated as a percentage of the employees' basic salaries. The Group's contributions to defined contribution schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the schemes prior to the contributions vesting fully.

The Group's net obligations in respect of defined benefit schemes is calculated by fair value of the pension scheme assets and estimates of the effects of future events on the actuarial present value of accrued pension obligations, and are determined on the basis of actuarial valuations using the projected unit credit method. Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in the consolidated income statement at the earlier of the date of (i) when the plan amendment occurs and (ii) when the related restructuring or termination costs are recognized. Interest on net defined benefit obligation is calculated using the discount rate used to measure the pension benefit obligation and recognized in the consolidated income statement.

(II) Long service payments

Certain of the Group's employees are eligible for long service payments in the event of the termination of their employment. A provision is recognized in respect of the probable future long service payments expected to be made. The provision is the best estimate of the present value of probable future payments, calculated using the projected unit credit method, that have been earned by the employees from their service to the Group at the end of the reporting period.

(III) Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair values of the share options and awarded shares at the date at which they are granted.

For grant of share options, the total amount to be expensed is determined by reference to the fair value of the options granted by using option-pricing models, which include the impact of market performance conditions but excludes the impact of service conditions and non-market performance conditions. For grant of awarded shares, the total amount to be expensed is determined by reference to the market performance conditions at the grant date, taking into account all non-vesting conditions associated with the grants.

The cost of equity-settled transactions is recognized, together with a corresponding increase in the employee share-based compensation reserve, over the period in which the performance conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting period end until the vesting date reflects the extent to which the vesting period has expired and the number of awards that will ultimately vest, based on the best available estimate.

Upon the exercise of share options, the related amount accumulated in the employee share-based compensation reserve is transferred to share premium. Upon the vesting and transfer to the awardees, the related costs of the awarded shares are credited to shares held for the share award scheme, and the related fair value of the shares is debited to the employee share-based compensation reserve. The difference between the cost and the fair value of the vested awarded shares is credited to retained earnings if the fair value is higher than the cost or debited against retained earnings if the fair value is less than the cost.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, an expense, as a minimum, is recognized as if the terms had not been modified if the original terms of the award are met. An expense is recognized for any increase in the fair value of the transactions as a result of the modification, as measured at the date of modification. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognized immediately, or over the vesting period if the employee is required to complete an additional period of service before becoming unconditionally entitled to those modified equity instruments.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

(IV) Cash-settled transactions

For the cost of cash-settled transactions with employees, the Group recognizes the services received and the liability to pay for those services as the employees render services during the vesting period. The liability is measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights (SARs), by applying an option valuation model, taking into account the terms and conditions on which the SARs were granted, and the extent to which the eligible key executives and advisors have rendered service to date. Until settled, any changes in fair value at each reporting date will be recognized in the consolidated income statement.

(V) Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilized by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

(VI) Short-term employee benefits

Employee benefits are classified as short-term if the expected timing of settlement is within 12 months after the end of the reporting period.

(VII) Cash long-term employee benefits

Certain of the Group's employees are eligible for cash long-term employee benefits under long-term incentive plans (LTIP). Liability under LTIP is determined using the projected unit credit method. Employee benefit costs include current service costs, interest cost, actuarial gains and losses, and past service costs. Past service costs and actuarial gains and losses are recognized immediately in the consolidated income statement when they occur.

(VIII) Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Termination benefits are recognized at the earlier of (i) when the Group can no longer withdraw the offer of those benefits and (ii) when the Group recognizes the related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short term employee benefits, or other long-term employee benefits.

(s) Finance costs

Finance costs are interest expense calculated using the effective method and other costs incurred in connection with the borrowing of funds. Other costs include exchange differences on foreign currency borrowings. Exchange differences arising from foreign currency borrowings are included in finance costs to the extent that they are regarded as an adjustment to interest costs.

Finance costs are expensed in the consolidated income statement in the year in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

(t) Financial assets and financial liabilities

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of the reporting period. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using the trade date accounting, which means the accounting based on the date that the Group commits to purchase or sell the asset.

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, or as derivatives designed as hedging instruments in an effective hedge, as appropriate. Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified as any of the other three categories.

A financial asset or financial liability can be designated as a financial asset or financial liability at fair value through profit or loss only upon its initial recognition. The Group may use this designation only in the case of a contract containing one or more embedded derivatives (as described below) or when doing so results in more relevant information, because either:

(i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis; or

(ii) a group of financial assets, financial liabilities or both are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel.

For a contract containing one or more embedded derivatives, the Group may designate the entire hybrid (combined) contract as a financial asset or financial liability at fair value through profit or loss, unless:

(i) the embedded derivative(s) does not significantly modify the cash flows that otherwise would be required by the contract; or

(ii) it is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative(s) is prohibited, such as a prepayment option embedded in a loan that permits that holder to prepay the loan for approximately its amortized cost.

Financial assets or financial liabilities are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial assets. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss. Fair value is determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities.

After initial recognition, the following financial assets and liabilities are measured at amortized cost using the effective interest method: (i) loans and receivables; (ii) held-to-maturity investments; and (iii) financial liabilities other than liabilities measured at fair value through profit or loss, whereas available-for-sale assets are measured at fair value with gains or losses being recognized in other comprehensive income until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the consolidated income statement. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Amortized cost for held-to-maturity investments is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount.

Investments in unquoted equity securities and derivatives linked thereon are measured at cost less any impairment.

Amortization of discounts and premiums is taken directly to the consolidated income statement. Changes in the fair value of financial assets and liabilities measured at fair value of (i) all derivatives (except for those eligible for hedge accounting); (ii) other items intended to be actively traded; and (iii) any item designated as "at fair value through profit or loss" at origination, are taken directly to the consolidated income statement. Changes in the fair value of available-for-sale financial assets are recognized as other comprehensive income in a separate reserve, except for the interest component which is taken directly to net profit or loss for the period based on the asset's effective yield.

Financial assets and liabilities include financial instruments which may be a primary instrument, such as receivables, payables and equity securities, or a derivative instrument, such as financial options, futures and forwards, interest rate swaps and currency swaps.

A financial instrument is classified as a financial liability or a financial asset or an equity item in accordance with the substance of the contractual arrangement. Financial instruments that contain both liability and equity elements are classified separately as financial liabilities or equity instruments. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and the Group intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is derecognized when (i) the rights to receive cash flows from the asset have expired, or (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the consolidated income statement.

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(I) Assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognized in the consolidated income statement.

If, in a subsequent period, the amount of the estimated loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance amount. If a write-off is later recovered, the recovery is credited to the consolidated income statement.

(II) Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

(III) Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the consolidated income statement, is removed from other comprehensive income and recognized in the consolidated income statement. In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the carrying cost of the investment and "prolonged" against the period in which the fair value has been below its carrying cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement – is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the consolidated income statement. Increases in their fair value after impairment are recognized directly in other comprehensive income. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the extent or duration to which the fair value of an investment is less than its cost.

(u) Derivative instruments and hedge accounting

The Group uses derivative financial instruments such as long-term currency swaps, foreign currency forwards, interest rate swaps and commodity swaps to hedge its risks associated with foreign currency, interest rate and commodity price fluctuations. Such derivative financial instruments are stated at fair value.

The criteria for a derivative instrument to be classified as a hedge include (i) the hedge transaction is expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk; (ii) the effectiveness of the hedge can be reliably measured; (iii) there is adequate documentation of the hedging relationships at the inception of the hedge; and (iv) for cash flow hedges, the forecast transaction, which is the subject of the hedge, must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.

For the purpose of hedge accounting, hedges are classified as (i) fair value hedges where they hedge the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (ii) cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability, a highly probable forecast transaction, or a foreign currency risk in an unrecognized firm commitment, or (iii) hedges of a net investment in a foreign operation.

In relation to fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognized immediately in the consolidated income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognized in the consolidated income statement.

In relation to cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly as other comprehensive income and the ineffective portion is recognized in the consolidated income statement. The gains or losses that are accumulated in other comprehensive income are transferred to the consolidated income statement in the same period in which the hedged item affects profit or loss.

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income while any gains or losses relating to the ineffective portion are recognized in the consolidated income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recognized in other comprehensive income is transferred to the consolidated income statement.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the consolidated income statement.

(v) Convertible instruments

Convertible instruments are separated into liability and equity components based on the terms of the contracts. Upon the issuance of the convertible instruments, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in shareholders' equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible instruments based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

(w) Fair value measurement

The Group measures its plantations, available-for-sale assets and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(x) Dividends

Final dividends proposed by the Directors are recognized as a liability when they have been declared and approved by the shareholders in an annual general meeting.

Interim dividends (including special dividends, if any) are simultaneously proposed and declared, because the Company's memorandum and bye-laws grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

For distributions of non-cash assets as dividends to owners of the Company (except for the cases when the Group distributes some of its ownership interests in subsidiary companies but retains control of these subsidiary companies after the distributions), the Group measures the related liabilities at the fair value of the assets to be distributed. The carrying amount of the dividends payable is remeasured at each reporting date and at the settlement date, with any changes recognized directly in equity as adjustments to the amount of the distribution. On settlement of the transactions, the Group recognizes the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liabilities in the consolidated income statement.

(y) Related parties

A related party is a person or an entity that is related to the Group.

(I) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group.

(II) An entity is related to the Group if any of the following conditions applies:
- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary company and fellow subsidiary company is related to the others);
- (ii) one entity is an associated company or a joint venture of the other entity (or an associated company or a joint venture of a member of a group of which the other entity is a member);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associated company of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (I); and
- (vii) a person identified in (I)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

(z) Assets and disposal groups held for sale

Assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary company classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary company after the sale.

Assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell.

3. Significant Accounting Judgments and Estimates

The preparation of the Group's Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures, and the disclosure of contingent liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(A) Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Consolidated Financial Statements:

(a) Classification of financial assets and financial liabilities

The Group determines the classification of certain assets and liabilities as financial assets and financial liabilities by judging whether they meet the definition of financial assets and financial liabilities set out in HKAS 39. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies set out in Note 2(D)(t) to the Consolidated Financial Statements.

(b) Service concession arrangements

In applying HK(IFRIC)-Int 12 to the service concession arrangements of Maynilad Water Services, Inc. (Maynilad), Philippine Hydro (PH), Inc. (PHI), Manila North Tollways Corporation (MNTC) and Cavitex Infrastructure Corporation (CIC), the Group has made judgments that these arrangements qualify for the application of the intangible asset model. Details of the Group's accounting policy in respect of intangible assets (other than goodwill) are set out in Note 2(D)(h) to the Consolidated Financial Statements.

Beginning 1 January 2014, the service concession assets of MNTC is amortized on a unit of production ("UOP") basis. MNTC determined that it is more appropriate to use the UOP basis for amortizing the service concession assets as the economic benefit of this asset is more closely aligned with the traffic volume and kilometers travelled for the segments of toll roads using an "open toll collection system" and "closed toll collection system", respectively. The change in the method of amortization is also consistent with the toll segment's move to unify the accounting policies of its subsidiaries. This change in accounting policy resulted in a decrease in amortization expense by US$3.4 million of the service concession assets for the year ended 31 December 2014.

(B) Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are described below.

(a) Estimating useful lives and residual values of property, plant and equipment

The Group estimates the useful lives and residual values of its property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives and residual values of the property, plant and equipment are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the Group's estimation of the useful lives and residual values of its property, plant and equipment is based on its collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in those estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives and residual values of the Group's property, plant and equipment would increase its recorded depreciation expenses and decrease its non-current assets.

(b) Measurement of fair value of plantations

HKAS 41 requires that the Group carries its plantations at fair value less costs to sell, which requires the extensive use of accounting estimates. The determination of such fair value less costs to sell is performed by independent valuers engaged by the Group. Significant components of fair value measurement were determined using assumptions including the average lives of plantations, yield per hectare, plantation area and discount rates. The amount of changes in fair value would differ if the Group utilized different assumptions. Any changes in fair value of these plantations would affect directly the Group's profit or loss, assets and equity.

(c) Purchase price allocation and impairment of non-financial assets

Acquisition accounting requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the assets and liabilities purchased, including intangible assets and contingent liabilities. Determining the fair value of property, plant and equipment, plantations, and intangible assets (other than goodwill) at the date of acquisition of business, which requires the determination of future cash flows expected to be generated from the continued use (i.e., fair market value) and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements.

Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill in the consolidated statement of financial position or gain on bargain purchase in profit or loss. The Group's business acquisitions have resulted in goodwill, which is subject to yearly impairment testing and whenever there is an indication that goodwill may be impaired. The Group also assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The preparation of estimated future cash flows involves significant estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in its assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment charges. Any resulting impairment loss would affect directly the Group's consolidated profit or loss and equity.

(d) Estimating useful lives of brands

The Group estimates the useful lives of the brands for its various milk-related products. The estimated useful lives of the brands are reviewed annually and are updated if expectations differ from previous estimates due to changes in market situations or other limits. It is possible, however, that future results of operations could be materially affected by changes in those estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the Group's brands would increase its recorded amortization expenses and decrease its other intangible assets.

(e) Financial assets and liabilities

HKFRS requires that the Group carries certain of its financial assets and liabilities at fair value, which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any changes in fair value of these financial assets and liabilities would affect directly the Group's consolidated profit or loss and equity.

(f) Estimating allowances for loans and receivables

The Group estimates the allowance for receivables based on two methods. The amounts calculated using each of these methods are combined to determine the total amount it provides. Firstly, the Group evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Group estimates, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on third party credit reports and known market factors, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Group expects to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts estimated. Secondly, a provision is established as a certain percentage of receivables. This percentage is based on a collective assessment of historical collection, write-off, experience and changes in its customer payment terms.

The amounts and timing of recorded expenses for any period would differ if the Group utilized different estimates. An increase in the Group's allowance for receivables would increase its recorded operating expenses and decrease its assets.

(g) Impairment of available-for-sale assets

The Group treats an available-for-sale equity financial asset as impaired when there had been a significant or prolonged decline in the fair value below its acquisition cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

For debt instruments classified as available-for-sale assets, the Group considers loss events that has an impact on the estimated future cash flows of the financial asset, among others, the issuer is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization. Other observable data may indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(h) Estimating allowances for inventories

The Group estimates the allowance for inventories based on the best available facts and circumstances, including but not limited to, the inventories' own conditions (i.e., whether they are damaged or become wholly or partially obsolete), their market selling prices, estimated costs of completion and estimated costs to be incurred for their sale. The provisions are re-evaluated and adjusted as additional information received affects the amount estimated.

(i) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the diversity of the Group's businesses and the long-term nature and complexity of existing contractual agreements or the nature of the business itself, changes in differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities in which the Group operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile or to the operations of the Group.

The Group reviews the carrying amounts at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized based on the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its recognized deferred tax assets to be utilized.

(j) Provisions

The Group recognizes provisions based on estimates of whether it is probable that an outflow of resources will be required to settle an obligation. Where the final outcome of these matters is different from the amounts that were initially recognized, such differences will impact the financial performance in the current period in which such determination is made.

Provisions mainly consist of provision for estimated expenses related to the concluded and ongoing debt settlement negotiations and certain warranties and guarantees, claims and potential claims against the Group, and provision for heavy maintenance. The provisions for the heavy maintenance requires an estimation of the periodic costs, generally estimated to be every five to seven years or the expected heavy maintenance dates, to restore the assets to a level of serviceability during the concession term and in good condition before turnover to the grantor. This is based on the best estimate of management to be the amount expected to be incurred to settle the obligation at every heavy maintenance dates discounted using a pre-tax rate that reflects the current market assessment of the time value of money and the risk specific to the liability.

(k) Pension and other retirement benefits

The determination of the Group's obligation, fair value of plan assets and cost for defined benefits is performed by independent actuaries engaged by the Group and dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include among others, discount rates, expected returns on plan assets, future annual salary increases and the average remaining working life of employees. In accordance with the Group's accounting policy for pension obligations, actual results that differ from the Group's assumptions are recognized immediately in other comprehensive income as and when they occur. While the Group believes that the actuaries' assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in the Group's assumptions may materially affect its pension and other retirement obligations.

(l) Employee share-based compensation benefit expenses

HKFRS 2 requires that the Group measures its share options and awarded shares at fair value at the date at which they are granted, which requires the extensive use of accounting estimates. The determination of such fair value is performed by an independent valuer engaged by the Group or management's estimates. Significant components of fair value measurement were determined using assumptions including expected volatility and dividend yield and the average risk-free interest rate. The amount of fair value determined at the date on which the share options and awarded shares are granted would differ if the Group utilized different assumptions. Any changes in fair value of the share options and awarded shares determined at the date on which they are granted would affect directly the Group's profit or loss in subsequent periods when these fair values are recognized as expenses over the vesting period of the share options and awarded shares.

4. Turnover and Operating Segmental Information

US$ millions	**2014**	2013 (Restated)
Turnover		
Sale of goods	**5,282.4**	5,194.8
Sale of electricity	**729.4**	5.9
Rendering of services	**829.5**	805.1
Total	**6,841.3**	6,005.8

Operating Segmental Information

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

The Board of Directors considers the business of the Group from both product or service and geographical perspectives. From the product or service perspective, the Group's business interests are divided into four main segments, which are telecommunications, consumer food products, infrastructure 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. Details of the Group's principal investments are provided on page 236.

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 US$ millions	Telecom- munications	Consumer Food Products	Infrastructure	Natural Resources	Head Office	**2014** **Total**
Revenue						
Turnover	–	5,350.4	1,490.9	–	–	**6,841.3**
Results						
Recurring profit	195.7	160.0	96.8	10.2	(138.8)	**323.9**
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**
– Others	–	3,916.4	3,902.4	–	29.4	**7,848.2**
	1,401.4	4,090.0	5,338.0	557.8	29.4	**11,416.6**
Other assets	–	2,578.0	1,048.3	–	616.7	**4,243.0**
Segment assets	1,401.4	6,668.0	6,386.3	557.8	646.1	**15,659.6**
Assets classified as held for sale	–	951.8	30.6	–	–	**982.4**
Total assets	1,401.4	7,619.8	6,416.9	557.8	646.1	**16,642.0**
Borrowings	–	2,165.1	1,904.8	–	1,736.0	**5,805.9**
Other liabilities	–	1,341.9	1,321.0	–	120.3	**2,783.2**
Segment liabilities	–	3,507.0	3,225.8	–	1,856.3	**8,589.1**
Liabilities directly associated with the assets classified as held for sale	–	335.9	–	–	–	**335.9**
Total liabilities	–	3,842.9	3,225.8	–	1,856.3	**8,925.0**
Other Information						
Depreciation and amortization	–	(157.1)	(124.4)	–	(27.7)	**(309.2)**
Gain on changes in fair value of plantations	–	5.0	–	–	–	**5.0**
Impairment losses	–	(5.5)	(3.4)	(188.0)	–	**(196.9)**
Interest income	–	72.3	8.7	–	8.2	**89.2**
Finance costs	–	(140.4)	(118.4)	–	(98.0)	**(356.8)**
Share of profits less losses of associated companies and joint ventures	196.1	(8.1)	82.7	8.4	–	**279.1**
Taxation	–	(158.7)	(9.9)	–	(30.9)	**(199.5)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	–	380.4	675.7	–	0.4	**1,056.5**

By Geographical Market – 2014

For the year ended/at 31 December US$ millions	The Philippines	Indonesia	Singapore	Others	**2014 Total**
Revenue					
Turnover	780.6	4,896.3	783.1	381.3	**6,841.3**
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**

By Principal Business Activity – 2013

For the year ended/at 31 December US$ millions	Telecom-munications	Consumer Food Products	Infrastructure	Natural Resources	Head Office	2013 (Restated) Total
Revenue						
Turnover	–	5,275.8	730.0	–	–	6,005.8
Results						
Recurring profit	209.9	159.8	90.2	7.3	(140.1)	327.1
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
– Others	–	3,996.6	3,794.9	–	34.9	7,826.4
	1,427.7	4,188.3	4,963.5	618.6	34.9	11,233.0
Other assets	–	2,860.6	791.2	–	659.3	4,311.1
Total assets	1,427.7	7,048.9	5,754.7	618.6	694.2	15,544.1
Borrowings	–	2,244.3	1,640.5	–	1,733.5	5,618.3
Other liabilities	–	1,269.1	1,067.3	–	109.9	2,446.3
Total liabilities	–	3,513.4	2,707.8	–	1,843.4	8,064.6
Other Information						
Depreciation and amortization	–	(158.2)	(89.8)	–	(24.3)	(272.3)
Gain on changes in fair value of plantations	–	5.8	–	–	–	5.8
Impairment losses	–	(8.6)	(3.8)	–	–	(12.4)
Interest income	–	47.8	10.7	–	10.5	69.0
Finance costs	–	(102.2)	(93.5)	–	(104.9)	(300.6)
Share of profits less losses of associated companies and joint ventures	207.0	(1.3)	54.2	(4.8)	–	255.1
Taxation	–	(117.9)	(13.0)	–	(14.8)	(145.7)
Additions to non-current assets (other than financial instruments and deferred tax assets)	–	920.6	869.8	–	38.2	1,828.6

By Geographical Market – 2013

For the year ended/at 31 December US$ millions	The Philippines	Indonesia	Singapore	Others	2013 (Restated) Total
Revenue					
Turnover	745.4	4,833.7	34.6	392.1	6,005.8
Assets					
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

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

For the year ended 31 December US$ millions	**2014**	2013 (Restated)
Profit before taxation		
From continuing operations	**657.1**	710.5
From a discontinued operation (Note 8)	**79.5**	63.3
Exclusion of:		
– Foreign exchange and derivative losses, net (Note 9)	**14.9**	120.7
– Gain on changes in fair value of plantations	**(5.7)**	(5.8)
– Non-recurring items	**246.8**	51.9
Deduction of attributable taxation and non-controlling interests	**(668.7)**	(613.5)
Recurring Profit	**323.9**	327.1

5. Finance Costs

US$ millions	**2014**	2013 (Restated)
Finance costs on bank loans and other loans		
– Wholly repayable within five years	**237.4**	181.2
– Not wholly repayable within five years	**136.7**	149.0
Less: Finance costs capitalized in		
– Intangible assets	**(7.6)**	–
– Plantations	**(6.2)**	(5.8)
– Property, plant and equipment	**(3.5)**	(23.8)
Total	**356.8**	300.6

The capitalization rate of borrowings costs for 2014 was 6.1% (2013: 6.9%).

6. Profit Before Taxation

US$ millions	Notes	2014	2013 (Restated)
Profit Before Taxation (from Continuing Operations) is Stated after (Charging)/Crediting			
Cost of inventories sold		**(2,884.4)**	(2,962.1)
Employees' remuneration		**(686.3)**	(632.6)
Cost of services rendered		**(274.5)**	(265.2)
Depreciation		**(202.4)**	(165.0)
Impairment losses			
– Associated companies and joint ventures[(i)]		**(188.0)**	–
– Inventories[(ii)]		**(5.5)**	(4.9)
– Available-for-sale assets[(i)]		**(2.3)**	–
– Accounts receivable[(iii)]	18(C)	**(1.1)**	(7.5)
Amortization of other intangible assets[(iv)]	17	**(86.4)**	(85.7)
Operating lease rentals			
– Land and buildings		**(18.0)**	(17.0)
– Hire of plant and equipment		**(15.0)**	(15.5)
– Others		**(5.9)**	(4.3)
Foreign exchange and derivative losses, net	9	**(12.7)**	(109.1)
Auditors' remuneration			
– Audit services		**(3.3)**	(2.9)
– Non-audit services[(v)]		**(0.8)**	(0.9)
Preferred share dividend income from a joint venture		**9.1**	9.5
Gain on changes in fair value of plantations		**5.0**	5.8
Gain on disposal of available-for-sale assets		**5.0**	0.8
Gain on sale of property, plant and equipment		**0.7**	0.2

(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 (2013: US$66.3 million) included in cost of sales, US$17.9 million (2013: US$18.4 million) included in other operating expenses, net and US$1.9 million (2013: US$1.0 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 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

7. Taxation

No Hong Kong profits tax (2013: Nil) has been provided as the Group had no estimated assessable profits (2013: Nil) arising in Hong Kong for the 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.

US$ millions	2014	2013 (Restated)
Subsidiary Companies – Overseas		
Current taxation	**208.9**	175.9
Deferred taxation	**(9.4)**	(30.2)
Total	**199.5**	145.7

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

US$ millions	2014	2013 (Restated)
Associated Companies and Joint Ventures – Overseas		
Current taxation	**117.4**	116.9
Deferred taxation	**(8.5)**	(25.2)
Total	**108.9**	91.7

A reconciliation between profit before taxation multiplied by the applicable tax rates and the taxation amount as shown in the consolidated income statement is as follows.

For the year ended 31 December US$ millions	2014	%	2013 (Restated)	%
Profit Before Taxation	**657.1**		710.5	
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**217.5**	**33.1**	226.1	31.8
Tax effect of:				
– Non-deductible expenses	**62.2**	**9.5**	17.5	2.4
– Income not subject to tax	**(28.2)**	**(4.3)**	(26.6)	(3.7)
– Share of profits less losses of associated companies and joint ventures	**(45.7)**	**(6.9)**	(53.9)	(7.6)
– Others	**(6.3)**	**(1.0)**	(17.4)	(2.4)
Taxation	**199.5**	**30.4**	145.7	20.5

8. 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) 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 Consolidated Financial Statements. The potential divestment is expected to be completed in 2015. Prior to the classification as a discontinued operation, the operation of CMZ was reported as the cultivation & processed vegetables group of the Group's consumer food products business segment.

(A) The Results of CMZ for the Year are as Follows:

US$ millions	2014	2013
Turnover	385.8	200.5
Cost of sales	(266.1)	(131.7)
Gross Profit	119.7	68.8
Selling and distribution expenses	(18.8)	(8.6)
Administrative expenses	(27.4)	(9.6)
Other operating income, net	5.5	2.7
Interest income	14.6	1.3
Finance costs	(14.1)	(3.9)
Share of profits less losses of associated companies and joint ventures	–	12.6
Profit Before Taxation (Note 4)	79.5	63.3
Taxation	(16.3)	(7.2)
Profit for the Year from a Discontinued Operation	63.2	56.1

(B) The Major Classes of Assets, Liabilities and Reserves Associated with CMZ Classified as Held for Sale at 31 December 2014 are as Follows:

US$ millions	2014
Assets	
Property, plant and equipment (Note 12)	217.1
Plantations (Non-current) (Note 13)	24.1
Deferred tax assets (Note 20)	0.9
Other non-current assets	41.9
Cash and cash equivalents and short-term deposits	595.6
Accounts receivable, other receivables and prepayments (Current)	58.2
Inventories	10.9
Plantations (Current) (Note 13)	3.1
Assets of a Disposal Group Classified as Held for Sale (Note 25)	951.8
Liabilities	
Accounts payable, other payables and accruals	48.9
Short-term borrowings	120.8
Provision for taxation (Note 28)	0.6
Current portion of deferred liabilities, provisions and payables (Note 29)	0.5
Long-term borrowings	140.8
Deferred liabilities, provisions and payables (Note 29)	2.9
Deferred tax liabilities (Note 20)	21.4
Liabilities Directly Associated with the Assets Classified as Held for Sale	335.9
Net Assets Directly Associated with the Disposal Group	615.9
Reserves	
Exchange reserve (Note 34)	13.0
Unrealized gains on cash flow hedges (Note 34)	0.6
Capital and other reserves	3.2
Reserves Directly Associated with the Disposal Group	16.8

(C) The Net Cash Flows of CMZ Consolidated by the Group for the Year are as Follows:

US$ millions	2014	2013
Operating activities	**180.3**	109.8
Investing activities	**(338.3)**	(311.6)
Financing activities	**62.6**	45.8
Net Cash Outflow	**(95.4)**	(156.0)

9. Profit Attributable to Owners of the Parent

The profit attributable to owners of the parent includes US$9.3 million (2013: US$56.3 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 of gain (2013: US$1.0 million of loss) on changes in fair value of plantations and US$234.3 million (2013: US$34.5 million) of net non-recurring losses.

Analysis of Foreign Exchange and Derivative Losses, Net

US$ millions	2014	2013
Foreign exchange and derivative losses		
– Subsidiary companies (Note 6)	**(12.7)**	(109.1)
– Associated companies and joint ventures	**(2.2)**	(11.6)
Subtotal (Note 4)	**(14.9)**	(120.7)
Attributable to taxation and non-controlling interests	**5.6**	64.4
Total	**(9.3)**	(56.3)

The non-recurring losses for 2014 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). The non-recurring losses for 2013 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).

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 (2013: US$211.6 million) attributable to the Company.

10. Earnings Per Share Attributable to Owners of the Parent

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the parent of US$81.0 million (2013: US$235.3 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 the diluted earnings per share is based on: (a) the profit for the year attributable to owners of the parent of US$81.0 million (2013: US$235.3 million) reduced by the dilutive impacts of US$0.1 million (2013: US$0.1 million) in respect of the exercise of share options issued by the Group's subsidiary and associated companies and (b) a share base equal to the aggregate of the weighted average number of ordinary shares of 4,290.1 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.

11. Ordinary Share Dividends

	U.S. cents per ordinary share		US$ millions	
	2014	2013	**2014**	2013
Interim	**1.03**	1.03	**44.2**	44.4
Proposed final	**1.67**	1.67	**71.3**	71.7
Total	**2.70**	2.70	**115.5**	116.1

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

12. Property, Plant and Equipment

	Consolidated			
US$ millions	Land and buildings	Machinery, equipment and vessels	Construction in progress	**Total**
Cost				
At 1 January 2014				
As previously reported	1,147.2	2,008.2	676.5	**3,831.9**
Prior year adjustments (Note 43)	(33.8)	(0.5)	(29.2)	**(63.5)**
As restated	1,113.4	2,007.7	647.3	**3,768.4**
Exchange translation	(38.7)	(66.4)	(6.2)	**(111.3)**
Additions	34.6	106.4	232.0	**373.0**
Acquisition of a business and subsidiary companies (Note 35(C))	14.3	27.5	2.2	**44.0**
Disposals	(3.9)	(24.7)	–	**(28.6)**
Reclassification	294.5	370.9	(665.4)	**–**
Attributable to a discontinued operation (Note 8)	(245.6)	(66.5)	(25.6)	**(337.7)**
At 31 December 2014	1,168.6	2,354.9	184.3	**3,707.8**
Accumulated Depreciation and Impairment				
At 1 January 2014	196.6	715.2	–	**911.8**
Exchange translation	(6.4)	(19.2)	–	**(25.6)**
Depreciation for the year	68.3	164.8	–	**233.1**
Disposals	(2.2)	(20.5)	–	**(22.7)**
Attributable to a discontinued operation (Note 8)	(82.3)	(38.3)	–	**(120.6)**
At 31 December 2014	174.0	802.0	–	**976.0**
Net Carrying Amount at 31 December 2014	994.6	1,552.9	184.3	**2,731.8**

US$ millions	Land and buildings	Machinery, equipment and vessels	Construction in progress	Total (Restated)
	Consolidated			
Cost				
At 1 January 2013	977.2	1,627.0	165.7	2,769.9
Exchange translation	(176.0)	(344.1)	(66.7)	(586.8)
Additions	79.1	163.9	425.1	668.1
Acquisition of subsidiary companies (Note 35(C))	36.0	141.6	764.7	942.3
Disposals	(3.2)	(19.7)	–	(22.9)
Reclassification	202.5	439.0	(641.5)	–
Other movements	(2.2)	–	–	(2.2)
At 31 December 2013	1,113.4	2,007.7	647.3	3,768.4
Accumulated Depreciation and Impairment				
At 1 January 2013	195.9	749.7	–	945.6
Exchange translation	(44.8)	(148.6)	–	(193.4)
Depreciation for the year	48.6	127.9	–	176.5
Disposals	(3.1)	(13.8)	–	(16.9)
At 31 December 2013	196.6	715.2	–	911.8
Net Carrying Amount at 31 December 2013	916.8	1,292.5	647.3	2,856.6

(A) The principal annual rates of depreciation:

Freehold land	Nil
Leasehold land under finance leases	Over the lease terms
Buildings	2.5% to 20.0%
Machinery, equipment and vessels	3.3% to 50.0%
Construction in progress	Nil

(B) The land and buildings are freehold and leasehold properties held outside Hong Kong.

(C) The Group's lands included in property, plant and equipment are situated in Indonesia and the Philippines. The lands which are held under medium term leases with lease terms of between 10 and 50 years had a net book amount of US$196.7 million (2013: US$209.2 million) and the lands which are freehold had a net book amount of US$26.5 million (2013: US$26.7 million).

(D) During the year, employees' remuneration amounting to US$0.2 million (2013: US$6.9 million) was capitalized within the Group's property, plant and equipment.

(E) Property, plant and equipment with a net book amount of US$881.1 million (2013: US$929.7 million) were pledged as security for certain of the Group's banking facilities (Note 27(C)).

13. Plantations

US$ millions	Consolidated 2014	2013
At 1 January	**1,166.4**	1,301.5
Exchange translation	**(28.5)**	(290.9)
Additions	**105.7**	109.4
Acquisition of subsidiary companies (Note 35(C))	**–**	56.8
Gain on changes in fair value of plantations, net	**5.7**	5.8
Disposal	**(0.4)**	(0.1)
Realization of deferred costs	**(12.1)**	(14.6)
Reclassification[(i)]	**1.1**	(1.5)
Attributable to a discontinued operation (Note 8)	**(27.2)**	–
At 31 December	**1,210.7**	1,166.4
Presented as		
Non-current Portion	**1,210.7**	1,164.4
Current Portion	**–**	2.0
Total	**1,210.7**	1,166.4

(i) From/(to) other non-current assets

Physical measurement of oil palm, rubber, sugar cane and other plantations at the end of the reporting period is as follows.

Hectares	Consolidated 2014	2013
Oil palm		
– Mature plantations	**185,181**	177,099
– Immature plantations	**60,874**	62,822
Rubber		
– Mature plantations	**17,711**	16,996
– Immature plantations	**3,986**	4,763
Sugar cane		
– Mature plantations	**11,535**	11,396
– Immature plantations	**1,527**	249
Timber, cocoa, tea and others		
– Mature plantations	**17,159**	19,553
– Immature plantations	**2,077**	5,385
Total	**300,050**	298,263

(A) The Group's plantations primarily comprise oil palm, rubber and sugar cane plantations owned by Indofood. The fair values of plantations are determined by independent valuers using the discounted future cash flows of the underlying plantations.

(B) Oil palm plantations – Mature oil palm trees produce FFB, which are used to produce CPO, palm kernel and other palm kernel related products. The expected future cash flows of the oil palm plantations are determined using the forecast market price of FFB, which is largely dependent on the projected selling prices of CPO and PKO in the market.

Significant assumptions made in determining the fair values of the oil palm plantations are as follows:

(a) oil palm trees have an average maturity life of 25 years, with the first three to four years as immature and the remaining years at mature stage;

(b) estimated FFB yield per hectare of oil palm trees between five tonnes/hectare and 31 tonnes/hectare (2013: nine tonnes/hectare and 30 tonnes/hectare) is determined by reference to guidelines issued by the Indonesian Oil Palm Research Institute in Indonesia, which varies with the average age of oil palm trees, as well as internal standards and results of internal assessments of other relevant factors;

(c) the discount rate used in 2014 was 13.6% (2013: 11.7%). Such a discount rate represents the asset specific rate for the Group's oil palm plantation operations which is applied in the discounted future cash flows calculation;

(d) the projected prices of CPO between US$0.81/kg and US$0.82/kg (2013: US$0.85/kg and US$0.89/kg) are based on the forecast of the World Bank; and

(e) no new planting/re-planting activities are assumed.

During 2014, the Group's oil palm plantations produced approximately 3.3 million tonnes (2013: 2.9 million tonnes) of FFB.

(C) Rubber plantations – Mature rubber trees produce cup lump. The expected future cash flows of the rubber plantations are determined using the forecast market prices of cup lump which are based on the projected selling price of RSS1 and other rubber products of the Group.

Significant assumptions made in determining the fair values of the rubber plantations are as follows:

(a) rubber trees have an average maturity life of 25 years, with the first five to six years as immature and the remaining years at mature stage;

(b) the discount rate used in 2014 was 13.3% (2013: 11.2%). Such a discount rate represents the asset specific rate for the Group's rubber plantation operations which is applied in the discounted future cash flows calculation;

(c) the projected selling prices of RSS1 between Rupiah 22,119/kg and Rupiah 29,509/kg (US$1.78/kg and US$2.37/kg) (2013: Rupiah 14,886/kg and Rupiah 30,047/kg (US$1.22/kg and US$2.47/kg)) and other rubber products of the Group over the projection period are based on the extrapolation of historical selling prices and the forecasted price trend from the World Bank; and

(d) no new planting/re-planting activities are assumed.

During 2014, the Group's rubber plantations produced approximately 18 thousand tonnes (2013: 18 thousand tonnes) of cup lump.

(D) Sugar cane plantations – The expected future cash flows of the sugar cane plantations are determined using the forecast market price of sugar canes which is based on the projected selling price of sugar.

Significant assumptions made in determining the fair values of the sugar cane plantations are as follows:

(a) cane trees are available for annual harvest for an average of four years after 12 months from initial planting;

(b) the discount rate used in 2014 was 12.1% (2013: 10.3%). Such discount rate represents the asset specific rate for the Group's sugar cane plantation operations which is applied in the discounted future cash flows calculation;

(c) the projected selling price of sugar at Rupiah 8,500/kg (US$0.68/kg) (2013: Rupiah 8,100/kg (US$0.66/kg)) over the projection period is based on the extrapolation of historical selling prices and the forecasted price trend from the World Bank or the minimum sugar price imposed by the Ministry of Trade of Indonesia, whichever is higher; and

(d) no new planting/re-planting activities are assumed.

During 2014, the Group's sugar cane plantations produced approximately 701 thousand tonnes (2013: 758 thousand tonnes) of sugar canes.

(E) The Group's plantations are measured using fair value categorized within Level 3 of the fair value hierarchy. During the year, there were no transfers (2013: None) among Level 1, Level 2 and Level 3 fair value measurements. Key unobservable inputs used in determining the fair value of the Group's oil palm, rubber and sugar cane plantations are as follows:

Inputs	Range of Quantitative Inputs	Relationship between the Inputs and the Fair Value
Discount rate determined using capital asset pricing model	Oil Palm: 13.6% Rubber: 13.3% Sugar cane: 12.1%	An increase/decrease in the discount rate would result in a decrease/increase in the fair value of plantations.
Projected price	Oil Palm – CPO Price: US$0.81/kg – US$0.82/kg Rubber – RSS1: Rupiah 22,119/kg – Rupiah 29,509/kg (US$1.78/kg – US$2.37/kg) Sugar cane - sugar: Rupiah 8,500/kg (US$0.68/kg)	An increase/decrease in the projected prices would result in an increase/decrease in fair value of plantations.
Estimated FFB yield	5 tonnes/hectare – 31 tonnes/hectare	An increase/decrease in FFB yield would result in an increase/decrease in the fair value of plantations.
Exchange rate	Rupiah 10,753/US$1 – Rupiah 12,200/US$1	An increase/decrease in the exchange rate would result in an increase/decrease in fair value of plantations.
Inflation rate	4.5% – 5.0%	An increase/decrease in the inflation rate would result in a decrease/increase in fair value of plantations.

(F) No plantations (2013: US$65.7 million) were pledged as security for certain of the Group's banking facilities (Note 27(C)).

14. Subsidiary Companies

US$ millions	Company 2014	2013
Unlisted shares at cost	**1,145.3**	1,217.2
Less provision for impairment loss	**(110.3)**	(110.3)
Total	**1,035.0**	1,106.9

The Company's subsidiary companies are held through intermediate holding companies.

(A) The amounts due from subsidiary companies are unsecured, bear interest at rates ranging from 0% to 0.5% per annum (2013: 0% to 0.5% per annum) and are repayable within one year. The carrying values of the Company's amounts due from subsidiary companies approximate to their fair values.

(B) The amounts due to subsidiary companies are unsecured, interest free (2013: interest free) and are repayable within one year. The carrying values of the Company's amounts due to subsidiary companies approximate to their fair values.

(C) The loans from subsidiary companies are unsecured, bear interest at rates ranging from 2.1% to 7.4% per annum (2013: 2.1% to 7.4% per annum) and are not repayable within one year. The carrying values of the Company's loans from subsidiary companies approximate to their fair values.

(D) Details of the principal subsidiary companies of the Company which, in the opinion of the Directors, materially affect the results or net assets of the Group, are set out on page 236.

(E) Details of the Group's subsidiary companies that have material non-controlling interests are set out below:

	2014	2013
Percentage of equity interest held by non-controlling interests		
– Indofood	**49.9%**	49.9%
– MPIC	**44.2%**	44.2%
– FPM Power	**31.6%**	31.9%

US$ millions	2014	2013 (Restated)
Profit/(loss) for the year allocated to non-controlling interests		
– Indofood	**272.9**	214.1
– MPIC	**188.0**	181.8
– FPM Power	**(25.5)**	(10.5)
Dividends paid to non-controlling interests		
– Indofood	**93.4**	129.6
– MPIC	**46.2**	58.8
– FPM Power	**–**	–
Accumulated balances of non-controlling interests at 31 December		
– Indofood	**2,575.9**	2,443.5
– MPIC	**1,615.0**	1,360.3
– FPM Power	**67.4**	132.6

The following table illustrates the summarized financial information under HKFRS of the above subsidiary companies. The amounts disclosed are before any inter-company eliminations.

	Indofood		MPIC		FPM Power	
For the year ended/at 31 December US$ millions	**2014**	2013 (Restated)	**2014**	2013	**2014**	2013
Statements of Comprehensive Income						
Turnover	**5,350.4**	5,275.8	**761.5**	724.1	**729.4**	5.9
Profit/(loss) for the year	**376.7**	281.1	**283.0**	269.2	**(50.0)**	(22.9)
Other comprehensive (loss)/income	**(8.2)**	144.3	**(1.7)**	9.0	**(58.3)**	9.9
Total Comprehensive Income/(Loss)	**368.5**	425.4	**281.3**	278.2	**(108.3)**	(13.0)
Statements of Financial Position						
Non-current assets	**4,230.5**	4,301.6	**4,433.0**	3,957.1	**1,087.6**	1,078.8
Current assets	**3,269.2**	2,671.0	**799.8**	560.6	**158.9**	123.2
Non-current liabilities	**(2,018.1)**	(1,916.0)	**(1,682.5)**	(1,456.8)	**(634.5)**	(588.9)
Current liabilities	**(1,824.3)**	(1,597.4)	**(652.9)**	(509.5)	**(439.5)**	(324.0)
Net Assets	**3,657.3**	3,459.2	**2,897.4**	2,551.4	**172.5**	289.1
Statements of Cash Flows						
Net cash from/(used in) operating activities	**779.9**	658.5	**252.7**	263.2	**(42.1)**	(28.3)
Net cash used in investing activities	**(855.0)**	(1,368.7)	**(411.8)**	(344.6)	**(30.6)**	(601.2)
Net cash from financing activities	**118.0**	645.4	**296.2**	140.9	**56.4**	660.6
Net Increase/(Decrease) in Cash and Cash Equivalents	**42.9**	(64.8)	**137.1**	59.5	**(16.3)**	31.1

15. Associated Companies and Joint Ventures

	Associated companies		Joint ventures		**Consolidated**	
US$ millions	**2014**	2013	**2014**	2013	**2014**	2013
Shares, at cost						
– Listed	**3,129.9**	2,802.1	**–**	–	**3,129.9**	2,802.1
– Unlisted	**279.4**	260.9	**636.6**	634.3	**916.0**	895.2
Share of post-acquisition reserves (Note 32)	**(938.1)**	(710.7)	**71.3**	119.0	**(866.8)**	(591.7)
Preferred shares, at cost	**–**	–	**258.8**	260.7	**258.8**	260.7
Amounts due from associated companies and joint ventures	**113.6**	23.3	**16.9**	17.0	**130.5**	40.3
Total	**2,584.8**	2,375.6	**983.6**	1,031.0	**3,568.4**	3,406.6

(A) At 31 December 2014, both the listed and unlisted investments were located outside Hong Kong.

(B) At 31 December 2014, the market valuation of listed investments in associated companies was US$4,406.5 million (2013: US$3,826.1 million) based on quoted market prices. The net dividends received from associated companies during 2014 amounted to US$234.0 million (2013: US$228.1 million).

(C) Details of the Group's principal associated companies, PLDT, Philex and RHI, which, in the opinion of the Directors, materially affect the results or net assets of the Group, are set out on page 236.

(D) PLDT was incorporated under the laws of the Philippines on 28 November 1928 to provide telephone services in the Philippines. PLDT's charter was initially limited to a period of 50 years but has since been extended twice for 25 years each, the last extension being for an additional 25-year period ending in 2028. Under its amended charter, which became effective on 24 August 1991, PLDT is authorized to provide virtually every type of telecommunication service, both within the Philippines and between the Philippines and other countries. PLDT operates under the jurisdiction of the Philippine National Telecommunications Commission which jurisdiction extends, among other things, to approving major services offered by PLDT and certain rates charged by PLDT.

In October 2012, PLDT issued 150 million shares of Voting Preferred Stock with a par value of Peso 1.00 each to BTF Holdings, Inc (BTF), a company wholly-owned by the Board of Trustees for the Account of PLDT's Beneficial Trust Fund, which reduced the voting interest of the Group and its Philippine affiliates in PLDT from approximately 25.6% to approximately 15.1%. Nevertheless, the economic interests of the Group and its Philippine affiliates in PLDT remained at approximately 25.6%. Notwithstanding that the Group and its Philippine affiliates have less than a 20% voting interest in PLDT, the Group and its Philippine affiliates have sufficient representatives in PLDT's current 13-member board of directors to exercise significant influence over the financial and operating policy decisions of PLDT. Therefore, the Group continued to account for PLDT as an associated company after the said transaction.

(E) Philex was incorporated under the laws of the Philippines in 1995 to engage in mining activities. Philex is primarily engaged in large-scale exploration, development and utilization of mineral resources. Philex has operated for the past 56 years at the deposit at Padcal (Tuba Benguet Province, Island of Luzons) and owns the deposits at Boyongan and Bayugo (Surogao del Norte, the Northern of Mindanao) (the Silangan Project), which is currently under the exploration stage, for producing gold, copper and silver as its principal products. In addition, Philex shall increase its interest in Kalayaan Copper Resources, Inc. from 5% to 60%, by solely funding all pre-development expenses of the deposit at Placer, Surigao del Norte (the Kalayaan Project).

During the year ended 31 December 2014, the Group has recognized an impairment loss of US$188.0 million in respect of its investments in Philex in view of the significant and prolonged decline in the share price of Philex and the weakness in gold and copper prices. Philex is a company listed on the Philippine Stock Exchange and its recoverable amount (based on its fair value less costs of disposals, which is higher than its value in use) at the end of the reporting period has been determined based on its quoted price in the Philippine stock market (i.e. by reference to Level 1 fair value measurement).

(F) RHI was incorporated under the laws of the Philippines in 1930. RHI is primarily engaged in operating mill and refinery facilities to manufacture sugar and allied products.

(G) Manila Electric Company (Meralco) was incorporated under the laws of the Philippines in 1903 and was granted a franchise to provide electric power distribution services in the Philippines. In June 2003, Meralco was granted a new 25-year franchise to construct, operate, and maintain an electric distribution system in the cities and municipalities of Bulacan, Cavite, Metro Manila, and Rizal and certain cities, municipalities, and barangays in Batangas, Laguna, Pampanga, and Quezon. Meralco is subject to the rate-making regulations and regulatory policies of the Philippine Energy Regulatory Commission.

During 2013, Beacon Electric Asset Holdings Inc. (Beacon Electric), a 50%/50% joint venture formed by MPIC and PLDT Communications and Energy Ventures Inc. (PCEV, a 99.8%-owned subsidiary company of PLDT), acquired in aggregate an approximately 1.7% additional interest in Meralco which increased its interest in Meralco from 48.3% to 49.96%. During 2014, MPIC acquired a 5.0% interest in Meralco from Beacon Electric, which reduced Beacon Electric's interest in Meralco from 49.96% to 44.96%.

Meralco is an associated company of the Group in view of the Group's 5% direct interest in Meralco acquired during 2014 and indirect interests in Meralco held through Beacon Electric as mentioned above, which allows the Group to exercise significant influence over Meralco by virtue of power to participate in its financial and operating policy decisions.

On 28 March 2013, First Pacific and Meralco's wholly-owned subsidiary company, Meralco PowerGen Corporation (Meralco PowerGen) acquired a 70.0% interest in PLP through FPM Power, which is 60.0% held by First Pacific, while Meralco PowerGen owns the remaining 40.0%. For the year ended 31 December 2014, Meralco had recorded an investment cost in FPM Power of US$110.0 million (2013: US$110.0 million) in its investments in associated companies and a loan to FPM Power of US$113.5 million (2013: US$110.0 million).

(H) Amounts due from associated companies and joint ventures principally represent the Group's investment in SMECI's convertible notes of US$112.7 million (2013: Nil) and MPIC's advances to Beacon Electric of US$16.9 million (2013: US$17.0 million).

(I) Additional financial information under HKFRS in respect of the Group's major associated companies, PLDT, Philex, RHI and Meralco is set out below.

	PLDT		Philex		RHI		Meralco	
For the year ended/at 31 December US$ millions	**2014**	2013	**2014**	2013	**2014**	2013[i]	**2014**	2013
Statements of Comprehensive Income								
Turnover	**3,715.3**	3,847.4	**266.5**	206.7	**172.0**	15.5	**5,994.5**	7,003.7
Profit for the year from continuing operations	**767.3**	782.9	**15.8**	7.3	**12.0**	1.1	**408.1**	405.1
Profit for the year from discontinued operations	**–**	48.5	**–**	–	**–**	–	**–**	–
Profit for the year	**767.3**	831.4	**15.8**	7.3	**12.0**	1.1	**408.1**	405.1
Other comprehensive income/(loss)	**72.0**	(172.7)	**(1.8)**	(3.9)	**20.2**	–	**(2.4)**	35.8
Total Comprehensive Income	**839.3**	658.7	**14.0**	3.4	**32.2**	1.1	**405.7**	440.9
Dividends Received	**219.2**	220.5	**3.7**	–	**0.8**	–	**–**	–
Statements of Financial Position								
Current assets	**1,681.4**	1,523.9	**213.1**	188.9	**53.8**	85.7	**2,543.4**	2,420.8
Non-current assets	**8,074.7**	7,476.9	**785.1**	709.5	**277.3**	257.6	**3,492.2**	3,525.2
Current liabilities	**(3,194.3)**	(2,906.5)	**(168.2)**	(220.2)	**(39.9)**	(44.0)	**(1,814.3)**	(2,131.2)
Non-current liabilities and provisions	**(3,550.4)**	(3,001.4)	**(225.3)**	(94.5)	**(138.5)**	(173.2)	**(2,444.1)**	(2,118.1)
Non-controlling interests	**(6.8)**	(4.0)	**(77.0)**	(92.5)	**(0.9)**	(0.8)	**(7.2)**	(3.9)
Net Assets	**3,004.6**	3,088.9	**527.7**	491.2	**151.8**	125.3	**1,770.0**	1,692.8

(i) Information in respect of RHI for the statement of comprehensive income for 2013 only relates from 29 November 2013 (the date becoming an associated company of the Group) to 31 December 2013.

Reconciliation to Carrying Amounts of the Group's Interests in the Major Associated Companies

At 31 December US$ millions	PLDT **2014**	 2013	Philex **2014**	 2013	RHI **2014**	 2013	Meralco **2014**	 2013
Net assets	**3,004.6**	3,088.9	**527.7**	491.2	**151.8**	125.3	**1,770.0**	1,692.8
Ownership interest	**25.6%**	25.6%	**46.2%**	46.2%	**34.0%**	34.0%	**5.0%**	–
Group's share of net assets	**769.2**	790.8	**243.8**	226.9	**51.6**	42.6	**88.5**	–
Fair value and other adjustments	**632.2**	636.9	**201.3**	391.7	**(2.5)**	15.7	**211.5**	–
Carrying amount of investment in SMECI's convertible notes	**–**	–	**112.7**	–	**–**	–	**–**	–
Carrying Amount of the Investments	**1,401.4**	1,427.7	**557.8**	618.6	**49.1**	58.3	**300.0**	–

(l) Additional financial information under HKFRS in respect of the Group's major joint venture, Beacon Electric, is set out below.

For the year ended/at 31 December US$ millions	**2014**	2013
Statements of Comprehensive Income		
Share of profit of associated companies	**184.6**	188.0
Profit for the year	**144.9**	127.8
Other comprehensive income	**0.4**	9.2
Total Comprehensive Income	**145.3**	137.0
Statements of Financial Position		
Current assets	**240.9**	15.5
Non-current assets	**2,522.8**	2,797.0
Current liabilities	**(101.5)**	(27.2)
Non-current liabilities	**(782.7)**	(822.8)
Net Assets	**1,879.5**	1,962.5
Additional information for Amounts Included in the Above Line Items		
Interest income	**4.6**	0.7
Finance costs	**(53.1)**	(57.7)
Taxation	**–**	–
Cash and cash equivalents	**80.0**	15.4
Current financial liabilities, excluding trade and other payables and provisions	**(28.2)**	(21.1)
Non-current financial liabilities, excluding trade and other payables and provisions	**(758.8)**	(792.7)

Reconciliation to Carrying Amounts of the Group's Interests in Beacon Electric

At 31 December US$ millions	2014	2013
Net assets	**1,879.5**	1,962.5
Equity attributable to preferred shareholders (including dividend in arrears)	**(571.9)**	(557.8)
Net assets attributable to common shareholders	**1,307.6**	1,404.7
Ownership interest	**50.0%**	50.0%
Group's share of net assets	**653.8**	702.4
Fair value and other adjustments	**(29.7)**	(20.0)
Carrying amount of the investment	**624.1**	682.4
Carrying amount of investments in Beacon Electric's preferred shares	**258.8**	260.7
Advances to Beacon Electric	**16.9**	17.0
Total	**899.8**	960.1

(J) Aggregate financial information of the Group's share of the amounts of its associated companies and joint ventures that are not individually material is set out below.

	Associated companies		Joint ventures	
For the year ended 31 December US$ millions	**2014**	2013 (Restated)	**2014**	2013
Share of (loss)/profit for the year	**(1.4)**	(3.8)	**(1.2)**	6.1
Share of other comprehensive income/(loss)	**0.4**	2.2	**(2.7)**	0.1
Share of Total Comprehensive (Loss)/Income	**(1.0)**	(1.6)	**(3.9)**	6.2
Aggregate Carrying Amount of the Group's Investments	**276.5**	271.0	**83.8**	70.9

(K) The Group has discontinued the recognition of its share of losses of Prime Media Holdings, Inc. (PMHI), an associated company of MPIC, because the share of losses of this associated company already fully eroded the Group's investment. The amount of the Group's unrecognized share of loss of this associated company for the current year was US$0.1 million (2013: US$0.1 million) and the cumulative unrecognized share of losses was US$9.6 million (2013: US$9.5 million).

16. Goodwill

US$ millions	Consolidated 2014	2013
Cost		
At 1 January	**1,057.6**	821.4
Exchange translation	**(11.6)**	(143.5)
Addition of subsidiary companies (Note 35(C))	**0.6**	375.5
Other movements	**21.3**	4.2
At 31 December	**1,067.9**	1,057.6
Accumulated Impairment		
At 1 January	**10.5**	13.2
Exchange translation	**(0.2)**	(2.7)
At 31 December	**10.3**	10.5
Net Book Amount at 31 December	**1,057.6**	1,047.1
Attributable to the Businesses of:		
Indofood – Plantations	**262.1**	271.4
– Dairy	**128.8**	131.5
MPIC – Water distribution	**117.7**	119.2
– Toll roads	**239.6**	241.3
FPM Power – Power	**265.7**	244.5
Others	**43.7**	39.2
Total	**1,057.6**	1,047.1

(A) Goodwill is allocated to the Group's cash-generating units identified according to the reportable segments. The goodwill amounts at 31 December 2014 and 31 December 2013 mainly relate to (a) Indofood's businesses (principally plantations and dairy) which contribute to the Group's consumer food products business segment located in Indonesia, (b) MPIC's businesses (principally water distribution and toll roads) which contribute to the Group's infrastructure business segment located in the Philippines and (c) FPM Power's power business, through the electricity generation and sales business conducted by its subsidiary company, PLP, which contributes to the Group's infrastructure business segment located in Singapore.

(B) In assessing the impairment for goodwill, the Group compares the carrying amounts of the underlying assets against their recoverable amounts (the higher of the assets' fair value less costs of disposal and their value in use). The recoverable amounts of Indofood's, MPIC's and PLP's businesses have been determined based on fair value less costs of disposal or value in use calculations using cash flow projections covering periods from 5 years (for established plantations and the dairy companies) up to 10 years (for the plantation estates in early development stage) (2013: 5 years (for established plantations and the dairy companies) to 10 years (for the plantation estates in early development stage)) for Indofood's businesses, 21 to 23 years (2013: 22 to 24 years) of concession lives for MPIC's water distribution business, 19 to 31 years (2013: 20 to 32 years) of concession lives for MPIC's toll road business and 5 years (2013: 5 years) for PLP's power business. The discount rates applied to cash flow projections range from 6.3% to 15.4% (2013: 7.1% to 13.0%) for Indofood's businesses, 8.7% (2013: 8.6% to 9.2%) for MPIC's water distribution business, 8.1% (2013: 7.3%) for MPIC's toll road business and 6.6% (2013: 6.2%) for PLP's power business, which reflect the weighted average cost of capital of the relevant businesses.

In the assessment of the recoverable amount of Indofood's plantation businesses, the projected prices of CPO are based on the World Bank forecast, while the projected selling prices of RSS1 and other rubber products of the Group over the projection period are based on the extrapolation of historical selling prices and the forecasted price trend from the World Bank; and, the sugar prices used in the projection are based on the extrapolation of historical selling prices and the forecasted price trend from the World Bank or the minimum sugar price imposed by the Ministry of Trade of Indonesia, whichever is higher. The cash flows beyond the projection periods are extrapolated using an estimated terminal growth rate of 5.5% (2013: 5.5%) which does not exceed the long-term average growth rate of the industry in Indonesia where the businesses operate.

In the assessment of the recoverable amount of Indofood's dairy businesses, their values in use were calculated based on their cash flow projections as per the most recent financial budgets and forecasts, which management believes are reasonable and are management's best estimates of the ranges of economic conditions that will exist over the forecast period. The cash flows beyond the projection periods are extrapolated using an estimated terminal growth rate of 5.0% (2013: 5.0%) which does not exceed the long-term average growth rate of the industry in Indonesia where the businesses operate.

In the assessment of the recoverable amount of MPIC's water distribution and toll road businesses, their values in use were calculated based on their cash flow projections as per the most recent financial budgets and forecasts, which management believes are reasonable and are management's best estimates of the ranges of economic conditions that will exist over the forecast period. The cash flows during the projection periods are derived using estimated average growth rates ranging from 2.0% to 3.0% (2013: 3.0%) for the water distribution business and from 1.6% to 5.3% (2013: 1.6% to 4.9%) for the toll road business, which does not exceed the long-term average growth rate of the industry in the Philippines where the businesses operate.

In the assessment of the recoverable amount of PLP's power business, its value in use were calculated based on their cash flow projections as per the most recent financial budgets and forecasts, which management believes are reasonable and are management's best estimates of the ranges of economic conditions that will exist over the forecast period. The cash flows beyond the projection periods are extrapolated using an estimated growth rate of 2.2% (2013: 2.0%) which does not exceed the long-term average growth rate of the industry in Singapore where the business operates.

Changes to the assumptions used by management to determine the recoverable amounts, in particular the discount and growth rates, can have a significant impact on the results of the assessment. Management is of the opinion that no reasonably possible change in any of the key assumptions stated above would cause the carrying amounts of the goodwill for each of the cash-generating units to materially exceed the recoverable amounts.

(C) On 28 March 2013, FPM Power (a 60.0%-owned subsidiary company of the Company, with the remaining 40.0% interest held by Meralco PowerGen, a wholly-owned subsidiairy of Meralco) purchased (a) a 70.0% equity interest in PLP and (b) in aggregate approximately US$170 million of shareholders' loans due from PLP to the sellers. In 2013, the Group recorded the assets, liabilities and contingent liabilities of PLP at initially assessed fair value and recognized provisional goodwill totaling US$244.5 million for this acquisition, representing the difference between FPM Power's acquisition costs and the initially assessed fair value of the assets, liabilities and contingent liabilities of PLP acquired. In 2014, FPM Power finalized its assessment of the fair value of the assets, liabilities and contingent liabilities of PLP and concluded that the final amount of goodwill of these acquisitions was US$265.7 million compared with the provisional goodwill amount totaling US$244.5 million initially recognized in 2013 and, hence, made an adjustment to increase the goodwill amount by US$21.2 million.

17. Other Intangible Assets

US$ millions	Concession assets – Water distribution	Concession assets – Toll roads	Brands – Dairy	Brands and networks – Water	Vesting contract	Software and others	**Total**
				Consolidated			
Cost							
At 1 January 2014	1,822.1	654.7	310.9	–	17.1	6.3	**2,811.1**
Exchange translation	(17.9)	(5.0)	(1.1)	(4.3)	(0.8)	(0.2)	**(29.3)**
Acquisition of a business and subsidiary companies (Note 35(C))	–	–	3.6	78.1	–	–	**81.7**
Additions	93.9	56.4	–	–	–	3.4	**153.7**
At 31 December 2014	1,898.1	706.1	313.4	73.8	16.3	9.5	**3,017.2**
Accumulated Amortization							
At 1 January 2014	267.5	75.8	79.7	–	–	1.3	**424.3**
Exchange translation	(2.3)	(0.6)	(2.3)	–	(0.1)	–	**(5.3)**
Charge for the year (Note 6)	51.1	15.5	16.3	–	1.6	1.9	**86.4**
At 31 December 2014	316.3	90.7	93.7	–	1.5	3.2	**505.4**
Net Carrying Amount at 31 December 2014	1,581.8	615.4	219.7	73.8	14.8	6.3	**2,511.8**

	Concession assets – Water distribution	Concession assets – Toll roads	Brands – Dairy	Vesting contract	Software and others	Total
			Consolidated			
Cost						
At 1 January 2013	1,833.0	463.9	391.8	–	–	2,688.7
Acquisition of subsidiary companies (Note 35(C))	–	234.2	–	17.4	–	251.6
Additions	132.7	9.6	–	–	6.4	148.7
Exchange translation	(143.6)	(53.0)	(80.9)	(0.3)	(0.1)	(277.9)
At 31 December 2013	1,822.1	654.7	310.9	17.1	6.3	2,811.1
Accumulated Amortization						
At 1 January 2013	240.2	62.3	80.4	–	–	382.9
Exchange translation	(20.0)	(5.5)	(19.1)	–	0.3	(44.3)
Charge for the year (Note 6)	47.3	19.0	18.4	–	1.0	85.7
At 31 December 2013	267.5	75.8	79.7	–	1.3	424.3
Net Carrying Amount at 31 December 2013	1,554.6	578.9	231.2	17.1	5.0	2,386.8

(A) Concession assets – Water distribution represents the exclusive right granted by Metropolitan Waterworks and Sewerage System (MWSS) on behalf of the Philippine government for Maynilad to provide water distribution and sewerage services and charge users for these services provided in the areas of West Metro Manila during its concession period.

In February 1997, Maynilad entered into a concession agreement with MWSS, with respect to the MWSS West Service Area. Under the concession agreement, MWSS grants Maynilad, the sole right to manage, operate, repair, decommission and refurbish all fixed and movable assets required to provide water and sewerage services in the West Service Area for 25 years ending in 2022. In September 2009, MWSS approved an extension of its concession agreement with Maynilad for another 15 years to 2037. The legal title to all property, plant and equipment contributed to the existing MWSS system by Maynilad during the concession period remains with Maynilad until the expiration date at which time, all rights, titles and interests in such assets will automatically vest to MWSS.

Under the concession agreement, Maynilad is entitled to (a) an annual standard rate adjustment to compensate for increases in the consumer price index subject to a rate adjustment limit; (b) an extraordinary price adjustment to account for the financial consequences of the occurrence of certain unforeseen events subject to grounds stipulated in the concession agreement; and (c) a rate rebasing mechanism which allows rates to be adjusted every five years to enable Maynilad to efficiently and prudently recover expenditures incurred, Philippine business taxes and payments corresponding to debt service on concession fees and Maynilad loans incurred to finance such expenditure.

In October 2013, Maynilad disagreed with the rate rebasing adjustments proposed by MWSS for the rate rebasing period from 2013 to 2017 and exercised its right under the concession agreement to file a notice of dispute with the Secretariat of the International Court of Arbitration in the Philippines for an arbitration. In December 2013, MWSS released a resolution regarding the implementation of a status quo for Maynilad's tariff rates until a final resolution of this issue is reached. On 29 December 2014, the Appeals Panel of the International Court of Arbitration in the Philippines upheld the alternative rebasing adjustment of Maynilad regarding its tariff dispute with MWSS. This would, if implemented immediately, result in a 9.8% increase in the 2013 average basic water charge of Pesos 31.28/cubic meter. However, as at the date of this report, Maynilad is still waiting for the approval from MWSS to implement the tariff increase.

In August 2012, Maynilad acquired a 100% interest in PHI, which engages in the water distribution business in central and southern Luzon. PHI is granted the sole right to distribute water in this area under certain concession agreements granted by the Philippine government for 25 years to 2035.

Additions to the concession assets for water distribution include costs of rehabilitation, construction costs and concession paid and fees payable for expansion projects.

(B) Concession assets – Toll roads represent the concession comprising the rights, interests and privileges to finance, design, construct, operate and maintain toll roads, toll facilities and other facilities generating toll-related and non-toll related income held by (a) MNTC in respect of the Manila North Expressway (also known as the North Luzon Expressway) (NLEX) and (b) CIC in respect of Manila-Cavitex Toll Expressway (CAVITEX) during their concession periods.

In August 1995, First Philippine Infrastructure Development Corporation (FPIDC), the parent company of MNTC, entered into a joint venture agreement with Philippine National Construction Corporation (PNCC), in which PNCC assigned its rights, interests and privileges under its franchise to construct, operate and maintain toll facilities in the NLEX and its extensions, stretches, linkages and diversions in favour of MNTC, including the design, funding, construction, rehabilitation, refurbishing and modernization and selection and installation of an appropriate toll collection system therein during the concession period subject to prior approval by the President of the Philippines. In April 1998, the Philippine government, acting through the Toll Regulatory Board as the grantor, PNCC as the franchisee and MNTC as the concessionaire, executed a Supplemental Toll Operation Agreement (STOA) whereby the Philippine government recognized and accepted the assignment by PNCC of its usufructuary rights, interests and privileges under its franchise in favor of MNTC as approved by the President of the Philippines and granted MNTC concession rights, obligations and privileges including the authority to finance, design, construct, operate and maintain the NLEX project roads as toll roads commencing upon the date on which the STOA comes into effect until 31 December 2030 or 30 years after the issuance of the Toll Operation Permit for the last completed phase, whichever is earlier. In October 2008, the concession agreement was extended for another seven years to 2037. Pursuant to the STOA, MNTC is required to pay franchise fees to PNCC and to pay for the government's project overhead expenses based on certain percentages of construction costs and maintenance works on the project roads. Upon expiry of the concession period, MNTC shall handover the project roads to the Philippine government without cost, free from any and all liens and encumbrances and fully operational and in good working condition, including any and all existing land required, works, toll road facilities and equipment found therein directly related to and in connection with the operation of the toll road facilities.

Pursuant to a toll operation agreement and an operations and maintenance agreement which CIC signed in November 1996 with the Philippine Reclamation Authority and the Toll Regulatory Board, CIC was responsible for the design, financing, construction and supervision of the operation and maintenance of CAVITEX. The concession for CAVITEX extends to 2033 for the originally built road and to 2046 for a subsequent extension. Upon expiry of the concession period, CIC shall hand over the project roads to the Philippine government.

MNTC and CIC derive substantially all of their revenues from toll collections from the users of the toll roads. The concession agreements establish toll rate formulas and adjustment procedures for setting the appropriate toll rates. Subject to the Toll Regulatory Board of the Philippines validating the calculation of the toll rate adjustments in accordance with the formulas, toll rate adjustments are scheduled every two calendar years for the NLEX and every three calendar years for the CAVITEX. As at the date of this report, MNTC and CIC continues to await approval by the Philippine government for toll rate adjustments for CAVITEX and NLEX, which should have been effective from 1 January 2012 and 1 January 2013, respectively.

Additions to the concession assets for toll roads include civil works construction costs and fixed operating equipment design, supply and installation costs for the toll road collection system migration.

(C) Brands – Dairy represent the brands held by PT Indolakto (Indolakto) for its various milk-related products, which include Indomilk, Cap Enaak, Tiga Sapi, Crima, Kremer and Indoeskrim.

(D) Brands and networks – Water represent the registered brand name, CLUB, and distribution and customer networks of Indofood's packaged drinking water business.

The brands and networks are determined to have indefinite useful lives as (i) the brands can be renewed indefinitely at no significant costs; (ii) Indofood has the intention to renew the brands and maintain the network indefinitely; and (iii) no significant expenses are expected to be incurred to maintain the future economic benefits that can be generated from these assets.

(E) Vesting contract represents an agreement entered into between PLP and a Singapore government agency, which requires PLP to sell electricity at a specified volume and a specified price to the agency over a period of 10 years from February 2014 to January 2024.

(F) All of the Group's concession assets, brands and vesting contract were initially acquired by the Group as part of the business combinations.

(G) The useful lives for amortization:

Concession assets – Water distribution	– Maynilad	Remaining concession life of 31 years since acquisition in 2007
	– PHI	Remaining concession life of 23 years since acquisition in 2012
Concession assets – Toll roads	– NLEX	Remaining concession life of 29 years since acquisition in 2008
	– CAVITEX	Remaining concession life of 21 years (for the originally built road) and 33 years (for the extension) since acquisition in 2013
Brands – Dairy		20 years
Brands and networks – Water		Indefinite
Vesting contract		10 years
Software		3 to 5 years

18. Accounts Receivable, Other Receivables and Prepayments

US$ millions	Consolidated 2014	Consolidated 2013 (Restated)	Company 2014	Company 2013
Accounts receivable	**411.4**	502.5	**–**	–
Other receivables	**204.3**	248.6	**0.2**	0.3
Prepayments	**57.3**	46.2	**0.1**	0.1
Total	**673.0**	797.3	**0.3**	0.4
Presented as:				
Non-current Portion	**11.8**	18.5	**–**	–
Current Portion	**661.2**	778.8	**0.3**	0.4
Total	**673.0**	797.3	**0.3**	0.4

(A) The carrying amount of the current portion of accounts receivable, other receivables and prepayments approximates to their fair value. The fair value of the non-current portion of accounts receivable, other receivables and prepayments is US$11.7 million (2013: US$24.2 million) which is determined based on cash flows discounted using a weighted average prevailing interest rate of 7.8% (2013: 7.7%). The weighted average effective interest rate of the non-current portion of accounts receivable and other receivables is 6.0% (2013: 10.0%).

(B) An ageing profile based on the invoice dates of accounts receivable, net of provisions, is analyzed below:

US$ millions	Consolidated 2014	Consolidated 2013 (Restated)
0 to 30 days	**377.8**	475.5
31 to 60 days	**14.0**	9.3
61 to 90 days	**5.5**	4.4
Over 90 days	**14.1**	13.3
Total	**411.4**	502.5

US$ millions	Consolidated 2014	Consolidated 2013 (Restated)
Neither past due nor impaired	**374.4**	469.8
Past due but not impaired		
– 0 to 30 days past due	**16.3**	11.2
– 31 to 60 days past due	**5.8**	5.9
– 61 to 90 days past due	**10.9**	11.5
– Over 90 days past due	**4.0**	4.1
Total	**411.4**	502.5

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable or covered by specific provisions for receivables with similar credit characteristics.

(C) At 31 December 2014, accounts receivable of US$18.4 million (2013: US$21.0 million) were collectively impaired and fully provided for. Movements in the provision for impairment of accounts receivable were as follows:

	Consolidated	
US$ millions	**2014**	2013
At 1 January	**21.0**	14.5
Exchange translation	**(0.2)**	(0.3)
Amount written off as uncollectible	**(3.5)**	(0.7)
Charge for the year (Note 6)	**1.1**	7.5
At 31 December	**18.4**	21.0

(D) As the Group's accounts receivable relate to a large number of diversified customers, there is no concentration of credit risk.

(E) Indofood generally allows customers 30 to 90 days of credit. MPIC (a) allows 14 days of credit for its water service customers, (b) collects toll fees by CIC, and through its associated company, 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. PLP generally allows customers 30 days of credit.

(F) Accounts receivable with a net book amount of US$71.7 million (2013: US$29.2 million) were pledged as security for certain of the Group's banking facilities (Note 27(C)).

19. Available-for-sale Assets

US$ millions	Consolidated 2014	2013
Listed investments, at fair value:		
– Equity investments – Overseas	**198.0**	57.2
– Debentures with a fixed interest rate of 1.6% to 6.0% (2013: 2.1% to 6.0%) and a maturity date of between 12 March 2015 and 15 August 2023 (2013: between 19 August 2015 and 15 August 2023) – Overseas	**43.4**	34.3
Unlisted Unit Investment Trust Funds – Overseas, at fair value	**112.7**	44.9
Unlisted investments, at cost less impairment provisions:		
– Equity investments – Overseas	**9.5**	27.0
Unlisted investments, at fair value:		
– Club debentures – Hong Kong	**2.1**	2.1
	365.7	165.5
Less: Unlisted Unit Investment Trust Funds classified as short-term deposits	**(112.7)**	–
Total	**253.0**	165.5
Presented as:		
Non-Current Portion	**193.8**	63.7
Current Portion	**59.2**	101.8
Total	**253.0**	165.5

The fair values of the listed equity investments and debentures are based on quoted market prices. The fair values of unlisted Unit Investment Trust Funds are based on estimated fair value of its underlying assets supplied by independent sources. The fair values of the unlisted investments in club debentures have been estimated by reference to recent market transaction prices. The Directors believe that the estimated fair values by reference to the above bases, which are recorded in the carrying amounts of the available-for-sale assets, and the related changes in fair values, which are recorded directly in the Group's equity, are reasonable, and that they are the most appropriate values at the end of the reporting period.

The unlisted equity investments as shown in the above table were stated at cost less impairment as there are no reliable sources and bases for subsequent fair value determination. The Group does not intend to dispose of them in near future.

20. Deferred Tax

The movements in deferred tax assets and deferred tax liabilities during the year are as follows:

	Consolidated				
US$ millions	Tax losses carry forward	Allowance for doubtful accounts	Liabilities for employee retirement benefits	Others	Total
Deferred Tax Assets					
At 1 January 2013	47.0	6.7	67.2	11.4	132.3
Exchange translation	(13.1)	(1.1)	(15.7)	(2.1)	(32.0)
Acquisition of a business and subsidiary companies (Note 35(C))	–	1.7	1.6	0.4	3.7
Credited/(charged) to the consolidated income statement (Note 7)	25.1	(2.3)	10.8	16.2	49.8
Credited to other comprehensive income	–	–	7.3	–	7.3
Other movements	–	–	–	1.8	1.8
At 31 December 2013	59.0	5.0	71.2	27.7	**162.9**
Exchange translation	(0.5)	(0.1)	(0.6)	(0.1)	**(1.3)**
Acquisition of subsidiary companies (Note 35(C))	–	–	–	2.2	**2.2**
Credited to the consolidated income statement (Note 7)	19.4	4.7	12.8	2.3	**39.2**
Charged to other comprehensive loss	–	–	(1.9)	–	**(1.9)**
Attributable to a discontinued operation (Note 8)	–	–	–	(0.9)	**(0.9)**
At 31 December 2014	**77.9**	**9.6**	**81.5**	**31.2**	**200.2**

	Consolidated					
US$ millions	Allowance in excess of related depreciation of property, plant and equipment	Changes in fair value of plantations	Brands	Withholding taxes on undistributed earnings of subsidiary and associated companies	Others	Total
Deferred Tax Liabilities						
At 1 January 2013	(193.0)	(96.1)	(77.3)	(41.1)	(29.2)	(436.7)
Exchange translation	39.0	23.2	13.9	1.5	0.9	78.5
Acquisition of a business and subsidiary companies (Note 35(C))	(0.5)	(3.4)	–	–	(2.5)	(6.4)
Credited/(charged) to the consolidated income statement (Note 7)	(2.0)	(8.6)	4.6	(14.9)	1.3	(19.6)
Transfer to provision for taxation (Note 28)	–	–	–	15.8	1.8	17.6
At 31 December 2013	(156.5)	(84.9)	(58.8)	(38.7)	(27.7)	**(366.6)**
Exchange translation	3.2	1.9	1.7	0.2	0.4	**7.4**
Charged to the consolidated income statement (Note 7)	(2.8)	(1.3)	–	(4.2)	(21.5)	**(29.8)**
Transfer from provision for taxation (Note 28)	–	–	–	(0.3)	–	**(0.3)**
Attributable to a discontinued operation (Note 8)	–	–	–	11.2	10.2	**21.4**
At 31 December 2014	**(156.1)**	**(84.3)**	**(57.1)**	**(31.8)**	**(38.6)**	**(367.9)**

Pursuant to the income tax laws of the Philippines, Indonesia and Thailand, withholding taxes of 10% to 15% are levied on dividends declared to foreign investors. Singapore has a one-tier corporate tax system whereby tax charged at the corporate level is the final tax. Dividends paid by Singapore resident companies under the one-tier corporate tax system are exempted from further Singapore tax in the hands of shareholders. Pursuant to the People's Republic of China Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors by the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable withholding tax rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by its subsidiary and associated companies in the Philippines, Indonesia, Thailand, Singapore and subsidiary companies in Mainland China in respect of their earnings generated from 1 January 2008.

The Group had fully recognized the deferred tax liabilities for the withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of its associated companies established in the Philippines and Thailand. However, except for those earnings to be distributed as dividends, no deferred tax liabilities had been recognized for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiary companies established in the Philippines, Indonesia, Singapore and Mainland China. In the opinion of the Directors, it is not probable that these subsidiary companies will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiary companies in the Philippines, Indonesia, Singapore and Mainland China for which deferred tax liabilities have not been recognized totaled approximately US$69.7 million at 31 December 2014 (2013: US$62.5 million).

The Group has tax losses arising from Singapore of US$216.6 million (2013: US$13.1 million) and Indonesia of US$76.7 million (2013: US$59.3 million) that may be carried forward indefinitely for Singapore and for five years for Indonesia, respectively, for offsetting against future taxable profits of the companies in which the losses arose.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

21. Pledged Deposits and Restricted Cash

At 31 December 2014, the Group had US$11.1 million (2013: US$11.1 million) of pledged bank deposits as security for certain bonds issued by the Company (Note 27(C)) and US$73.0 million (2013: US$49.3 million) of cash which was set aside to cover principal and interest payments of certain borrowings in compliance with loan agreements and cash held in escrow account in relation to a construction contract which is restricted as to use.

22. Other Non-current Assets

	Consolidated	
US$ millions	**2014**	2013 (Restated)
Prepayments	**105.3**	115.1
Plasma receivables	**49.7**	51.9
Deferred project costs	**41.8**	–
Claims for tax refund	**36.7**	46.4
Long-term deposits	**34.0**	25.1
Deposits for acquisition of assets	**30.1**	41.2
Deposit for acquisition of a business	**–**	45.1
Others	**88.3**	98.6
Total	**385.9**	423.4

(A) The prepayments mainly represent Indofood's prepaid rentals for port facilities and certain property assets.

(B) The plasma receivables represent advances made by Indofood to certain farmers in relation to arrangements for those farmers' production of FFB. The carrying amount of the plasma receivables approximates to their fair value.

(C) The deferred project costs represent deposits and costs directly attributable to the acquisition of the service concession relating to the Light Rail Transit Line 1 Cavite Extension and Operation & Maintenance Project in the Philippines incurred by LRMC prior to the handover of the operation and maintenance of the existing system of the LRT1 to it.

(D) The claims for tax refund relate to the tax payment in advance made by Indofood in respect of importation of raw materials which is creditable against Indofood's corporate income tax payable.

(E) The long-term deposits mainly represent MPIC's deposits for repair and maintenance of its toll roads.

(F) The deposits for acquisition of assets mainly represent Indofood's deposits for the acquisition of certain land rights.

23. Cash and Cash Equivalents and Short-term Deposits

	Consolidated		Company	
US$ millions	**2014**	2013	**2014**	2013
Cash at banks and on hand	**657.3**	592.5	**171.3**	168.8
Short-term time deposits	**1,608.6**	1,782.9	**291.8**	383.7
Total	**2,265.9**	2,375.4	**463.1**	552.5

(A) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

(B) Cash and cash equivalents of US$64.7 million (2013: US$77.3 million) were charged to banks in accordance with the terms of certain of the Group's banking facilities (Note 27(C)).

24. Inventories

	Consolidated	
US$ millions	**2014**	2013
Raw materials	**411.4**	416.1
Finished goods	**292.4**	261.0
Work in progress	**13.4**	18.6
Total	**717.2**	695.7

(A) At 31 December 2014, inventories with a carrying amount of US$112.3 million (2013: US$102.1 million) were carried at net realizable value.

(B) At 31 December 2014, inventories with a carrying amount of US$23.8 million (2013: US$15.7 million) were pledged as security for certain of the Group's banking facilities (Note 27(C)).

25. Assets Classified as Held for Sale

US$ millions	Consolidated 2014	2013
Assets of a disposal group classified as held for sale (Note 8(B))	**951.8**	–
Assets held for sale	**30.6**	–
Total	**982.4**	–

(A) Assets of a disposal group classified as held for sale represent the carrying amounts of CMZ's total assets at 31 December 2014. Details in respect of the assets are set out in Note 8 to the Consolidated Financial Statements.

(B) On 22 December 2014, MPIC entered into an agreement with Landco Pacific Corporation (Landco) and its controlling shareholder, AB Holding Corporation (ABHC), to restructure their interests in Landco in preparation for an eventual sale of these interests to third parties. The agreement contemplates the implementation of the following transactions during 2015: (i) the conversion of MPIC's preferred shares in Landco to common shares; (ii) additional subscription for non-voting preferred shares by way of cash infusion and conversion of MPIC's receivables from Landco into equity; (iii) offsetting of certain inter-company accounts; and (iv) spin off of non-performing assets of Landco to a separate company to be jointly owned by MPIC and ABHC. After completing the transactions mentioned, MPIC shall be entitled to an approximately 66% of the selling price of Landco's outstanding common shares in the event of a sale of Landco to a third party. As a result of this planned divestment of the interests in Landco, which is expected to be completed during 2015, the carrying amounts of the Group's receivables from Landco and ABHC and investments in Landco's common shares were reclassified to assets held for sale on 22 December 2014.

26. Accounts Payable, Other Payables and Accruals

	Consolidated		Company	
US$ millions	**2014**	2013	**2014**	2013
Accounts payable	**409.5**	345.1	**–**	–
Accrued expenses	**286.0**	310.6	**0.4**	0.3
Other payables	**496.9**	325.0	**1.8**	1.1
Total	**1,192.4**	980.7	**2.2**	1.4

The ageing profile based on the invoice dates of accounts payable is analyzed as follows:

US$ millions	Consolidated 2014	2013
0 to 30 days	**369.8**	324.9
31 to 60 days	**8.4**	4.2
61 to 90 days	**8.0**	2.8
Over 90 days	**23.3**	13.2
Total	**409.5**	345.1

All of the accounts payable, other payables and accruals are expected to be settled within one year. The carrying amount of the Group's accounts payable, other payables and accruals approximates to their fair value.

27. Borrowings

US$ millions	Effective interest rate (%)	Maturity	Notes	Consolidated 2014	2013
Short-term					
Bank loans	1.7 – 11.0 (2013: 1.2 – 11.1)	2015 (2013: 2014)		**911.1**	874.3
Other loans	7.3 – 18.0 (2013: 9.5 – 18.0)	2015 (2013: 2014)		**0.9**	192.7
Subtotal				**912.0**	1,067.0
Long-term					
Bank loans	1.7 – 11.0 (2013: 1.2 – 11.1)	2016 – 2026 (2013: 2015 – 2026)	(A)	**2,931.2**	2,900.9
Other loans	4.7 – 18.0 (2013: 4.7 – 13.2)	2016 – 2023 (2013: 2015 – 2023)	(B)	**1,962.7**	1,650.4
Subtotal				**4,893.9**	4,551.3
Total				**5,805.9**	5,618.3

The balance of short-term borrowings includes US$168.4 million (2013: US$350.9 million) of the current portion of long-term borrowings. The maturity profile of the Group's borrowings is as follows:

	Consolidated					
	Bank loans		Other loans		**Total**	
US$ millions	**2014**	2013	**2014**	2013	**2014**	2013
Not exceeding one year	**911.1**	874.3	**0.9**	192.7	**912.0**	1,067.0
More than one year but not exceeding two years	**400.1**	224.7	**1.0**	0.9	**401.1**	225.6
More than two years but not exceeding five years	**1,171.4**	1,289.2	**1,015.3**	462.1	**2,186.7**	1,751.3
More than five years	**1,359.7**	1,387.0	**946.4**	1,187.4	**2,306.1**	2,574.4
Total	**3,842.3**	3,775.2	**1,963.6**	1,843.1	**5,805.9**	5,618.3
Representing amounts						
– wholly payable within five years	**2,145.1**	2,388.2	**323.3**	359.1	**2,468.4**	2,747.3
– not wholly payable within five years	**1,697.2**	1,387.0	**1,640.3**	1,484.0	**3,337.5**	2,871.0
Total	**3,842.3**	3,775.2	**1,963.6**	1,843.1	**5,805.9**	5,618.3

The carrying amounts of the borrowings are denominated in the following currencies:

US$ millions	Consolidated 2014	2013
U.S. dollar	**2,482.7**	3,128.1
Peso	**1,273.4**	1,128.4
Rupiah	**1,096.5**	965.9
Singapore dollar	**842.2**	316.0
Others	**111.1**	79.9
Total	**5,805.9**	5,618.3

An analysis of the carrying amounts of borrowings into fixed and variable interest rates is as follows:

	Consolidated	
US$ millions	**2014**	2013
Fixed interest rate	**3,463.4**	3,541.3
Variable interest rate	**2,342.5**	2,077.0
Total	**5,805.9**	5,618.3

The carrying amounts and fair values of the non-current portion of long-term borrowings are as follows:

	Carrying amounts		Fair values	
US$ millions	**2014**	2013	**2014**	2013
Bank loans	**2,931.2**	2,900.9	**2,931.5**	3,035.0
Other loans	**1,962.7**	1,650.4	**2,062.1**	1,672.2
Total	**4,893.9**	4,551.3	**4,993.6**	4,707.2

The fair values are based on published price quotations for listed bonds issued by the Group and projected cash flows discounted using the borrowing rates ranging from 1.1% to 18.0% (2013: 1.2% to 18.0%) for the other fixed interest rate borrowings. The carrying amounts of the Group's variable interest rate borrowings approximate to their fair values due to frequent repricing.

The carrying amounts of the short-term borrowings (which include the current portion of long-term borrowings) approximate to their fair values. Details of the borrowings are set out below:

(A) Long-term Bank Loans

The balance includes US$249.7 million (with an aggregate face value of US$250.0 million) of bank loans (2013: US$249.6 million) borrowed by certain wholly-owned subsidiary companies of the Company with details summarized as follows:

(a) A US$89.9 million (with a face value of US$90.0 million) unsecured bank loan (2013: US$89.9 million) drawn in June 2013, guaranteed by the Company, subject to a variable LIBOR-based interest rate, which is repayable in June 2016.

(b) A US$159.8 million (with a face value of US$160.0 million) unsecured bank loan (2013: US$159.7 million) drawn in June 2013, guaranteed by the Company, subject to a variable LIBOR-based interest rate, which is repayable in June 2018.

(B) Long-term Other Loans

The balance includes bonds issued by FPMH Finance Limited, FPT Finance Limited, FPC Finance Limited and FPC Treasury Limited, wholly-owned subsidiary companies of the Company, and Indofood. Details are summarized as follows:

(a) US$297.5 million (with a face value of US$300 million) (2013: US$296.7 million) of guaranteed secured bonds issued by FPMH Finance Limited, in July 2010, with a coupon rate of 7.375% per annum, are payable semi-annually, and mature in July 2017. The bonds are guaranteed by the Company and are secured by (i) a 43.0% (2013: 43.0%) interest in MPIC common shares and (ii) an amount of cash of US$11.1 million (2013: US$11.1 million) to be used for the payment of next installment interest of the bonds.

(b) US$396.7 million (with a face value of US$400 million) (2013: US$396.3 million) of guaranteed secured bonds issued by FPT Finance Limited, in September 2010, with a coupon rate of 6.375% per annum, are payable semi-annually, and mature in September 2020. The bonds are guaranteed by the Company and secured by a 6.9% (2013: 6.9%) interest in PLDT.

(c) US$396.4 million (with a face value of US$400 million) (2013: US$395.7 million) of unsecured bonds issued by FPC Finance Limited, in June 2012, with a coupon rate of 6.0% per annum, are payable semi-annually, and mature in June 2019. The bonds are guaranteed by the Company.

(d) US$395.7 million (with a face value of US$400 million) (2013: US$395.2 million) of unsecured bonds issued by FPC Treasury Limited, in April 2013, with a coupon rate of 4.5% per annum, are payable semi-annually, and mature in April 2023. The bonds are guaranteed by the Company.

(e) Rupiah 2.0 trillion (US$160.4 million) of unsecured Rupiah bonds (2013: US$163.5 million) issued by Indofood in May 2012, with a coupon rate of 7.25% per annum, are payable quarterly, and mature in May 2017.

(f) Rupiah 2.0 trillion (US$160.0 million) of unsecured Rupiah bonds (2013: Nil) issued by Indofood in June 2014, with a coupon rate of 10.125% per annum, are payable quarterly, and mature in June 2019.

(g) Pesos 4.4 billion (US$96.5 million) of unsecured Peso bonds (2013: Nil) issued by MNTC in June 2014, with a coupon rate of 5.07% per annum, are payable quarterly, and mature in June 2021.

(h) Pesos 2.6 billion (US$57.5 million) of unsecured Peso bonds (2013: Nil) issued by MNTC in June 2014, with a coupon rate of 5.50% per annum, are payable quarterly, and mature in June 2024.

(C) 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.

28. Provision for Taxation

	Consolidated	
US$ millions	**2014**	2013
At 1 January	**32.6**	39.0
Exchange translation	**(0.1)**	(7.1)
Provision for taxation on estimated assessable profits for the year	**225.2**	183.1
Acquisition of a business and subsidiary companies (Note 35(C))	**0.8**	0.6
Transfer (to)/from deferred taxation (Note 20)	**(0.3)**	17.6
Taxes paid	**(206.6)**	(200.6)
Attributable to a discontinued operation (Note 8)	**(0.6)**	–
At 31 December	**51.0**	32.6

29. Deferred Liabilities, Provisions and Payables

				Consolidated		Company	
US$ millions	Pension	Long-term liabilities	Others	**2014**	2013	**2014**	2013
At 1 January	345.6	224.4	496.4	**1,066.4**	810.9	**1.5**	–
Exchange translation	(9.1)	(1.6)	(5.2)	**(15.9)**	(113.5)	**–**	–
Additions	68.8	19.6	133.5	**221.9**	341.1	**1.4**	1.5
Payment and utilization	(15.5)	(31.5)	(50.1)	**(97.1)**	(106.2)	**–**	–
Acquisition of subsidiary companies (Note 35(C))	–	–	–	**–**	134.1	**–**	–
Attributable to a discontinued operation (Note 8)	–	–	(3.4)	**(3.4)**	–	**–**	–
At 31 December	389.8	210.9	571.2	**1,171.9**	1,066.4	**2.9**	1.5
Presented as:							
Non-current Portion	389.8	199.7	260.5	**850.0**	816.0	**2.9**	1.5
Current Portion	–	11.2	310.7	**321.9**	250.4	**–**	–
Total	389.8	210.9	571.2	**1,171.9**	1,066.4	**2.9**	1.5

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

The long-term liabilities mainly relate to (a) Maynilad's concession fees payable to MWSS, including a provision for certain additional concession fees payable and related interest amounts in dispute between Maynilad and MWSS recognized by the Group upon its acquisition of Maynilad and (b) Maynilad's deferred credits (which represent foreign exchange gains and other payables which will be refunded to the customers and foreign exchange differences arising from retranslation of the portion of Maynilad's foreign currency denominated concession fees payable and loans). In respect of the disputed amounts with MWSS, no final resolution has been reached at 31 December 2014.

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

30. Share Capital

	Consolidated and Company	
US$ millions	**2014**	2013
Authorized		
6,000,000,000 (2013: 6,000,000,000) ordinary shares of U.S. 1 cent each	**60.0**	60.0
Issued and fully paid		
At 1 January	**43.1**	38.3
Issue of shares upon the exercise of share options	**0.1**	0.3
Repurchase and cancellation of shares	**(0.3)**	(0.3)
Issue of shares in respect of rights issue	**–**	4.8
At 31 December		
4,286,993,603 (2013: 4,309,671,110) ordinary shares of U.S. 1 cent each	**42.9**	43.1

(A) During the year, 4,792,493 (2013: 25,870,544) share options were exercised at the exercise prices between HK$1.6331 per share and HK$5.1932 per share (2013: between HK$1.6331 per share and HK$5.1932 per share (after adjusting for the effect of the Company's 2013 rights issue)), resulting in the issue of 4,792,493 (2013: 25,870,544) new ordinary shares of U.S. 1 cent each for a total cash consideration of HK$16.8 million (US$2.2 million) (2013: HK$102.3 million or US$13.2 million). Details of the Company's share option scheme are set out in Notes 38(D)(a) to the Consolidated Financial Statements.

(B) 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.

During the year, the Company repurchased 28,330,000 (2013: 24,986,000) ordinary shares on the 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:

Month of repurchases	**Number of ordinary shares repurchased**	Purchase price paid per share Highest HK$	Lowest HK$	**Aggregate consideration paid HK$ millions**	**US$ millions**
January 2014	**8,412,000**	8.39	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.

(C) In July 2013, the Company issued 480,194,901 new shares and raised approximately HK$3,857.1 million (approximately US$494.5 million) net of expenses, by way of a fully underwritten rights issue, offering its shareholders one rights share for every eight existing shares held at a subscription price of HK$8.10 per one rights share.

31. Shares Held for Share Award Scheme

	Consolidated and Company		
	Number of shares held for		Shares Held for Share Award Scheme
	Purchase Awards	Subscription Awards	US$ millions
Balance at 1 January 2013	–	–	–
Granted and purchased	9,483,061	–	(10.6)
Granted and issued	–	1,003,914	(1.0)
Vested and transferred	(1,629,177)	(156,781)	2.0
Balance at 31 December 2013	7,853,884	847,133	**(9.6)**
Granted and issued	–	860,000	**(1.0)**
Vested and transferred	(1,629,177)	(156,781)	**1.9**
Balance at 31 December 2014	**6,224,707**	**1,550,352**	**(8.7)**

During 2014, the independent trustee managing the Company's share award scheme subscribed 860,000 (2013: 1,003,914) new shares issued by the Company at an aggregate consideration of HK$7.9 million (US$1.0 million) (2013: HK$8.1 million (US$1.0 million)) and have not purchased any ordinary shares of the Company (2013: purchased 9,483,061 shares of the Company at an aggregate consideration of HK$82.0 million (US$10.6 million)).

Particulars of the share awards of the Company granted to the Directors and senior executives of the Company at 31 December 2014 are set out below.

(a) Particulars of the Company's Purchase Awards

	Unvested shares held at 1 January 2014	Shares vested and transferred during the year	**Unvested shares held at 31 December 2014**	Grant date	Fully vested by
Executive Directors					
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	2,726,660	(681,664)	**2,044,996**	12 July 2013	September 2017
Robert C. Nicholson	1,772,329	(443,082)	**1,329,247**	12 July 2013	September 2017
Non-executive Director					
Napoleon L. Nazareno	381,733	(95,433)	**286,300**	12 July 2013	September 2017
Independent Non-executive Directors					
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	381,733	(95,433)	**286,300**	12 July 2013	September 2017
Margaret Leung Ko May Yee, *SBS, JP*	238,582	–	**238,582**	12 July 2013	March 2018
Philip Fan Yan Hok	238,582	–	**238,582**	12 July 2013	March 2018
Senior Executives	1,254,265	(313,565)	**940,700**	12 July 2013	September 2017
	860,000	–	**860,000**	12 July 2013	July 2018
Total	7,853,884	(1,629,177)	**6,224,707**		

	Shares granted and purchased during the year	Shares vested and transferred during the year	Unvested shares held at 31 December 2013	Grant date	Fully vested by
Executive Directors					
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	3,408,324	(681,664)	2,726,660	12 July 2013	September 2017
Robert C. Nicholson	2,215,411	(443,082)	1,772,329	12 July 2013	September 2017
Non-executive Director					
Napoleon L. Nazareno	477,166	(95,433)	381,733	12 July 2013	September 2017
Independent Non-executive Directors					
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	477,166	(95,433)	381,733	12 July 2013	September 2017
Margaret Leung Ko May Yee, *SBS, JP*	238,582	–	238,582	12 July 2013	March 2018
Philip Fan Yan Hok	238,582	–	238,582	12 July 2013	March 2018
Senior Executives	1,567,830	(313,565)	1,254,265	12 July 2013	September 2017
	860,000	–	860,000	12 July 2013	July 2018
Total	9,483,061	(1,629,177)	7,853,884		

(b) Particulars of the Company's Subscription Awards

	Unvested shares held at 1 January 2014	Shares granted and issued during the year	Shares vested and transferred during the year	**Unvested shares held at 31 December 2014**	Grant date	Fully vested by
Senior Executives	627,133	–	(156,781)	**470,352**	29 August 2013	September 2017
	220,000	–	–	**220,000**	29 August 2013	July 2018
	–	860,000	–	**860,000**	15 July 2014	February 2019
Total	847,133	860,000	(156,781)	**1,550,352**		

	Shares granted and issued during the year	Shares vested and transferred during the year	Unvested shares held at 31 December 2013	Grant date	Fully vested by
Senior Executives	783,914	(156,781)	627,133	29 August 2013	September 2017
	220,000	–	220,000	29 August 2013	July 2018
Total	1,003,914	(156,781)	847,133		

On 19 March 2013, the Board resolved to adopt a share award scheme (the Share Award Scheme). Employees and Directors of the Group are eligible to participate. Under the Share Award Scheme, the Board can select grantees of awards and determine the number of the Company's shares (Shares) to be awarded. An independent trustee (the Trustee) will, depending on the form of the award made, either subscribe for new Shares to be issued by the Company at the relevant benchmarked price as stipulated in the Listing Rules or purchase existing Shares on the SEHK, in each case, at the cost of the Company. Those Shares purchased and held by the Trustee were not cancelled. The Trustee will hold the Shares on trust for the grantees of awards, until the Shares become vested (awards will generally be made subject to a vesting schedule requiring the grantee to remain an employee of the Group until and on each of the vesting dates – the Board may also impose other conditions to vesting as it considers appropriate). Vested Shares will be transferred to the grantees at no cost. Directors of the Group are not eligible to be granted awards of new Shares to be subscribed by the Trustee and issued by the Company, but are eligible to be granted awards of existing shares to be purchased by the Trustee.

On 12 July 2013, 9,483,061 share awards under the Company's Share Award Scheme were granted as Purchase Awards. The average fair value of shares granted as calculated by Towers Watson Hong Kong Limited, by adjusting the closing share price at the grant date by the present value of expected dividend payments during the vesting period, was HK$8.18 per share or an aggregate value of US$9.9 million for all shares granted. The assumptions used were as follows:

Share price at the date of grant	HK$8.70 per share
Expected dividend yield	2.7% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	0.5% per annum

On 29 August 2013, 1,003,914 share awards under the Company's Share Award Scheme were granted as Subscription Awards. The average fair value of shares granted as calculated by Towers Watson Hong Kong Limited, by adjusting the closing share price at the grant date by the present value of expected dividend payments during the vesting period, was HK$7.63 per share or an aggregate value of US$1.0 million for all shares granted. The assumptions used were as follows:

Share price at the date of grant	HK$8.11 per share
Expected dividend yield	2.7% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	0.5% per annum

On 15 July 2014, 860,000 share awards under the Company's Share Award Scheme were granted as Subscription Awards. The average fair value of shares granted as calculated by Towers Watson Hong Kong Limited, by adjusting the closing share price at the grant date by the present value of expected dividend payments during the vesting period, was HK$8.55 per share or an aggregate value of US$0.9 million for all shares granted. The assumptions used were as follows:

Share price at the date of grant	HK$9.23 per share
Expected dividend yield	2.7% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	0.7% per annum

32. Other Components of Equity

The Group's other components of equity comprise share premium, employee share-based compensation reserve, exchange reserve, unrealized gains/losses on available-for-sale assets, unrealized gains/losses on cash flow hedges, income tax related to cash flow hedges, actuarial gains/losses on defined benefit pension plans, share of other comprehensive income/loss of associated companies and joint ventures, differences arising from changes in equities of subsidiary companies, reserves of non-current assets classified as held for sale and capital and other reserves. The Company's other components of equity comprise share premium, employee share-based compensation reserve, capital redemption reserve and contributed surplus.

The share premium relates to the amount of fund received by the Company in excess of the par value of its shares issued. It may be used for repurchase of the Company's shares, distribution in the form of fully paid bonus shares and write-off of expenses related to issue of shares by the Company.

The employee share-based compensation reserve arises from the share options and awarded shares under the share option schemes and the share award scheme adopted by the Company and the Group's entities (which include the Group's subsidiary and associated companies) which are yet to be exercised.

The exchange reserve represents the resulting exchange differences arising from the translation of results and financial position of the Group's entities that have a functional currency different from the Company's presentation currency.

The unrealized gains/losses on available-for-sale assets relate to changes in the fair value of available-for-sale assets of the Group's entities.

The unrealized gains/losses on cash flow hedges and income tax related to cash flow hedges relate to the effective portion of changes in fair value of cash flow hedges of the Group's entities.

Actuarial gains/losses on defined benefit pension plans relate to changes in the present value of defined benefit pension obligations resulting from experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.

Share of other comprehensive income/losses of associated companies and joint ventures relates to the Group's share of its associated companies and joint ventures' exchange reserve, unrealized gains/losses on available-for-sale assets, unrealized gains/losses on cash flow hedges, income tax related to cash flow hedges, actuarial gains/losses on defined benefit pension plans and revaluation reserve.

The differences arising from changes in equities of subsidiary companies relate to a change in the Group entities' ownership interest in their subsidiary companies without a change of control.

The reserves of non-current assets classified as held for sale pertain to exchange reserve arising from the translation of net assets of disposal groups and the Group's share of disposal groups' reserves.

The Group's capital and other reserves include capital reserves arising from reorganization activities in some of the Group's entities and equity conversion option. The equity conversion option represents the equity component of convertible notes issued by an associated company.

The US$173.8 million (2013: US$173.8 million) contributed surplus of the Company arose from a reorganization of the Group in 1988 and represents the difference between the nominal value of the share capital issued by the Company and the aggregate net asset value of the subsidiary companies acquired at the date of acquisition. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its shareholders out of the contributed surplus provided certain conditions are met.

An analysis of the Group's exchange reserve, by principal operating company, is set out below.

	Consolidated	
US$ millions	**2014**	2013
PLDT	**(15.0)**	(9.2)
Indofood	**(318.0)**	(250.9)
MPIC	**6.3**	15.3
Philex	**16.9**	18.7
Others	**2.1**	(0.5)
Total	**(307.7)**	(226.6)

An analysis of the accumulated reserves of associated companies and joint ventures, included within consolidated reserves, is set out below.

	Associated Companies		Joint Ventures		**Consolidated**	
US$ millions	**2014**	2013	**2014**	2013	**2014**	2013
Associated Companies and Joint Ventures						
Revenue reserve	**(956.3)**	(733.5)	**70.8**	124.4	**(885.5)**	(609.1)
Exchange reserve	**0.4**	6.8	**0.5**	(5.4)	**0.9**	1.4
Unrealized gains on cash flow hedges	**2.9**	3.3	**–**	–	**2.9**	3.3
Other reserves	**14.9**	12.7	**–**	–	**14.9**	12.7
Total (Note 15)	**(938.1)**	(710.7)	**71.3**	119.0	**(866.8)**	(591.7)

33. Non-controlling Interests

An analysis of the Group's accumulated balances of material non-controlling interests, by principal operating company, is set out below.

	Consolidated	
US$ millions	**2014**	2013 (Restated)
Indofood	**2,575.9**	2,443.5
MPIC	**1,615.0**	1,360.3
FPM Power	**67.4**	132.6
FP Natural Resources	**30.3**	17.3
FPM Infrastructure[(i)]	**–**	15.9
Total	**4,288.6**	3,969.6

(i) The Group's non-controlling interests in FPM Infrastructure became nil during 2014 following First Pacific's transfer of its entire 75.0% interest in FPM Infrastructure to MPIC on 31 July 2014.

Effect of Transactions with Non-controlling Interests

In January 2013, MPIC effectively issued 1.33 billion of new MPIC common shares to certain investors through a share placement for a total consideration of Pesos 6.1 billion (approximately US$143.5 million). As a result of this transaction, the interest of Metro Pacific Holdings, Inc., a Philippine affiliate of the Company, in MPIC reduced from 59.0% to 55.9%. The Group recorded a net credit amount of US$28.8 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of this transaction.

In February 2013, MPIC effectively sold an approximately 4% economic interest in Maynilad to Marubeni Corporation-Nippon Koei Co. Ltd of Japan. As a result of this transaction, MPIC received Pesos 3.5 billion (US$82.8 million) of net proceeds and its effective economic interest in Maynilad decreased to 52.8% from 56.8%. The Group recorded a net credit amount of US$28.2 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of this transaction.

From July to December 2013, IndoAgri, PT Salim Invomas Pratama (SIMP) and PT PP London Sumatra Indonesia Tbk (Lonsum) repurchased 17.0 million, 126.4 million and 2.9 million of their own shares, respectively, at a total cost of Rupiah 212 billion (US$20.2 million). The Group recorded a credit balance of US$3.6 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of these transactions.

On 16 May 2014, MPIC and GIC, Singapore's sovereign wealth fund, entered into a definitive partnership agreement to facilitate the further expansion of the hospital group of MPIC. On 2 July 2014, GIC, through its affiliates, invested Pesos 3.7 billion (US$83.3 million) for a 14.4% interest in Metro Pacific Hospital Holdings, Inc. (MPHHI, formerly known as Neptune Stroika Holdings Inc.), a wholly-owned subsidiary company of MPIC and the holding company of the hospital group, and advanced Pesos 6.5 billion (US$146.3 million) to MPIC by way of an exchangeable bond which could be exchanged into a 25.5% interest in MPHHI in the future, subject to certain conditions. The Group recorded a net credit amount of US$74.9 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of this transaction.

During 2014, Metro Pacific Tollways Development Corporation, an indirect subsidiary company of MPTC, acquired in aggregate an additional 8.5% effective interest of MNTC from Egis Projects SA (Egis) for a consideration of Pesos 3.2 billion (US$71.2 million). As a result, MPTC's effective interest in MNTC increased to 75.6% from 67.1%. The Group recorded a debit amount of US$29.8 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of this transaction.

From January to June 2014, SIMP repurchased 188.6 million of its own shares at a total cost of Rupiah 166 billion (US$14.0 million). The Group recorded a debit balance of US$1.9 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of these transactions.

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

US$ millions	Exchange reserve	Unrealized gains/ (losses) on available-for-sale assets	Unrealized (losses)/ gains on cash flow hedges	Income tax related to cash flow hedges	Actuarial (losses)/gains on defined benefit pension plans	Share of other comprehensive (loss)/income of associated companies and joint ventures	**Total**
Balance at 1 January 2013	142.0	29.2	(0.1)	–	(22.2)	(15.8)	133.1
Other comprehensive (loss)/income for the year	(361.9)	7.8	3.1	(0.5)	(8.1)	(52.0)	(411.6)
Acquisition, dilution and divestment of interests in subsidiary companies	(6.7)	–	–	–	–	–	(6.7)
Balance at 31 December 2013	(226.6)	37.0	3.0	(0.5)	(30.3)	(67.8)	**(285.2)**
Other comprehensive (loss)/income for the year	(67.7)	(22.1)	(30.4)	4.6	1.9	21.3	**(92.4)**
Reserves for assets classified as held for sale (Note 8)	(13.0)	–	(0.6)	–	–	–	**(13.6)**
Reclassification	–	–	–	–	–	12.8	**12.8**
Acquisition, dilution and divestment of interests in subsidiary companies	(0.4)	–	–	–	–	(0.3)	**(0.7)**
Balance at 31 December 2014	**(307.7)**	**14.9**	**(28.0)**	**4.1**	**(28.4)**	**(34.0)**	**(379.1)**

35. Notes to the Consolidated Statement of Cash Flows

(A) Acquisition of Available-for-sale Assets

2014's cash outflow of US$269.8 million principally relates to the Group's acquisition of a 9.8% interest in Goodman Fielder (US$128.3 million) and a 16.4% interest in Victorias Milling Company Inc. (US$43.5 million) and investments in Unit Investment Trust Funds (US$96.8 million). 2013's cash outflow of US$73.1 million principally relates to the Group's investments in Unit Investment Trust Funds (US$44.9 million).

(B) Investments in Convertible Notes

2014's cash outflow of US$117.5 million relates to the Group's investments in convertible notes issued by SMECI (US$112.7 million) and Helia Technology Holdings, Inc. (US$4.8 million).

(C) Acquisition of a Business and Subsidiary Companies

	Fair value recognized on acquisition[i]				
US$ millions	Indofood's acquisition of a packaged drinking water business	Indofood's acquisition of MLI	Indofood's acquisition of Indokuat	**2014 Total**	2013 (Restated) Total
Consideration					
Cash and cash equivalents	44.3	11.5	11.3	**67.1**	988.0
Other non-current assets[ii]	46.8	7.9	–	**54.7**	–
Prepayments (Current)	–	–	9.7	**9.7**	165.7
Associated companies and joint ventures	–	–	–	**–**	12.3
Accounts payable	–	–	–	**–**	1.2
Total	91.1	19.4	21.0	**131.5**	1,167.2
Net Assets					
Property, plant and equipment (Note 12)	12.7	8.5	22.8	**44.0**	942.3
Plantations (Non-current) (Note 13)	–	–	–	**–**	51.8
Other intangible assets (Note 17)	78.1	–	3.6	**81.7**	251.6
Accounts receivable, other receivables and prepayments (Non-current)	–	–	–	**–**	1.2
Deferred tax assets (Note 20)	–	2.2	–	**2.2**	3.7
Other non-current assets	–	0.7	1.8	**2.5**	77.6
Cash and cash equivalents	–	8.5	0.9	**9.4**	289.2
Time deposits with original maturity of more than three months	–	–	0.2	**0.2**	–
Pledged deposits	–	–	–	**–**	5.8
Accounts receivable, other receivables and prepayments (Current)	–	–	1.7	**1.7**	252.4
Inventories	0.3	–	4.5	**4.8**	16.4
Plantations (Current) (Note 13)	–	–	–	**–**	5.0
Accounts payable, other payables and accruals	–	(0.4)	(14.4)	**(14.8)**	(117.3)
Short-term borrowings	–	–	–	**–**	(96.5)
Provision for taxation (Note 28)	–	(0.7)	(0.1)	**(0.8)**	(0.6)
Current portion of deferred liabilities, provisions and payables (Note 29)	–	–	–	**–**	(15.6)
Long-term borrowings	–	–	–	**–**	(634.1)
Deferred liabilities, provisions and payables (Note 29)	–	–	–	**–**	(118.5)
Deferred tax liabilities (Note 20)	–	–	–	**–**	(6.4)
Total Net Assets	91.1	18.8	21.0	**130.9**	908.0
Non-controlling interests	–	–	–	**–**	(115.8)
Total Net Assets Acquired	91.1	18.8	21.0	**130.9**	792.2
Goodwill (Note 16)	–	0.6	–	**0.6**	375.5
Excess Over the Cost of a Business Combination	–	–	–	**–**	(0.5)
Total	–	0.6	–	**0.6**	375.0
Net Cash Outflow per the Consolidated Statement of Cash Flows					
– Acquisition of a business	(44.3)	–	–	**(44.3)**	–
– Acquisition of subsidiary companies	–	(3.0)	(10.4)	**(13.4)**	(693.0)
Total	(44.3)	(3.0)	(10.4)	**(57.7)**	(693.0)

(i) Provisional amounts for Indokuat determined based on management's best estimates of the fair values of the identifiable assets acquired, liabilities and contingent liabilities assumed, and subject to revision upon their further assessment.

(ii) Represents deposits made in 2013

On 15 November 2013, PT Tirta Makmur Perkasa (TMP), a subsidiary company of Indofood, entered into a conditional sale and purchase agreement with Tirta Bahagia (TB) group, which engages in the packaged drinking water business under the brand "CLUB" in Indonesia. Pursuant to the agreement, TMP could purchase from the TB group the assets used for and/or related to the marketing, sale and distribution of packaged drinking water. In December 2013, TMP made a deposit of Rupiah 550 billion (US$46.8 million) to the TB group in respect of this acquisition, which was included in other non-current assets at 31 December 2013. The transaction was completed on 27 January 2014. TMP's acquisition of these assets is regarded as a business combination of the Group. The transaction costs of US$0.3 million incurred by TMP for this business combination have been recognized as administrative expenses in the consolidated income statement.

On 29 May 2013, PT Lajuperdana Indah (LPI), a subsidiary company of Indofood, agreed to acquire a 100% interest in MLI at a total consideration of Rupiah 228 billion (US$19.4 million). MLI principally engages in the business of cultivation of sugar cane in the South Sumatra Province of Indonesia. In September and December 2013, LPI made deposits totaling Rupiah 93 billion (US$7.9 million) in respect of this acquisition, which were included in other non-current assets at 31 December 2013. The transaction costs of US$0.02 million incurred by LPI for this business combination have been recognized as administrative expenses in the consolidated income statement.

On 30 December 2014, PT Indolakto, a subsidiary company of Indofood, completed the acquisition of a 100% interest in PT Indokuat Sukses Makmur (Indokuat, formerly known as PT Danone Dairy Indonesia), a producer of liquid milk products, as well as its brand name for a consideration of Rupiah 261 billion (US$21.0 million). The transaction costs of US$0.5 million incurred by PT Indolakto for this business combination have been recognized as administrative expenses in the consolidated income statement.

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

The goodwill arising from the acquisition of MLI pertains, but is not limited to, the expected synergies in the Group arising from the acquisitions. None of the goodwill recognized is expected to be deductible for income tax purposes.

Since the dates of acquisition, the above acquired business and subsidiary companies recorded in aggregate a turnover of US$89.3 million and profit for the year of US$0.2 million which are included in the consolidated income statement of the Group. If the acquisition had taken place on 1 January 2014, the turnover and net profit of the Group for the year ended 31 December 2014 would have been US$6,908.6 million and US$483.7 million, respectively.

2013's net cash outflow of US$693.0 million mainly relates to FPM Power's acquisition of PLP, MPTC's acquisition of CIC and Indofood's acquisition of CMZ and PT Mentari Pertiwi Makmur.

(D) Increased Investments in Associated Companies

2014's cash outflow of US$42.5 million principally related to a partial payment by MPIC for its acquisition of a 5% interest in Meralco from Beacon Electric (US$35.1 million) (including transaction costs of US$0.2 million) and Indofood's additional investments in AIBM (US$7.4 million).

(E) Increased Investments in Subsidiary Companies

2014's cash outflow of US$71.2 million principally related to MPTC's acquisition of an additional 8.5% interest in MNTC.

(F) Major Non-cash Transactions

On 26 June 2014, MPIC acquired a 5% interest in Meralco from Beacon Electric at an aggregate consideration of Pesos 13.2 billion (US$297.1 million), of which Pesos 4.45 billion (US$100.2 million) was offset against Beacon Electric's common share dividends declared on 24 June 2014 and 17 November 2014 and Pesos 1.55 billion (US$34.9 million) was settled in cash. At 31 December 2014, Pesos 7.2 billion (US$160.7 million) remains unpaid.

36. Commitments and Contingent Liabilities

(A) Capital Expenditure

	Consolidated		Company	
US$ millions	**2014**	2013	**2014**	2013
Commitments in respect of subsidiary companies:				
Authorized, but not contracted for	**1,309.5**	1,135.8	**–**	–
Contracted, but not provided for	**681.2**	390.5	**434.3**	–
Total	**1,990.7**	1,526.3	**434.3**	–

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

At 31 December 2014, except for US$434.3 million (2013: Nil) of commitments related to investments in additional interests in Goodman Fielder, the Company had no commitments in respect of capital expenditure (2013: Nil).

(B) Leasing Commitments

At 31 December 2014, the Group had total future minimum lease payments under non-cancelable operating leases falling due as follows:

	Consolidated	
US$ millions	**2014**	2013
Land and Buildings		
– Within one year	**6.1**	6.4
– Between two and five years, inclusive	**17.5**	17.6
– After five years	**33.7**	32.5
Subtotal	**57.3**	56.5
Plant and Equipment		
– Within one year	**1.7**	1.6
– Between two and five years, inclusive	**0.9**	1.3
Subtotal	**2.6**	2.9
Total	**59.9**	59.4

At 31 December 2014, the Company did not have any leasing commitments (2013: Nil).

(C) Contingent Liabilities

(a) At 31 December 2014, except for US$91.0 million (2013: US$87.3 million) of 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).

At 31 December 2014, the contingent liabilities of the Company in respect of its guarantees given to (i) certain bondholders in connection with the bonds issued by certain wholly-owned subsidiary companies and (ii) certain banks in connection with the loan facilities granted to certain wholly-owned subsidiary companies of the Company amounted to US$25.8 million (2013: US$23.6 million), which represents the total amount of guarantees it had given for these facilities less its amounts due to these wholly-owned subsidiary companies.

(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 of the Philippines held that "the term 'capital' in Section 11, Article XII of the 1987 Constitution of the Philippines refers only to shares of stock entitled to vote in the election of directors" and thus only to voting common shares, "and not to the total outstanding capital stock (common and non-voting preferred shares)". The Decision of the Supreme Court of the Philippines reversed earlier opinions issued by the Philippine Securities and Exchange Commission (SEC) that non-voting preferred shares are included in the computation of the 60%-40% Filipino-alien equity requirement of certain economic activities, such as telecommunications which is a public utility under Section 11, Article XII of the 1987 Constitution of the Philippines.

While PLDT is not a party to the Gamboa Case, the Supreme Court of the Philippines directed the Philippine SEC in the Gamboa Case "to apply this definition of the term 'capital' in determining the extent of allowable foreign ownership in PLDT, and if there is a violation of Section 11, Article XII of the 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 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 need 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 in as much 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 was 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.

37. Employees' Benefits

(A) Remuneration

	Consolidated	
US$ millions	**2014**	2013
Basic salaries	**428.9**	384.0
Bonuses	**110.0**	112.0
Benefits in kind	**86.2**	68.8
Pension contributions	**68.8**	58.6
Retirement and severance allowances	**21.8**	9.2
Employee share-based compensation benefit expenses	**20.4**	21.6
Total	**736.1**	654.2
Average Number of Employees	**95,046**	86,784

The above includes the remuneration of the Directors. Detailed disclosures in respect of the Directors' remuneration are set out in Note 38(A) to the Consolidated Financial Statements.

(B) Retirement Benefits

In the Philippines Republic Act (R.A.) No. 7641, The Philippine Retirement Law (R.A. 7641) requires a minimum benefit of equivalent to one-half month's salary for every year of service, with six months or more of service considered as one year. As some of the entities of the Group operate in the Philippines, they provide for either a defined contribution retirement plan or a defined benefit plan that consider the minimum benefit guarantee mandated under R.A. 7641.

Under the Indonesian Labor Law, companies are required to pay separation, appreciation and compensation benefits to their employees if the condition specified in the Indonesian Labor Law is met. Some of the Group's Indonesian subsidiary companies maintain and operate formal pension plans for the benefit of their employees, additional provisions for the estimated liabilities for employee service entitlement benefits are made on top of the benefits provided under their respective pension plans, whether such plans exist or not, in order to meet and cover the minimum benefits requirement to be paid to employees under the Indonesian Labor Law.

Under the Central Provident Fund Act in Singapore, the Singapore companies in the Group are required to make contributions to the Central Provident Fund scheme in Singapore, which is a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognized as an expense in the period in which the related services are performed.

Under the Mandatory Provident Fund Schemes Ordinance and the Occupational Retirement Schemes Ordinance in Hong Kong, the Hong Kong companies in the Group are required to make contributions to the Mandatory Provident Fund retirement benefit scheme and the occupational retirement scheme, respectively, in Hong Kong, which are defined contribution pension schemes. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the respective schemes.

The Group operates both defined contribution and defined benefit schemes. In addition, the Group has made provisions for estimated liabilities for employee benefits for meeting the minimum benefits required to be paid to the qualified employees as required under the Indonesian Labor Law.

(a) Defined contribution schemes

The Group operates six (2013: six) defined contribution schemes covering approximately 18,292 (2013: 19,058) employees. The assets of these schemes are held separately from the Group and are administered by independent trustees. Contributions to the schemes, either by the Group or by the employees, are determined by reference to the employees' salaries and length of service and range from 0% to 10% (2013: 0% to 10%). Under the terms of the schemes, the Group cannot be requested to make additional payments over and above these levels of contributions. In three (2013: three) of the schemes, forfeited contributions may be used to reduce the existing levels of employer contributions and, in 2014, no amount (2013: Nil) was used for this purpose. At 31 December 2014, the forfeited contributions had been fully utilized.

The Group's Indonesian subsidiary companies have defined contribution retirement plans covering substantially all of their qualified permanent employees. The related liability arising from the difference between the cumulative funding since the establishment of the program and the cumulative pension costs charged to the consolidated income statement during the same period is recognized as employee benefits liabilities in the consolidated statement of financial position.

Although the Group's Philippine operating companies operate defined contribution schemes, they are covered under R.A. 7641 which provides for its qualified employees under a defined benefit minimum guarantee. The defined minimum guarantee is equivalent to a certain percentage of the monthly salary payment to an employee at the normal retirement age with the required credited years of service based on the provisions of R.A. 7641. The Philippine operating companies account for the retirement obligation under the higher of defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

(b) Defined benefit schemes and estimated liabilities for employee benefits

The Group operates thirteen (2013: thirteen) defined benefit schemes covering approximately 6,706 (2013: 6,054) employees. Four (2013: four) of the plans are unfunded where the Group meets the benefit payment obligations as they fall due while ten (2013: ten) of defined benefit payments are from trustee-administered funds. For unfunded schemes, the Group engages the services of actuaries to conduct valuation studies to determine the retirement obligations to ensure that these maturing obligations and expected benefit payments are covered and budgeted for. For the funded schemes, the assets are held separately from the Group and are administered by independent trustees. Benefits are determined by reference to employees' final salaries and length of service, and the schemes have undergone independent valuations. These actuarial valuations, performed by the actuaries of PT Sentra Jasa Aktuaria (a member of the Fellow Society of Actuary of Indonesia and Expert in Life Insurance in Indonesia), Actuarial Advisers, Inc., Institutional Synergy, Inc., FASP and E.M. Zalamea Actuarial Services, Inc. (members of the Actuary Society of the Philippines), were based on the projected unit credit method. The plan assets do not include any financial instruments of the Group or property occupied by, or other assets used by, the Group. At 31 December 2014, the Group's level of funding in respect of its defined benefit schemes was 76.5% (2013: 84.4%).

The Group's plan assets mainly comprise equities, debt securities, cash in banks, time deposits and unit trust funds. Thus, the cash flow from the assets alters in accordance with the change of equity prices and interest rates, and the assets are subject to various risks including interest rate, investment and longevity risks. This poses a risk of an asset value deficit to cover projected obligations owing to inadequate appreciation of equity prices and interest rates over time together with the Group's periodic contribution to the schemes. With the lower expected returns from the plan assets, discount rates for continuous valuation of the defined benefit obligations decline and the estimated liabilities, the disparity could be fuelled by the rising inflation in recent years and a longer average lifespan of the Group's employees with ongoing medical and health science advancement.

While the Group does not perform any asset-liability matching study, the risks arising from the nature of the assets comprising the fund, are mitigated by limiting the investments in financial assets only to the instruments as recommended by the trust managers, investing in equity shares with good fair values and contributing to the respective fund from time to time, based on the recommendations of their actuaries with the objective of maintaining their respective fund in a sound condition.

The Group has also made provisions for estimated liabilities for employee benefits covering the employees of its Indonesia subsidiary companies. The amounts of such provisions were determined by reference to employees' final salaries and length of service and based on actuarial computations prepared by the actuaries of PT Sentra Jasa Aktuaria (a member of the Fellow Society of Actuary of Indonesia and Expert in Life Insurance in Indonesia) using the projected unit credit method. These liabilities are not funded by the Group.

(I) The amounts of liability under defined benefit schemes and estimated liabilities for employee benefits included in the consolidated statement of financial position are as follows:

US$ millions	Defined benefit schemes	Estimated liabilities for employee benefits	Consolidated 2014	2013
Present value of defined benefit obligations	(40.2)	(379.9)	**(420.1)**	(379.3)
Fair value of plan assets	30.3	–	**30.3**	33.7
Liability in the Statement of Financial Position	(9.9)	(379.9)	**(389.8)**	(345.6)

(II) The changes in the present value of the defined benefit schemes and estimated liabilities for employee benefits during the year are as follows:

US$ millions	Defined benefit schemes	Estimated liabilities for employee benefits	Consolidated 2014	2013
At 1 January	(41.1)	(338.2)	**(379.3)**	(387.1)
Exchange translation	1.8	9.1	**10.9**	84.1
Current service cost	(4.2)	(26.0)	**(30.2)**	(25.0)
Interest cost on obligation	(2.1)	(31.2)	**(33.3)**	(21.5)
Actuarial gains/(losses) arising from changes in demographic assumptions	0.1	(0.1)	**–**	0.3
Actuarial (losses)/gains arising from changes in financial assumptions	(1.2)	4.3	**3.1**	3.8
Experience adjustments	0.1	–	**0.1**	(47.6)
Acquisition of subsidiary companies	–	–	**–**	(1.1)
Benefit paid	6.4	2.2	**8.6**	14.8
At 31 December	(40.2)	(379.9)	**(420.1)**	(379.3)

(III) The changes in the fair value of plan assets under the defined benefit schemes during the year are as follows:

US$ millions	Consolidated 2014	2013
At 1 January	**33.7**	31.7
Exchange translation	**(0.3)**	0.7
Interest income included in net interest cost	**1.6**	2.3
Return on plan assets (excluding amount included in net interest cost)	**(5.9)**	(0.4)
Contributions by employer	**1.4**	1.0
Benefit paid	**(0.2)**	(1.6)
At 31 December	**30.3**	33.7

(IV) The major categories of plan assets as a percentage of the fair value of the total plan assets under the defined benefit schemes are as follows:

	Consolidated 2014	2013
Philippines debt equities	**36%**	38%
Philippines equities	**25%**	21%
Indonesian debt securities	**6%**	9%
Indonesian equities	**3%**	3%
Cash in bank	**13%**	15%
Time deposits	**5%**	3%
Unit trust funds and others	**12%**	11%

(V) The amount recognized in the consolidated income statement and consolidated statement of comprehensive income is analyzed as follows:

US$ millions	Defined benefit schemes	Estimated liabilities for employee benefits	Consolidated 2014	2013
Current service cost[(i)]	4.2	26.0	**30.2**	25.0
Interest cost on obligation[(i)]	2.1	31.2	**33.3**	21.5
Interest income on plan assets[(i)]	(1.6)	–	**(1.6)**	(2.3)
Actuarial (gains)/losses arising from changes in demographic assumptions[(ii)]	(0.1)	0.1	**–**	(0.3)
Actuarial losses/(gains) arising from changes in financial assumptions[(ii)]	1.2	(4.3)	**(3.1)**	(3.8)
Experience adjustments[(ii)]	(0.1)	–	**(0.1)**	47.6
Return on plan assets (excluding amount included in net interest cost)	5.9	–	**5.9**	0.4
Total[(i)]	11.6	53.0	**64.6**	88.1
Actual Return on Plan Assets			**6%**	6%

(i) Included in cost of sales, distribution costs, administrative expenses and other operating expenses, net
(ii) Included in other comprehensive income

(VI) Principal actuarial assumptions (weighted average) at 31 December are as follows:

	Consolidated 2014	2013
Annual discount rate	**8%**	9%
Future annual salary increases	**9%**	10%
Retirement age (years)	**55**	55

(VII) The calculation of the defined benefit obligation is sensitive to the assumptions set above. The following table summarizes how the present value of the defined benefit obligation at the end of the reporting period would have increased or decreased as a result of changes in the respective assumptions:

US$ millions	Increase/ (decrease)	**(Decrease)/ increase At 31 December 2014**	Increase/ (decrease)	(Decrease)/ increase At 31 December 2013
Annual discount rate (%)	1.0	**(31.2)**	1.0	(24.1)
	(1.0)	**37.3**	(1.0)	24.7
Future annual salary increases (%)	1.0	**38.5**	1.0	28.7
	(1.0)	**(34.3)**	(1.0)	(28.2)
Retirement age (years)	1.0	**(0.4)**	1.0	(1.2)
	(1.0)	**1.0**	(1.0)	1.2

(VIII) The following table provides the maturity analysis of the undiscounted benefit payments as at 31 December 2014.

US$ millions	**2014**	2013
Less than one year	**10.7**	9.6
One year to five years	**117.0**	70.2
More than five years	**2,485.3**	2,248.9
Total expected benefit payments	**2,613.0**	2,328.7

The weighted average duration of the defined benefit obligation is 15 years (2013: 15 years).

(IX) The Group expects to contribute US$4.6 million (2013: US$4.5 million) to its defined benefit pension plans in the next year.

(C) Loans to Officers

During 2014 and 2013, there were no loans made by the Group to officers which require disclosure pursuant to section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622) with reference to section 161B of the predecessor Hong Kong Companies Ordinance (Cap. 32).

38. Directors' and Senior Executives' Remuneration

(A) Directors' Remuneration

The remuneration of Directors' and chief executive of the Company for the year, disclosed on an individual basis and pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

Directors' Remuneration – 2014

US$'000	Non-performance based Salaries	Non-performance based Other benefits	Non-performance based Pension contributions	Performance based payments[i]	Employee share-based compensation benefit expenses	Fees[ii]	Emoluments[iii]	2014 Total
Chairman								
Anthoni Salim	2,936	–	–	–	–	40	–	**2,976**
Executive Directors								
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	3,697	445	169	865	3,412	–	–	**8,588**
Edward A. Tortorici	838	138	479	–	2,258	–	–	**3,713**
Robert C. Nicholson	1,260	37	2	535	2,350	–	–	**4,184**
Non-executive Directors								
Tedy Djuhar	–	–	–	–	–	40	–	**40**
Benny S. Santoso	–	–	–	–	268	141	–	**409**
Napoleon L. Nazareno	2,385	50	–	3,490	286	115	–	**6,326**
Independent Non-executive Directors								
Graham L. Pickles	–	–	–	–	278	140	85	**503**
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	–	–	–	–	286	110	–	**396**
Margaret Leung Ko May Yee, *SBS, JP*	–	–	–	–	360	95	–	**455**
Philip Fan Yan Hok	–	–	–	–	360	70	–	**430**
Total	11,116	670	650	4,890	9,858	751	85	**28,020**

(i) Performance based payments comprise performance bonuses and long-term monetary incentive awards
(ii) For meetings attended
(iii) For consultancy services provided to the Company in connection with the acquisition of Goodman Fielder

Directors' Remuneration – 2013

US$'000	Salaries	Other benefits	Pension contributions	Performance based payments(i)	Employee share-based compensation benefit expenses	Fees(ii)	2013 Total
	Non-performance based						
Chairman							
Anthoni Salim	3,173	–	–	–	–	35	3,208
Executive Directors							
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	3,460	431	162	1,832	4,202	–	10,087
Edward A. Tortorici	785	127	600	–	2,828	–	4,340
Robert C. Nicholson	1,691	35	2	732	3,039	–	5,499
Non-executive Directors							
Tedy Djuhar	–	–	–	–	–	45	45
Benny S. Santoso	–	–	–	–	339	119	458
Napoleon L. Nazareno	1,696	65	–	868	346	103	3,078
Independent Non-executive Directors							
Graham L. Pickles	–	–	–	–	383	155	538
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	–	–	–	–	346	140	486
Margaret Leung Ko May Yee, *SBS, JP*	–	–	–	–	216	95	311
Philip Fan Yan Hok	–	–	–	–	216	90	306
Jun Tang(iii)	–	–	–	–	–	25	25
Total	10,805	658	764	3,432	11,915	807	28,381

(i) Performance based payments comprise performance bonuses and long-term monetary incentive awards
(ii) For meetings attended
(iii) Mr. Jun Tang retired from the Board of Directors with effect from 30 May 2013

Included within the total Directors' remuneration is an amount of US$1.3 million (2013: US$1.2 million) paid by PLDT, an associated company, in respect of the services of the Managing Director and Chief Executive Officer of the Company.

(B) Senior Executives' Remuneration

The Group operates similar remuneration schemes for its senior executives. In 2013 and 2014, none of the senior executives were among the Group's five highest earning employees. All of the five highest earning employees were the Company's Directors in 2013 and 2014.

(C) Key Management Personnel Compensation

US$ millions	Consolidated 2014	2013
Non-performance based		
– Salaries and benefits	**65.4**	62.6
– Pension contributions	**6.2**	6.7
Performance based		
– Bonuses and long-term monetary incentive awards	**41.1**	39.2
Employee share-based compensation benefit expenses	**20.4**	21.6
Fees	**0.8**	0.8
Total	**133.9**	130.9

(D) Share Options

The Company and its subsidiary companies operate share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Particulars of the share options of the Company and its subsidiary companies granted to the Directors and senior executives of the Company and its subsidiary companies at 31 December 2014 are set out below:

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

	Share options held at 1 January 2014	Share options exercised during the year	Share options granted during the year	**Share options held at 31 December 2014**	Share options exercise price per share[i] (HK$)	Market price per share immediately before the date of grant[i] (HK$)	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Directors										
Manuel V. Pangilinan	19,528,606	(1,528,606)	–	**18,000,000**	4.9457	4.9363	5 September 2007	September 2012	September 2008	September 2017
	10,224,972	–	–	**10,224,972**	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
Edward A. Tortorici	5,112,486	–	–	**5,112,486**	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	10,348,694	–	–	**10,348,694**	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
	5,112,486	–	–	**5,112,486**	10.2299	7.72	29 August 2013	September 2017	September 2013	August 2023
Robert C. Nicholson	13,704,933	–	–	**13,704,933**	4.9457	4.9363	5 September 2007	September 2012	September 2008	September 2017
	6,646,232	–	–	**6,646,232**	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	7,281,203	–	–	**7,281,203**	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
Non-Executive Directors										
Benny S. Santoso	1,066,177	–	–	**1,066,177**	4.9457	4.9363	5 September 2007	September 2008	September 2008	September 2017
	715,748	–	–	**715,748**	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	1,097,139	–	–	**1,097,139**	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
	715,748	–	–	**715,748**	10.2299	7.72	29 August 2013	September 2017	September 2013	August 2023
Napoleon L. Nazareno	3,404,916	–	–	**3,404,916**	4.9457	4.5575	11 December 2009	December 2010	December 2010	December 2019
	1,097,139	–	–	**1,097,139**	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
Independent Non-Executive Directors										
Graham L. Pickles	1,431,496	–	–	**1,431,496**	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	1,097,139	–	–	**1,097,139**	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	3,405,651	–	–	**3,405,651**	4.9457	4.9363	5 September 2007	September 2008	September 2008	September 2017
	1,097,139	–	–	**1,097,139**	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
Margaret Leung Ko May Yee, *SBS, JP*	715,748	–	–	**715,748**	10.2299	10.4450	22 March 2013	March 2018	March 2015	March 2023
	1,097,139	–	–	**1,097,139**	10.2729	9.7213	4 June 2013	March 2018	March 2015	June 2023
Philip Fan Yan Hok	715,748	–	–	**715,748**	10.2299	10.4450	22 March 2013	March 2018	March 2015	March 2023
	1,097,139	–	–	**1,097,139**	10.2729	9.7213	4 June 2013	March 2018	March 2015	June 2023
Senior Executives	1,904,057	(1,904,057)	–	**–**	1.6331	1.6145	1 June 2004	December 2008	June 2005	May 2014
	359,830	(359,830)	–	**–**	3.0389	3.0898	7 June 2006	December 2010	June 2007	June 2016
	37,603,889	(800,000)	–	**36,803,889**	4.9457	4.9363	5 September 2007	September 2012	September 2008	September 2017
	3,992,137	(200,000)	–	**3,792,137**	5.1932	5.2127	18 June 2010	June 2015	June 2012	June 2020
	15,644,206	–	–	**15,644,206**	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	31,922,364	–	–	**31,922,364**	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
	17,178,000	–	–	**17,178,000**	10.2514	7.72	29 August 2013	July 2018	July 2015	August 2023
	–	–	7,538,000	**7,538,000**	10.2514	9.24	15 July 2014	February 2019	February 2016	July 2024
Total	205,318,161	(4,792,493)[ii]	7,538,000	**208,063,668**[iii]						

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

(ii) The weighted average closing prices of the Company's shares immediately before and at the dates on which these share options were exercised are HK$8.90 and HK$8.93, respectively.

(iii) The number of outstanding share options vested and exercisable at 31 December 2014 was 118,891,046. These share options have a weighted average exercise price of HK$6.73.

	Share options held at 1 January 2013	Share options exercised during the year	Adjustment for rights issue	Share options granted during the year	Share options held at 31 December 2013	Share options exercise price per share[i] (HK$)	Market price per share immediately before the date of grant[i] (HK$)	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Directors											
Manuel V. Pangilinan	19,098,934	–	429,672	–	19,528,606	4.9457	4.9363	5 September 2007	September 2012	September 2008	September 2017
	–	–	224,972	10,000,000	10,224,972	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
Edward A. Tortorici	–	–	112,486	5,000,000	5,112,486	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	–	–	227,694	10,121,000	10,348,694	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
	–	–	–	5,112,486	5,112,486	10.2299	7.72	29 August 2013	September 2017	September 2013	August 2023
Robert C. Nicholson	16,337,388	(3,000,000)	367,545	–	13,704,933	4.9457	4.9363	5 September 2007	September 2012	September 2008	September 2017
	–	–	146,232	6,500,000	6,646,232	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	–	–	160,203	7,121,000	7,281,203	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
Non-Executive Directors											
Benny S. Santoso	2,993,431	(2,993,431)	–	–	–	1.6331	1.6145	1 June 2004	June 2005	June 2005	May 2014
	3,330,719	(2,288,000)	23,458	–	1,066,177	4.9457	4.9363	5 September 2007	September 2008	September 2008	September 2017
	–	–	15,748	700,000	715,748	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	–	–	24,139	1,073,000	1,097,139	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
	–	–	–	715,748	715,748	10.2299	7.72	29 August 2013	September 2017	September 2013	August 2023
Napoleon L. Nazareno	3,330,000	–	74,916	–	3,404,916	4.9457	4.5575	11 December 2009	December 2010	December 2010	December 2019
	–	–	24,139	1,073,000	1,097,139	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
Independent Non-Executive Directors											
Graham L. Pickles	3,330,719	(3,330,719)	–	–	–	4.9457	4.9363	5 September 2007	September 2008	September 2008	September 2017
	–	–	31,496	1,400,000	1,431,496	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	–	–	24,139	1,073,000	1,097,139	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	412,394	(421,672)	9,278	–	–	1.6331	1.6145	1 June 2004	June 2005	June 2005	May 2014
	3,330,719	–	74,932	–	3,405,651	4.9457	4.9363	5 September 2007	September 2008	September 2008	September 2017
	–	–	24,139	1,073,000	1,097,139	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
Margaret Leung Ko May Yee, *SBS, JP*	–	–	15,748	700,000	715,748	10.2299	10.4450	22 March 2013	March 2018	March 2015	March 2023
	–	–	24,139	1,073,000	1,097,139	10.2729	9.7213	4 June 2013	March 2018	March 2015	June 2023
Philip Fan Yan Hok	–	–	15,748	700,000	715,748	10.2299	10.4450	22 March 2013	March 2018	March 2015	March 2023
	–	–	24,139	1,073,000	1,097,139	10.2729	9.7213	4 June 2013	March 2018	March 2015	June 2023
Jun Tang[ii]	3,330,000	(3,330,000)	–	–	–	4.9457	4.5575	11 December 2009	December 2011	December 2011	December 2019
Senior Executives	6,538,201	(4,687,038)	52,894	–	1,904,057	1.6331	1.6145	1 June 2004	December 2008	June 2005	May 2014
	743,113	(400,000)	16,717	–	359,830	3.0389	3.0898	7 June 2006	December 2010	June 2007	June 2016
	41,300,938	(4,569,684)	872,635	–	37,603,889	4.9457	4.9363	5 September 2007	September 2012	September 2008	September 2017
	4,740,000	(850,000)	102,137	–	3,992,137	5.1932	5.2127	18 June 2010	June 2015	June 2012	June 2020
	–	–	344,206	15,300,000	15,644,206	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	–	–	702,364	31,220,000	31,922,364	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
	–	–	–	17,178,000	17,178,000	10.2514	7.72	29 August 2013	July 2018	July 2015	August 2023
Total	108,816,556	(25,870,544)[iii]	4,165,915	118,206,234	205,318,161[iv]						

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

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

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

(iv) The number of outstanding share options vested and exercisable at 31 December 2013 was 102,670,422. These share options have a weighted average exercise price of HK$5.91.

At the AGM held on 24 May 2004, the Company's shareholders approved a share option scheme (the Scheme) under which the Directors may, at their discretion, at any time during the life of the Scheme, grant Directors and executives of the Company's share options as part of the Company's long-term incentive program. The Scheme, which complies with the provisions set out in Chapter 17 of the Listing Rules, became effective on 24 May 2004. The Scheme would be valid for 10 years and expired on 23 May 2014.

The maximum number of shares on which options may be granted may not exceed 10% of the Company's issued share capital as at the date of approval of the Scheme by the shareholders, which equaled to 318,599,300 shares. The maximum number of shares in respect of which options may be granted under the Scheme to any one participant in any 12-month period is limited to 1% of the aggregate number of shares of the Company in issue at the time of the proposed grant of options to such participant.

The exercise price in relation to each share option offer shall be determined by the Directors at their absolute discretion, but in any event shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of the SEHK on the date of grant; (ii) the average of the closing prices of the Company's shares as stated in the daily quotation sheets of the SEHK for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share on the date of grant. The terms of the Scheme provide that subject to any other restrictions on vesting imposed by the Directors, share options may be exercised under the Scheme at any time from the date of acceptance until the date of expiry. All options presently outstanding under the Scheme are subject to certain restrictions on exercise including a prohibition on exercise at any time during the period commencing one year after the date on which any option is accepted. Options which lapse or are cancelled prior to their expiry date are deleted from the register of options. No further share options will be granted pursuant to the Scheme before it expires or is terminated.

On 5 September 2007, 121,920,000 share options under the Company's Scheme were granted. The average fair value of options granted as calculated by Watson Wyatt Hong Kong Limited, a Towers Watson company, based on the binomial model, was HK$2.596 per share or an aggregate value of US$40.6 million for all options granted. The assumptions used were as follows:

Share price at the date of grant (before adjusting for the effect of the Company's 2009 and 2013 rights issues)	HK$5.33 per share(i)
Exercise price (before adjusting for the effect of the Company's 2009 and 2013 rights issues)	HK$5.33 per share(i)
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	45%
Option life	10 years
Expected dividend yield	1% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	4.40% per annum

Taking into account the expected turnover rate of the Directors and senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 7.6 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 150% higher than the exercise price. No other feature of the option granted was incorporated into the measurement of fair value.

On 11 December 2009, 6,660,000 share options under the Company's Scheme were granted. The average fair value of options granted as calculated by Watson Wyatt Hong Kong Limited, a Towers Watson company, based on the binomial model, was HK$1.935 per share or an aggregate value of US$1.7 million for all options granted. The assumptions used were as follows:

Share price at the date of grant (before adjusting for the effect of the Company's 2013 rights issue)	HK$4.61 per share(ii)
Exercise price (before adjusting for the effect of the Company's 2013 rights issues)	HK$5.0569 per share(iii)
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	45%
Option life	10 years
Expected dividend yield	2% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	2.20% per annum

Taking into account the expected turnover rate of the Directors and the early exercise behavior, the average expected life of the options granted was estimated to be around 8 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 250% higher than the exercise price. No other feature of the option granted was incorporated into the measurement of fair value.

(i) HK$4.9457 after adjusting for the effect of the Company's rights issues in 2009 and 2013
(ii) HK$4.5086 after adjusting for the effect of the Company's rights issue in 2013
(iii) HK$4.9457 after adjusting for the effect of the Company's rights issue in 2013

On 18 June 2010, 5,400,000 share options under the Company's Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$2.28 per share or an aggregate value of US$1.6 million for all options granted. The assumptions used were as follows:

Share price at the date of grant (before adjusting for the effect of the Company's 2013 rights issue)	HK$5.31 per share[(iv)]
Exercise price (before adjusting for the effect of the Company's 2013 rights issue)	HK$5.31 per share[(iv)]
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	45%
Option life	10 years
Expected dividend yield	2% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	2.3% per annum

Taking into account the expected turnover rate of the senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 8 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 250% higher than the exercise price. No other feature of the option granted was incorporated into the measurement of fair value.

Taking into account the expected turnover rate of the Directors and the early exercise behavior, the average expected life of the options granted was estimated to be around 7.2 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 210% higher than the exercise price. No other feature of the option granted was incorporated into the measurement of fair value.

At the AGM held on 31 May 2012, the Company's shareholders approved a new share option scheme (the New Scheme) under which the Directors may, at their discretion, at any time during the life of the New Scheme, grant Directors and executives of the Company's share options as part of the Company's long-term incentive program. The New Scheme, which complies with the provisions set out in Chapter 17 of the Listing Rules, became effective on 31 May 2012. The New Scheme will be valid for 10 years and will expire on 30 May 2022.

The maximum number of shares on which options may be granted may not exceed 10% of the Company's issued share capital as at the date of approval of the New Scheme by the shareholders, which equaled to 382,827,354 shares. The maximum number of shares in respect of which options may be granted under the New Scheme to any one participant in any 12-month period is limited to 1% of the aggregate number of shares of the Company in issue at the time of the proposed grant of options to such participant.

The exercise price in relation to each share option offer shall be determined by the Directors at their absolute discretion, but in any event shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of the SEHK on the date of grant; (ii) the average of the closing prices of the Company's shares as stated in the daily quotation sheets of the SEHK for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share on the date of grant. The terms of the New Scheme provide that subject to any other restrictions on vesting imposed by the Directors, share options may be exercised under the New Scheme at any time from the date of acceptance until the date of expiry. Any options granted under the New Scheme are subject to certain restrictions on exercise including a prohibition on exercise at any time during the period commencing one year after the date on which any option is accepted. Options which lapse or are cancelled prior to their expiry date are deleted from the register of options.

(iv) HK$5.1932 after adjusting for the effect of the Company's rights issue in 2013

On 22 March 2013, 40,300,000 share options under the Company's New Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$3.04 per share or an aggregate value of US$15.7 million for all options granted. The assumptions used were as follows:

Share price at the date of grant (before adjusting for the effect of the Company's 2013 rights issue)	HK$10.46 per share(v)
Exercise price (before adjusting for the effect of the Company's 2013 rights issue)	HK$10.46 per share(v)
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	38%
Option life	10 years
Expected dividend yield	2.7% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	0.7% per annum

Taking into account the expected turnover rate of the Directors and senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 6.6 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 150% higher than the exercise price. No other feature of the option granted was incorporated into the measurement of fair value.

On 4 June 2013, 54,900,000 share options under the Company's New Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$2.94 per share or an aggregate value of US$20.7 million for all options granted. The assumptions used were as follows:

Share price at the date of grant (before adjusting for the effect of the Company's 2013 rights issue)	HK$10.22 per share(vi)
Exercise price (before adjusting for the effect of the Company's 2013 rights issue)	HK$10.504 per share(vii)
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	38%
Option life	10 years
Expected dividend yield	2.7% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	1.0% per annum

Taking into account the expected turnover rate of the Directors and senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 6.6 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 150% higher than the exercise price. No other feature of the option granted was incorporated into the measurement of fair value.

On 29 August 2013, 5,828,234 share options under the Company's New Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$2.22 per share or an aggregate value of US$1.7 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$8.11 per share
Exercise price	HK$10.2299 per share
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	38%
Option life	10 years
Expected dividend yield	2.7% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	1.9% per annum

(v) HK$10.2299 after adjusting for the effect of the Company's rights issue in 2013
(vi) HK$9.9951 after adjusting for the effect of the Company's rights issue in 2013
(vii) HK$10.2729 after adjusting for the effect of the Company's rights issue in 2013

Taking into account the expected turnover rate of the Directors and the early exercise behavior, the average expected life of the options granted was estimated to be around 7.3 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 150% higher than the exercise price. No other feature of the option granted was incorporated into the measurement of fair value.

On 29 August 2013, 17,178,000 share options under the Company's New Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$2.36 per share or an aggregate value of US$5.2 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$8.11 per share
Exercise price	HK$10.2514 per share
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	38%
Option life	10 years
Expected dividend yield	2.7% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	1.9% per annum

Taking into account the expected turnover rate of the senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 7.3 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 150% higher than the exercise price. No other feature of the option granted was incorporated into the measurement of fair value.

On 15 July 2014, 7,538,000 share options under the Company's New Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$2.49 per share or an aggregate value of US$2.4 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$9.23 per share
Exercise price	HK$10.2514 per share
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	37%
Option life	10 years
Expected dividend yield	2.7% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	1.7% per annum

Taking into account the expected turnover rate of the senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 7.0 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 150% higher than the exercise price. No other feature of the option granted was incorporated into the measurement of fair value.

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

At the date of approval of the Consolidated Financial Statements, the Company had 208,063,668 share options outstanding under the schemes, which represented approximately 4.9% of the Company's shares in issue as at that date.

Details of the Group's accounting policy in respect of the share options granted are set out in Note 2(D)(r)(III) to the Consolidated Financial Statements.

(b) Particulars of MPIC's Share Option Scheme

	Share options held at 1 January 2014	Share options exercised during the year	**Share options held at 31 December 2014**	Share option exercise price per share (Peso)	Market price per share immediately before the date of grant (Peso)	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Directors									
Manuel V. Pangilinan	6,250,000	–	**6,250,000**	4.60	4.59	14 October 2013	October 2015	October 2014	October 2018
Edward A. Tortorici	5,000,000	–	**5,000,000**	4.60	4.59	14 October 2013	October 2015	October 2014	October 2018
Robert C. Nicholson	10,000,000	–	**10,000,000**	2.73	2.65	2 July 2010	July 2013	January 2011	July 2015
	5,000,000	–	**5,000,000**	4.60	4.59	14 October 2013	October 2015	October 2014	October 2018
Senior Executives	36,080,000	(18,020,000)	**18,060,000**	2.73	2.65	2 July 2010	July 2013	January 2011	July 2015
	3,500,000	–	**3,500,000**	3.50	3.47	21 December 2010	August 2013	August 2011	August 2015
	350,000	(350,000)	**–**	3.53	3.53	8 March 2011	March 2014	March 2012	March 2016
	1,705,000	(927,000)	**778,000**	3.66	3.66	14 April 2011	April 2013	April 2012	April 2016
	103,750,000	(1,000,000)	**102,750,000**	4.60	4.59	14 October 2013	October 2015	October 2014	October 2018
Total	171,635,000	(20,297,000)(i)	**151,338,000**(ii)						

(i) The weighted average closing prices of MPIC's shares immediately before and at the dates on which these share options were exercised are Pesos 4.98 and Pesos 5.00, respectively.

(ii) The number of outstanding share options vested and exercisable at 31 December 2014 was 91,338,000. These share options have a weighted average exercise price of Pesos 3.98.

	Share options held at 1 January 2013	Share options granted during the year	Share options exercised during the year	Share options cancelled during the year	Share options held at 31 December 2013	Share option exercise price per share (Peso)	Market price per share immediately before the date of grant (Peso)	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Directors											
Manuel V. Pangilinan	–	6,250,000	–	–	6,250,000	4.60	4.59	14 October 2013	October 2015	October 2014	October 2018
Edward A. Tortorici	–	5,000,000	–	–	5,000,000	4.60	4.59	14 October 2013	October 2015	October 2014	October 2018
Robert C. Nicholson	10,000,000	–	–	–	10,000,000	2.73	2.65	2 July 2010	July 2013	January 2011	July 2015
	–	5,000,000	–	–	5,000,000	4.60	4.59	14 October 2013	October 2015	October 2014	October 2018
Senior Executives	15,000,000	–	(10,000,000)	(5,000,000)	–	2.12	2.10	9 December 2008	January 2010	January 2009	January 2013
	25,050,000	–	(22,550,000)	(2,500,000)	–	2.73	2.65	10 March 2009	March 2010	March 2009	March 2013
	77,485,000	–	(41,405,000)	–	36,080,000	2.73	2.65	2 July 2010	July 2013	January 2011	July 2015
	10,000,000	–	(6,500,000)	–	3,500,000	3.50	3.47	21 December 2010	August 2013	August 2011	August 2015
	1,000,000	–	(650,000)	–	350,000	3.53	3.53	8 March 2011	March 2014	March 2012	March 2016
	2,750,000	–	(1,045,000)	–	1,705,000	3.66	3.66	14 April 2011	April 2013	April 2012	April 2016
	–	103,750,000	–	–	103,750,000	4.60	4.59	14 October 2013	October 2015	October 2014	October 2018
Total	141,285,000	120,000,000	(82,150,000)(i)	(7,500,000)	171,635,000(ii)						

(i) The weighted average closing prices of MPIC's shares immediately before and at the dates on which these share options were exercised are Pesos 5.30 and Pesos 5.31, respectively.

(ii) The number of outstanding share options vested and exercisable at 31 December 2013 was 51,285,000. These share options have a weighted average exercise price of Pesos 2.81.

At the AGM held on 1 June 2007, the Company's shareholders approved a share option scheme under which MPIC's directors may, at their discretion, invite executives of MPIC upon the regularization of employment of eligible executives, to take up share options of MPIC to obtain an ownership interest in MPIC and for the purpose of long-term employment motivation. The scheme was subsequently approved by MPIC's shareholders and became effective on 14 June 2007 and would be valid for 10 years. At a special shareholders' meeting of MPIC held on 20 February 2009, MPIC's shareholders approved the amendments to MPIC's share option scheme which include (i) a refreshment of the number of MPIC options that may be granted to take into account the increase in the capital stock of MPIC or other changes to its capital structure which have either been approved by the shareholders, implemented, in progress, or which may potentially be approved or implemented in the future; and (ii) the inclusion in MPIC's share option plan of a requirement for MPIC to comply with the relevant corporate requirements and regulations applicable to MPIC's parent company. The amendments and the maximum number of MPIC's share options of 941,676,681 (representing 10% of MPIC's shares in issue at the date of approval of the proposed refreshment) were subsequently approved by the Company's shareholders in the AGM held on 3 June 2009.

The maximum number of shares on which options may be granted under the scheme may not exceed 10% of the issued share capital of MPIC at 1 June 2007 (subsequently refreshed to a maximum number of 941,676,681 during 2009 as mentioned above), the date on which the MPIC's share option scheme was approved by the Company's shareholders on the AGM held on 1 June 2007. The aggregate number of shares which may be issued upon exercise of the options granted and to be granted to any eligible participant (whether or not already an option holder) in any 12-month period shall not exceed 1% of the shares in issue at the relevant time.

The exercise price in relation to each option granted under the scheme shall be determined by MPIC's directors at their absolute discretion, but in any event shall not be less than (i) the closing price of MPIC's shares for one or more board lots of such MPIC's shares on the PSE on the option grant date; (ii) the average closing price of MPIC's shares for one or more board lots of such MPIC's shares on the PSE for the five business days on which dealings in the MPIC's shares are made immediately preceding the option grant date; or (iii) the par value of the MPIC's shares, whichever is the highest.

On 2 July 2010, 94,300,000 share options under MPIC's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes-Merton formula, was Peso 0.78 per share or an aggregate value of Pesos 73.3 million (US$1.6 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 2.65 per share
Exercise price	Pesos 2.73 per share
Expected volatility (based on historical volatility of MPIC's shares commensurate with the average expected life of the options granted)	63%
Option life	5 years
Expected dividend yield	0.38%
Average risk-free interest rate (based on the Philippine government zero coupon bond)	4.91% per annum

On 21 December 2010, 10,000,000 share options under MPIC's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes-Merton formula, was Pesos 1.13 per share or an aggregate value of Pesos 11.2 million (US$0.2 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 3.47 per share
Exercise price	Pesos 3.50 per share
Expected volatility (based on historical volatility of MPIC's shares commensurate with the average expected life of the options granted)	63%
Option life	5 years
Expected dividend yield	0.29%
Average risk-free interest rate (based on the Philippine government zero coupon bond)	2.73% per annum

On 8 March 2011, 1,000,000 share options under MPIC's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes-Merton formula, was Pesos 1.19 per share or an aggregate value of Pesos 1.2 million (US$0.03 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 3.53 per share
Exercise price	Pesos 3.53 per share
Expected volatility (based on historical volatility of MPIC's shares commensurate with the average expected life of the options granted)	55%
Option life	5 years
Expected dividend yield	0.4%
Average risk-free interest rate (based on the Philippine government zero coupon bond)	3.98% per annum

On 14 April 2011, 3,000,000 share options under MPIC's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes-Merton formula, was Peso 0.95 per share or an aggregate value of Pesos 2.8 million (US$0.1 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 3.66 per share
Exercise price	Pesos 3.66 per share
Expected volatility (based on historical volatility of MPIC's shares commensurate with the average expected life of the options granted)	50%
Option life	5 years
Expected dividend yield	0.41%
Average risk-free interest rate (based on the Philippine government zero coupon bond)	2.94% per annum

On 14 October 2013, 120,000,000 share options under MPIC's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes-Merton formula, was Peso 0.76 per share or an aggregate value of Pesos 91.4 million (US$2.1 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 4.59 per share
Exercise price	Pesos 4.60 per share
Expected volatility (based on historical volatility of MPIC's shares commensurate with the average expected life of the options granted)	34%
Option life	5 years
Expected dividend yield	0.76%
Average risk-free interest rate (based on the Philippine government zero coupon bond)	1.53% per annum

(c) Particulars of CMZ's Share Option Scheme

	Share options held at 4 September 2013 (the date of acquisition) and 1 January 2014	Share options cancelled during the year	**Share options held at 31 December 2014**	Share option exercise price per share (S$)	Market price per share immediately before the date of grant (S$)	Grant date	Fully vested by	Exercisable from	Exercisable until
Senior Executives	2,462,000	(2,462,000)	**–**	1.26	1.04	21 September 2011	September 2012	September 2012	September 2014
	2,678,000	–	**2,678,000**	0.74	0.71	4 September 2012	September 2013	September 2013	September 2015
Total	5,140,000	(2,462,000)	**2,678,000**(i)						

(i) The number of outstanding share options vested and exercisable at 31 December 2014 was 2,678,000 (2013: 5,140,000). These share options have a weighted average exercise price of S$0.74 (2013: S$0.99).

The CMZ Employee Share Option Scheme 2010 was approved and implemented on 31 March 2010 as a long-term incentive plan for executive directors, non-executive directors and employees of CMZ based on individual performance.

39. Related Party Transactions

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

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

The fees under the above arrangement amounted to Pesos 222 million (US$5.0 million) for the year ended 31 December 2014 (2013: Pesos 289 million or US$6.8 million). At 31 December 2014, the outstanding technical service fee payable amounted to Pesos 297 million (US$6.6 million) (2013: Pesos 336 million or US$7.6 million).

(B) In October 2012, the Company agreed to provide Philex an aggregate loan facility of up to US$200 million by installment, principally for financing Philex's capital expenditure of its Silangan project and Padcal mine, and for general working capital purposes. From November 2012 to March 2013, the Company, through certain indirect wholly-owned subsidiary companies, entered into loan agreements of Pesos 2.1 billion (US$48.1 million) and US$150 million with Philex. The loans made under these loan agreements are unsecured, with an interest rate at 5% per annum on the loan amounts, 1% of commitment fee on the available commitment amount of the facility and 1% of upfront fee on the facility amount, and are repayable within one year after drawdown. Philex has drawn down loans of Pesos 2.1 billion (US$48.1 million) and US$80 million under these loan agreements from November 2012 to March 2013 (equivalent to approximately US$128.1 million). The repayment of this outstanding amount of US$80 million has been extended by the Company to March 2015 upon the original due date of repayment in March 2014. In November 2013, Philex repaid Pesos 2.1 billion (US$48.1 million) and the Company reduced the aggregate loan facility to US$150 million. In December 2014, Philex repaid the remaining US$80 million.

At 31 December 2014, there were no outstanding loans (2013: US$80 million of outstanding loans included in current accounts receivable, other receivables and prepayments). For the year ended 31 December 2014, the Group received interest income of US$3.9 million (2013: US$6.1 million), commitment fee of US$0.7 million (2013: US$1.5 million) and no (2013: US$1.5 million) upfront fees on these loans and loan facility to Philex.

(C) In December 2014, ALBV entered into a subscription agreement with SMECI, a wholly-owned subsidiary company of Philex, in respect of the subscription for the convertible notes issued by SMECI with a principal amount of Pesos 5.04 billion (US$112.7 million) (out of the total Pesos 7.2 billion (US$161.0 million) convertible notes issued by SMECI), principally for financing capital expenditure of the Silangan project and repaying the advances from Philex. The convertible notes bear a coupon rate of 1.5%, payable semi-annually every 18 June and 18 December and has a maturity of 8 years, with a one-time redemption option exercisable by SMECI on the first anniversary of the issuance of the notes (i.e., 18 December 2015). A redemption premium, payable at a rate of 3% per annum, retroactive from the issue date and compounded semi-annually, will apply if SMECI exercises the redemption option or upon the maturity of the convertible notes.

(D) In March 2013, Meralco PowerGen, through its wholly-owned subsidiary company, MPG Asia Limited, provided a loan of US$110.0 million to FPM Power. In June 2014, Meralco PowerGen provided an additional loan of US$3.5 million to FPM Power. The loans are unsecured, interest free and have no fixed terms of repayment. The loans of US$113.5 million (2013: US$110.0 million) remained outstanding at 31 December 2014 and are included in the current portion of deferred liabilities, provisions and payables (Note 29).

(E) At 31 December 2014, Petronas Power Sdn. Bhd. (Petronas), the 30% shareholder of PLP, has outstanding loans due from PLP of approximately US$107.7 million (2013: US$96.5 million), which have been included in non-current deferred liabilities, provisions and payables (Note 29). The loans are unsecured, subject to a variable Singapore Swap Offer Rate and London Interbank Offered Rate, which are payable semi-annually. The tenor for each loan shall be 10 years. For the year ended 31 December 2014, PLP accrued interest expenses of US$6.3 million (2013: US$4.0 million) to Petronas, of which US$0.3 million (2013: US$4.0 million) have been capitalized as part of the carrying amount of PLP's property, plant and equipment during the year ended 31 December 2014. At 31 December 2014, PLP has approximately US$19,403 (2013: US$16,770) of outstanding interest payable due to Petronas which has been included in accounts payable, other payables and accruals.

(F) At 31 December 2014, Mr. Robert C. Nicholson, a Director of the Company, owned US$400,000 (2013: US$400,000) of bonds due 2017 issued by FPMH Finance Limited, US$200,000 (2013: US$200,000) of bonds due 2020 issued by FPT Finance Limited and US$600,000 (2013: US$600,000) of bonds due 2019 issued by FPC Finance Limited, all of which are wholly owned subsidiary companies of the Company. For the year ended 31 December 2014, Mr. Nicholson received interest income of US$78,250 (2013: US$78,250) on these bonds.

(G) At 31 December 2014, Mr. Edward A. Tortorici, a Director of the Company, owned US$600,000 (2013: US$600,000) of bonds due 2019 issued by FPC Finance Limited, a wholly-owned subsidiary company of the Company. For the year ended 31 December 2014, Mr. Tortorici received interest income of US$36,000 (2013: US$36,000) on these bonds.

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

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

Nature of Transactions

	Consolidated	
For the year ended 31 December US$ millions	**2014**	2013
Income Statement Items		
Sales of finished goods		
– to associated companies and joint ventures	**47.1**	75.7
– to affiliated companies	**97.6**	79.6
Purchases of raw materials		
– from associated companies and joint ventures	**234.3**	99.9
Management and technical services fee income and royalty income		
– from associated companies and joint ventures	**2.7**	2.6
– from affiliated companies	**17.5**	17.1
Insurance expenses		
– to affiliated companies	**5.2**	4.8
Rental expenses		
– to affiliated companies	**0.6**	0.1
Transportation, pump services and employee expenses		
– to affiliated companies	**0.7**	0.5

Approximately 3% (2013: 3%) of Indofood's sales and 6% (2013: 3%) of its purchases were transacted with these related parties.

Nature of Balances

	Consolidated	
At 31 December US$ millions	**2014**	2013
Statement of Financial Position Items		
Accounts receivable – trade		
– from associated companies and joint ventures	**2.5**	7.0
– from affiliated companies	**10.5**	10.5
Accounts receivable – non-trade		
– from associated companies and joint ventures	**2.8**	1.8
– from affiliated companies	**15.8**	14.2
Accounts payable – trade		
– to associated companies and joint ventures	**20.3**	11.8
– to affiliated companies	**0.4**	8.0
Accounts payable – non-trade		
– to affiliated companies	**47.4**	43.9

Certain of the above Indofood's related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules and their details are disclosed in the Corporate Governance Report on pages 86 to 94.

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

(J) On 20 January 2012, Maynilad renewed (i) the framework agreement with D.M. Consunji, Inc. (Consunji), a subsidiary company of DMCI Holdings Inc. (DMCI) (a 27.2% shareholder of Maynilad Water Holding Company, Inc., Maynilad's parent company) for the period from 20 January 2012 to 31 December 2014 on substantially the same terms as the previous framework agreement in relation to the provision of engineering, procurement and construction services provided by Consunji to Maynilad and (ii) the lease agreement with DMCI Project Developers, Inc. (DMCIPD), a subsidiary company of DMCI, for the renting of certain premises in Makati City by DMCIPD to Maynilad for the period from 1 February 2012 to 31 January 2015. For the year ended 31 December 2014, Maynilad entered into certain construction contracts with DMCI group for the latter's construction of water infrastructure for Maynilad. These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules and their details are disclosed in the Corporate Governance Report on page 95.

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

Nature of Transactions

	Consolidated	
For the year ended 31 December US$ millions	**2014**	2013
Capital Expenditure Items		
Construction services for water infrastructure	**53.3**	4.8
Income Statement Items		
Rental expenses	**0.1**	0.1

(K) For the year ended 31 December 2014, MPIC's subsidiary company, MNTC, collected toll fees through TMC, an associated company of MPIC.

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

Nature of Transactions

	Consolidated	
For the year ended 31 December US$ millions	**2014**	2013
Income Statement Items		
Operator's fees	**38.5**	36.2
Management income	**1.3**	1.3
Guarantee income	**–**	0.6
Interest income	**–**	0.3

Nature of Balances

	Consolidated	
At 31 December US$ millions	**2014**	2013
Statement of Financial Position Items		
Accounts receivable – trade	**2.4**	3.9
Accounts payable – trade	**9.8**	7.6

(L) For the year ended 31 December 2014, MPIC and its subsidiary companies were charged for electricity expenses by Meralco, an associated company of the Group.

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

Nature of Transactions

	Consolidated	
For the year ended 31 December US$ millions	**2014**	2013
Income Statement Items		
Electricity expenses	**22.7**	22.1

Nature of Balances

	Consolidated	
At 31 December US$ millions	**2014**	2013
Statement of Financial Position Items		
Accounts receivable – trade	**0.3**	0.1
Accounts payable – trade	**0.4**	0.5

(M) For the year ended 31 December 2014, MPIC received dividend income on preferred shares from Beacon Electric, a joint venture of the Group. In March 2010, MPIC subscribed Pesos 8.0 billion (US$179.1 million) for Beacon Electric's preferred shares and extended non-interest-bearing cash advances to Beacon Electric of Pesos 756 million (US$16.9 million). In June 2012, MPIC acquired approximately Pesos 3.6 billion (US$79.7 million) of Beacon Electric's preferred shares.

On 26 June 2014, MPIC acquired a 5% interest in Meralco from Beacon Electric at an aggregate consideration of Pesos 13.2 billion (US$297.1 million), of which Pesos 1.55 billion (US$34.9 million) was settled in cash and Pesos 4.45 billion (US$100.2 million) was offset against Beacon Electric's common share dividends declared on 24 June 2014 and 17 November 2014. The outstanding payable of Pesos 7.2 billion (US$160.7 million) was included in the accounts payable, other payables and accruals in the consolidated statement of financial position at 31 December 2014.

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

Nature of Transactions

	Consolidated	
For the year ended 31 December US$ millions	**2014**	2013
Income Statement Items		
Preferred share dividend income	**9.1**	9.5

Nature of Balances

	Consolidated	
At 31 December US$ millions	**2014**	2013
Statement of Financial Position Items		
Associated companies and joint ventures		
– Preferred shares, at cost	**258.8**	260.7
– Amounts due from associated companies	**16.9**	17.0
– Accounts payable, other payables and accruals	**160.7**	–

(N) For the year ended 31 December 2014, MPIC and its subsidiary companies have the following transactions with PLDT, an associated company of the Group.

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

Nature of Transactions

	Consolidated	
For the year ended 31 December US$ millions	**2014**	2013
Income Statement Items		
Voice and data service expenses	**1.8**	1.4
Income from advertising	**1.6**	1.6
Rental expenses	**–**	0.3

Nature of Balances

	Consolidated	
At 31 December US$ millions	**2014**	2013
Statement of Financial Position Items		
Accounts receivable – trade	**1.3**	0.2
Accounts payable – trade	**1.7**	1.6

(O) For the year ended 31 December 2014, MNTC has the following transactions with Easytrip Services Corporation (ESC), a joint venture of the Group.

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

Nature of Transactions

	Consolidated	
For the year ended 31 December US$ millions	**2014**	2013
Income Statement Items		
Service expenses	**1.2**	–

Nature of Balances

	Consolidated	
At 31 December US$ millions	**2014**	2013
Statement of Financial Position Items		
Accounts receivable – trade	**9.0**	–

40. Financial Instruments by Category and Fair Value Hierarchy

(A) Financial Instruments by Category

(a) Financial Assets

	Consolidated								Company	
	2014				2013 (Restated)				**2014**	2013
US$ millions	**Loans and receivables**	**Available-for-sale financial assets**	**Financial assets at fair value through profit or loss**	**Total**	Loans and receivables	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Total	**Loans and receivables**	Loans and receivables
Accounts and other receivables (Non-current)	**9.2**	**–**	**2.6**	**11.8**	18.2	–	0.3	18.5	**–**	–
Available-for-sale assets (Non-current)	**–**	**193.8**	**–**	**193.8**	–	63.7	–	63.7	**–**	–
Pledged deposits and restricted cash (Non-current)	**30.9**	**–**	**–**	**30.9**	11.1	–	–	11.1	**–**	–
Other non-current assets	**49.7**	**–**	**–**	**49.7**	51.9	–	–	51.9	**–**	–
Cash and cash equivalents and short-term deposits	**2,265.9**	**–**	**–**	**2,265.9**	2,375.4	–	–	2,375.4	**463.1**	552.5
Pledges deposits and restricted cash (Current)	**53.2**	**–**	**–**	**53.2**	49.3	–	–	49.3	**–**	–
Available-for-sale assets (Current)	**–**	**59.2**	**–**	**59.2**	–	101.8	–	101.8	**–**	–
Accounts and other receivables (Current)	**592.0**	**–**	**11.9**	**603.9**	724.4	–	8.2	732.6	**0.2**	0.3
Amounts due from subsidiary companies	**–**	**–**	**–**	**–**	–	–	–	–	**3,505.3**	3,437.5
Total	**3,000.9**	**253.0**	**14.5**(i)	**3,268.4**	3,230.3	165.5	8.5(i)	3,404.3	**3,968.6**	3,990.3

(i) Represents derivative assets

(b) Financial Liabilities

The following table summarizes the financial liabilities measured at amortized cost at the end of the reporting period.

	Consolidated						Company	
	2014			2013				
US$ millions	Financial liabilities at amortized cost	Financial liabilities at fair value	Total	Financial liabilities at amortized cost	Financial liabilities at fair value	Total	2014	2013
Accounts payable, other payables and accruals	989.3	–	989.3	790.1	–	790.1	2.2	1.4
Short-term borrowings	912.0	–	912.0	1,067.0	–	1,067.0	–	–
Current portion of deferred liabilities, provisions and payables	11.2	54.3	65.5	13.6	5.0	18.6	–	–
Long-term borrowings	4,893.9	–	4,893.9	4,551.3	–	4,551.3	–	–
Deferred liabilities, provisions and payables	270.3	8.3	278.6	274.6	2.5	277.1	–	–
Amounts due to subsidiary companies	–	–	–	–	–	–	1,096.9	1,106.9
Loans from subsidiary companies	–	–	–	–	–	–	1,702.9	1,703.1
Total	7,076.7	62.6[ii]	7,139.3	6,696.6	7.5[ii]	6,704.1	2,802.0	2,811.4

(ii) Represents derivative liabilities

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

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

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

- Fair value of available-for-sale assets is derived from quoted market prices in active markets, if available, or in the case of Unit Investment Trust Funds, based on the estimated fair market value of the assets of the funds based on prices supplied by independent sources. If such information is not available, the carrying amounts of available-for-sale assets are measured at cost less impairment provisions.

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

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

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

The following table shows a comparison between the carrying amounts and fair values of the Group's financial instruments with carrying amounts not equal or reasonably approximating to their fair values at 31 December 2014. The Group's financial instruments with carrying amounts equal or reasonably approximating to their fair values and unquoted available-for-sale assets that are measured at cost less any accumulated impairment losses at 31 December 2014 are not included in this table.

	At 31 December 2014		At 31 December 2013	
US$ millions	**Carrying amount**	**Fair Value**	Carrying amount	Fair value
Financial Assets/(Liabilities)				
Accounts receivables and other receivables (Non-current)	**11.8**	**11.8**	18.5	24.2
Long-term borrowings	**(4,893.9)**	**(5,185.2)**	(4,551.3)	(4,707.2)
Deferred liabilities, provisions and payables (Non-current)	**(270.3)**	**(308.5)**	(274.6)	(306.0)
Net Amount	**(5,152.4)**	**(5,481.9)**	(4,807.4)	(4,989.0)

(B) Fair Value Hierarchy

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

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

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

	Consolidated							
	2014				2013			
US$ millions	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
– Listed equity investments	**198.0**	**–**	**–**	**198.0**	57.2	–	–	57.2
– Listed debentures	**43.4**	**–**	**–**	**43.4**	34.3	–	–	34.3
– Unlisted Unit Investment Trust Funds	**–**	**112.7**	**–**	**112.7**	44.9	–	–	44.9
– Unlisted investments	**–**	**2.1**	**–**	**2.1**	–	2.1	–	2.1
Derivative assets(i)	**–**	**14.5**	**–**	**14.5**	–	8.5	–	8.5
Derivative liabilities(ii)	**–**	**(62.6)**	**–**	**(62.6)**	–	(7.5)	–	(7.5)
Net Amount	**241.4**	**66.7**	**–**	**308.1**	136.4	3.1	–	139.5

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

The fair values of unlisted investments and derivative liabilities in Level 2 are measured by reference to the most recent transaction prices and using the valuation techniques as described in Note 40(A) to the Consolidated Financial Statements, respectively.

For financial instruments that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the year, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements, except for the unlisted Unit Investment Trust Funds, measured at fair value by reference to the estimated fair market value of its underlying assets supplied by independent sources have been reclassified from Level 1 to Level 2 fair value measurement.

41. Capital and Financial Risk Management

(A) Capital Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to ensure that it maintains an optimal capital structure for supporting the stability and growth of its business and maximizing shareholders' value.

The Group manages its capital structure, and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, repurchase shares or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Group's policy is to keep the gearing ratio at an optimal level which supports its business. The Group's net debt includes short-term borrowings and long-term borrowings, less cash and cash equivalents and pledged deposits and restricted cash. The total equity includes equity attributable to owners of the parent and non-controlling interests.

	Consolidated	
US$ millions	**2014**	2013 (Restated)
Short-term borrowings	**912.0**	1,067.0
Long-term borrowings	**4,893.9**	4,551.3
Less: Cash and cash equivalents and short-term deposits	**(2,265.9)**	(2,375.4)
Less: Pledged deposits and restricted cash	**(84.1)**	(60.4)
Net debt	**3,455.9**	3,182.5
Equity attributable to owners of the parent	**3,428.4**	3,509.9
Non-controlling interests	**4,288.6**	3,969.6
Total equity	**7,717.0**	7,479.5
Gearing ratio (times)	**0.45**	0.43

(B) Financial Risk Management

The Group's principal financial instruments include various financial assets (which comprise accounts receivable, other receivables, available-for-sale assets, cash and cash equivalents, pledged deposits and restricted cash) and financial liabilities (which comprise accounts payable, other payables and accruals, short-term borrowings, long-term borrowings and deferred liabilities and provisions). The main purpose of the cash and cash equivalents, and short-term and long-term borrowings is to finance the Group's operations and investments. The other financial assets and liabilities, such as accounts receivable and accounts payable, mainly arise directly from its operations.

The Group also issues fixed interest rate bonds, arranges borrowings in local currencies and enters into derivative transactions, including principally long-term fuel swaps, currency swaps, foreign currency forwards, interest rate swaps and commodity swaps. The purpose is to manage the price, currency and interest rate risks arising from the Group's operations and investments and its sources of finance.

The fuel swaps are used to manage the risk arising from fluctuations in fuel costs. Under the fuel swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed rate and floating rate amounts calculated by reference to the agreed notional purchase quantity. The fair value of fuel swaps is calculated by reference to current forward fuel prices for contracts with similar maturity profiles.

The foreign currency swaps and foreign currency forwards are used to manage the risk arising from fluctuations in foreign exchange rates. Under foreign currency swaps, the Group agrees with other parties to exchange, at specified intervals, the foreign currency amounts at the agreed exchange rates. The fair value of foreign currency swaps is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Under the foreign currency forwards, the Group agrees with other parties to exchange, at the maturity date the foreign currency amounts at the agreed exchange rates. The fair value of foreign currency forwards is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The interest rate swaps are used to manage the risk arising from fluctuations in interest rates. Under the interest rate swaps, the Group agrees with other parties to exchange at the maturity date the difference between the fixed interest rates and floating interest rate of the notional amount. The fair value of interest rate swap contracts is determined by reference to forward interest rates for similar instruments with similar maturity profiles.

The commodity swaps are used to manage the risk arising from fluctuations in CPO and wheat prices and fuel cost. Under the commodity swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed price and floating price amounts calculated by reference to the agreed notional purchase quantity. The fair value of commodity swaps is calculated by reference to current forward commodity prices for contracts with similar maturity profiles.

The Group applies hedge accounting for these contracts which qualify as effective hedges for applying hedge accounting. For the purpose of hedge accounting, these hedges are classified as cash flow hedges, as the contracts are used to hedge exposure to variability of cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

Details of the fair value of the Group's fuel swaps, foreign currency forwards and interest rate swaps at the end of the reporting period are set out below.

	Consolidated			
	2014		2013	
US$ millions	**Assets**	**Liabilities**	Assets	Liabilities
Cash flow hedges				
– Fuel swaps	**–**	**62.5**	6.0	0.7
– Foreign currency forwards	**14.5**	**–**	2.5	–
– Interest rate swaps	**–**	**0.1**	–	6.8
Total	**14.5**	**62.6**	8.5	7.5
Represented by:				
Non-current portion	**2.6**	**8.3**	0.3	2.5
Current portion	**11.9**	**54.3**	8.2	5.0
Total	**14.5**	**62.6**	8.5	7.5

The movements of the Group's unrealized gains/(losses) on cash flow hedges attributable to owners of the parent in relation to its derivative financial instruments are as follows:

Analysis of Unrealized Gains/(Losses) on Cash Flow Hedges Attributable to Owners of the Parent, Net of Tax

	Consolidated	
US$ millions	**2014**	2013
At 1 January	**2.5**	(0.1)
Transfer to the consolidated income statement	**–**	(0.5)
Net (loss)/gain during the year	**(30.4)**	3.6
Attributable to taxation	**4.6**	(0.5)
Attributable to a discontinued operation (Note 8)	**(0.6)**	–
At 31 December	**(23.9)**	2.5

The Group's accounting policies in relation to derivatives are set out in Note 2(D)(u) to the Consolidated Financial Statements.

The main risks arising from the Group's financial instruments are market risk (including currency risk and price risk), credit risk, liquidity risk and fair value and cash flow interest rate risks. The Group's Board of Directors reviews and agrees policies for managing each of these risks and they are summarized below.

(a) Market Risk

(I) Currency Risk

To manage the Group's foreign exchange risk arising from future commercial transactions, recognized assets and liabilities, and to improve investment and cash flow planning, in addition to natural hedges, the Group enters into and engages in foreign exchange contracts for the purpose of managing its foreign exchange rate exposures emanating from business, transaction specific, as well as currency translation risks and reducing and/or managing the adverse impact of changes in foreign exchange rates on the Group's operating results and cash flows. However, some of the aforementioned derivative instruments of the Group do not qualify as effective hedges and therefore are not designated as cash flow hedges for accounting purposes in accordance with the provisions of HKAS 39.

The following table summarizes (i) the Group's exposure at the end of the reporting period to currency risk arising from recognized financial assets and liabilities denominated in U.S. dollars, which is a currency different from the functional currencies of the peso, the rupiah and the Singapore dollar used by the Group's subsidiary companies in the Philippines, Indonesia and Singapore and (ii) the Company's exposure at the end of the reporting period to currency risk arising from recognized financial assets and liabilities denominated in the peso, which is a currency different from the functional currency of U.S. dollars used by the Company.

	Consolidated		Company	
US$ millions	**2014**	2013	**2014**	2013
Accounts receivable and other receivables	**64.4**	55.0	**–**	–
Cash and cash equivalents	**388.6**	394.5	**7.5**	5.1
Amounts due from subsidiary companies	**–**	–	**821.4**	894.9
Short-term borrowings and long-term borrowings	**(746.8)**	(1,394.5)	**–**	–
Accounts payable, other payables and accruals	**(144.2)**	(207.3)	**(0.4)**	(0.7)
Deferred liabilities, provisions and payables	**(43.1)**	(38.8)	**–**	–
Amounts due to subsidiary companies	**–**	–	**(0.4)**	(1.9)
Net Amount	**(481.1)**	(1,191.1)	**828.1**	897.4

The following table demonstrates the sensitivity arising from the Group's and the Company's financial assets and liabilities as listed above to a reasonably possible change in the exchange rates of the peso, rupiah and S$, with all other variables held constant, of the Group's and the Company's profit attributable to owners of the parent and retained earnings (due mainly to foreign exchange gains/losses on translation of (i) the U.S. dollar denominated financial assets and liabilities for the Group and (ii) the peso denominated financial assets and liabilities of the Company). There is no significant impact on the other components of the Group's and the Company's equity.

	Consolidated				Company			
	2014		2013		2014		2013	
US$ millions	Appreciation/ (depreciation) against the U.S. dollar (%)	Increase/ (decrease) in profit attributable to owners of the parent and retained earnings	Depreciation against the U.S. dollar (%)	Decrease in profit attributable to owners of the parent and retained earnings	Appreciation/ (depreciation) against the U.S. dollar (%)	Increase in profit attributable to owners of the parent and retained earnings	Depreciation against the U.S. dollar (%)	Decrease in profit attributable to owners of the parent and retained earnings
Peso	**0.5**	**0.1**	(0.7)	(0.1)	**0.5**	**4.0**	(0.7)	(5.6)
Rupiah	**(1.3)**	**(1.8)**	(2.5)	(4.9)	**(1.3)**	**–**	(2.5)	–
S$	**(1.0)**	**(0.3)**	(0.6)	(1.3)	**(1.0)**	**–**	(0.6)	–

(II) Price Risk

The Group is primarily exposed to securities price risk which principally relates to the changes in the market value of its listed equity investments, which include the Group's investments in principal operating subsidiary and associated companies in the Philippines, Indonesia and Singapore and the other listed equity investments held by Group and classified as available-for-sale assets on the Group's consolidated statement of financial position.

In addition, the Group is also exposed to commodity price risk for its consumer food products and power businesses due to certain factors, such as weather, government policies, level of demand and supply in the market and the global economic environment. Such exposure mainly arises from its purchases of CPO (which is the main raw materials used in the refinery factories to produce edible oil and fats products) and the usage of fuel in the generation of energy where the profit margin on sale of its finished products and electricity may be affected if the costs of CPO and fuel increases and the Group is unable to pass such cost increases to its customers, as well as the selling price of electricity supplied to the merchant market by its power business.

The Group's policy is to minimize the risks of its raw material costs arising from the fluctuations in the commodity prices by increasing self-sufficiency in the supply of CPO for the refinery operations (through the purchase of CPO from the Group's own plantations). Besides, the Group is also able to substantially minimize such risk through the CPO it produced and sold in a similar quantity as compared to those it purchased during the year. To the extent it is unable to do so, the Group may minimize such risks through forward contracts. As such, it may also be exposed to commodity price risk as changes in fair value of future commodity contracts are recognized directly in the consolidated income statement. At 31 December 2014 and 2013, there were no outstanding or open CPO contracts.

The Group has entered into fuel swap contracts that for its power business oblige it to make payments for fuel at fixed prices on agreed notional purchase quantity and receive payments for fuel at floating prices on the same amounts.

At 31 December 2014, if the fuel price increased/decreased by 10%, the Group's unrealized gains/losses on cash flow hedges and equity attributable to owners of the parent would have been US$4.3 million (2013: US$6.6 million) higher/lower with, all other variables including tax rate being held constant.

(b) Credit Risk

For the consumer food products business, the Group has credit risk arising from the credit given to the customers, but it has policies in place to ensure that wholesales of products are made to creditworthy customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any particular customer, such as requiring sub-distributors to provide bank guarantees. For the water distribution business, the Group allows 14 days of credit to its customers. For the toll road business, the Group collects its toll fees by CIC, and through its associated company, TMC, by cash, by prepaid and reloadable electronic toll collection devices and by credit card payment. For the hospital business, the Group ensures that receivables are from transactions entered into with customers who have the ability to pay. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts. For the electricity generation business, the Group allows 30 days of credit to its customers.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable are disclosed in Note 18 to the Consolidated Financial Statements.

The credit risk of the Group's other financial assets, which include other receivables, certain investments in debt securities classified as available-for-sale assets, cash and cash equivalents, pledged deposits and restricted cash, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments and the unrealized losses, if any, on available-for-sale assets charged directly to the Group's equity. The Group is also exposed to credit risk through the granting of financial guarantees. Further details of which are set out in Note 36(C)(a) to the Consolidated Financial Statements.

The Group has no significant concentrations of credit risk.

(c) Liquidity Risk

The Group manages its liquidity profile to be able to finance its capital expenditure and service its maturing debts by maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The Group regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These initiatives may include bank loans, debt capital and equity capital issues.

The maturity profile of the Group's and Company's financial liabilities based on the contractual undiscounted payments, including future interest payments, and contingent liabilities in terms of guarantees given at the end of the reporting period, is as follows:

	Accounts payable, other payables and accruals		Borrowings		Deferred liabilities and provisions		Guarantees for plantation farmers' loan facilities		**Consolidated Total**	
US$ millions	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Not exceeding one year	**989.3**	790.1	**1,178.8**	1,257.4	**84.7**	43.5	**7.9**	12.8	**2,260.7**	2,103.8
More than one year but not exceeding two years	**–**	–	**618.7**	477.4	**35.5**	27.7	**10.6**	15.0	**664.8**	520.1
More than two years but not exceeding five years	**–**	–	**2,609.0**	2,235.1	**50.4**	82.0	**46.2**	56.8	**2,705.6**	2,373.9
More than five years	**–**	–	**2,565.0**	2,827.0	**464.8**	396.5	**26.3**	32.8	**3,056.1**	3,256.3
Total	**989.3**	790.1	**6,971.5**	6,796.9	**635.4**	549.7	**91.0**	117.4	**8,687.2**	8,254.1

US$ millions	Amounts due to subsidiary companies 2014	Amounts due to subsidiary companies 2013	Loans from subsidiary companies 2014	Loans from subsidiary companies 2013	Other payables and accruals 2014	Other payables and accruals 2013	Guarantees for subsidiary companies' loan facilities 2014	Guarantees for subsidiary companies' loan facilities 2013	Company Total 2014	Company Total 2013
Not exceeding one year	**1,096.9**	1,106.9	**90.4**	90.4	**1.8**	1.1	**–**	–	**1,189.1**	1,198.4
More than one year but not exceeding two years	**–**	–	**178.0**	90.4	**–**	–	**–**	–	**178.0**	90.4
More than two years but not exceeding five years	**–**	–	**1,023.9**	754.6	**–**	–	**19.4**	17.3	**1,043.3**	771.9
More than five years	**–**	–	**861.4**	1,309.0	**–**	–	**6.4**	6.3	**867.8**	1,315.3
Total	**1,096.9**	1,106.9	**2,153.7**	2,244.4	**1.8**	1.1	**25.8**	23.6	**3,278.2**	3,376.0

(d) Fair Value and Cash Flow Interest Rate Risks

The Group's interest rate risk arises from interest-bearing borrowings, cash and cash equivalents, pledged deposits and restricted cash. Borrowings and cash and cash equivalents with variable interest rate terms expose the Group to cash flow interest rate risk. Borrowings and cash and cash equivalents with fixed interest rate terms expose the Group to fair value interest rate risk. At 31 December 2014, 59.7% (2013: 63.0%) of the Group's borrowings were effectively at fixed rates.

The following table demonstrates the sensitivity arising from the Group's and the Company's financial assets and liabilities at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and the Company's profit attributable to owners of the parent and retained earnings (through the impact on variable rate borrowings, cash and cash equivalents, receivables and payables). There is no significant impact on the other components of the Group's and the Company's equity. The assumed basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates which have the most impact on the Group, specially the Philippines, Indonesian and Singaporean rates, over the period until the ending date of the next annual reporting period.

US$ millions	Consolidated 2014 Increase/ (decrease) (Basis points)	Consolidated 2014 (Decrease)/ increase in profit attributable to owners of the parent and retained earnings	Consolidated 2013 Increase (Basis points)	Consolidated 2013 Decrease/ in profit attributable to owners of the parent and retained earnings	Company 2014 Increase/ (decrease) (Basis points)	Company 2014 Increase in profit attributable to owners of the parent and retained earnings	Company 2013 Increase (Basis points)	Company 2013 Increase in profit attributable to owners of the parent and retained earnings
Interest rates for								
– U.S. dollar	**25**	**(0.1)**	25	(1.1)	**25**	**0.6**	25	0.8
– Rupiah	**(25)**	**0.3**	25	(0.5)	**(25)**	**–**	25	–
– Peso	**25**	**(0.5)**	50	(1.4)	**25**	**–**	50	–
– S$	**25**	**(1.5)**	25	(0.1)	**25**	**–**	25	–

42. 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). 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 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) per share, or a total consideration of approximately Pesos 1.9 billion (US$43.9 million). As a result of this transaction, FP Natural Resources' and FAHC's aggregate interest in RHI increased from 34.0% to 50.9% and the Group started to consolidate RHI's financial results and financial position since then. The financial effects of the consolidation of RHI are estimated as follows:

US$ millions	**Provisional fair value recognized on acquisition**[(i)]
Considerations	
Cash	**43.9**
Associated companies and joint ventures	**49.1**
Total	**93.0**
Net Assets Acquired	
Property, plant and equipment	**275.2**
Associated companies and joint ventures	**13.9**
Deferred tax assets	**1.9**
Other non-current assets	**3.9**
Cash and cash equivalents and short-term deposits	**46.8**
Accounts receivable, other receivables and prepayments (Current)	**34.1**
Inventories	**50.1**
Accounts payable, other payables and accruals	**(42.7)**
Short-term borrowings	**(37.7)**
Provision for taxation	**(4.1)**
Long-term borrowings	**(113.7)**
Deferred liabilities, provisions and payables (Non-current)	**(4.0)**
Deferred taxation liabilities	**(40.1)**
Non-controlling interests	**(0.9)**
Total Net Assets	**182.7**
Non-controlling interests	**(89.7)**
Total Net Assets Acquired	**93.0**

(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, 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) for a 41% interest in CII Bridges and Roads Investment Joint Stock Company (CII B&R). MPIC shall also advance to Ho Chi Ming City Infrastructure Investment Joint Stock Co. (CII) VND1.3 trillion (US$60.8 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) was settled in March 2015 while VND688 billion (US$32.4 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.

43. 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). 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, an increase in other non-current assets of US$0.1 million, an increase in current accounts receivable, other receivables and prepayments of US$24.7 million and a decrease in non-controlling interests of US$38.7 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 8). In addition, certain comparative amounts in the Group's 2013 consolidated income statement have been restated to conform with the current year's accounting treatments and presentation.

44. 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.

Glossary of Terms

Financial Terms

ADJUSTED NAV PER SHARE Total valuation calculated based on quoted share prices of listed investments and book values of unlisted investments and Head Office assets and liabilities divided by the number of shares in issue

CONCESSION ASSETS Value of concessions of right granted by governments under service concession arrangements to charge users of public service provided

DEFINED BENEFIT SCHEME A retirement scheme in which the rules specify the benefits to be paid and the scheme is financed accordingly. Generally, benefits are determined using actuarial valuations which involve by a formula that takes into account of the final salary and the number of years of service of each member

DEFINED CONTRIBUTION SCHEME A retirement scheme under which the benefits are directly determined by the value of contributions paid in respect of each member

EBIT Earnings Before Interest and Tax

EBIT MARGIN EBIT divided by turnover

EBITDA Earnings Before Interest, Tax, Depreciation and Amortization

EBITDA MARGIN EBITDA divided by turnover

GROSS MARGIN Gross profit divided by turnover

IMPAIRMENT PROVISION Provision made to reduce the carrying amount of an asset to its recoverable amount

NAV Net Asset Value

NET ASSETS Total assets less total liabilities, equivalent to total equity

NET CURRENT ASSETS/LIABILITIES Current assets less current liabilities

NET DEBT Total of short-term and long-term borrowings, net of cash and cash equivalents and pledged deposits and restricted cash

RECURRING PROFIT Profit attributable to owners of the parent excluding foreign exchange and derivative gains/losses, gain/loss on changes in fair value of plantations and non-recurring items

Financial Ratios

BASIC EARNINGS PER SHARE Profit attributable to owners of the parent divided by the weighted average number of shares in issue during the year

CASH INTEREST COVER Dividend and fee income less overhead expense divided by net cash interest expense

CURRENT RATIO Current assets divided by current liabilities

DILUTED EARNINGS PER SHARE Profit attributable to owners of the parent adjusted for the effect of assumed conversion of all dilutive potential ordinary shares divided by the weighted average number of shares in issue during the year plus the weighted average number of ordinary shares which would be issued on the assumed conversion of all dilutive potential ordinary shares

DIVIDEND PAYOUT RATIO Ordinary share dividends paid and recommended divided by recurring profit

DIVIDEND YIELD Dividends per share divided by share price

GEARING RATIO Net debt divided by total equity

INTEREST COVER Profit before taxation (excluding foreign exchange and derivative gains/losses, gain/loss on changes in fair value of plantations and non-recurring items) and net finance costs divided by net finance costs

NET CASH FLOWS FROM OPERATING ACTIVITIES Net cash flows from operating activities divided by the weighted average number of shares in issue during the year

NET TANGIBLE ASSETS PER ORDINARY SHARE Total assets (excluding goodwill and other intangible assets) divided by the number of ordinary shares in issue

RECURRING RETURN ON AVERAGE EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT Recurring profit divided by average equity attributable to owners of the parent

RECURRING RETURN ON AVERAGE NET ASSETS Recurring profit divided by average net assets

SHARE PRICE DISCOUNT TO ADJUSTED NAV PER SHARE Shortfall between share price and adjusted NAV per share divided by adjusted NAV per share

TOTAL ASSETS PER ORDINARY SHARE Total assets divided by the number of ordinary shares in issue

Other

ADR American Depositary Receipts

AGM Annual General Meeting

CNO Coconut Oil

CPO Crude Palm Oil

FFB Fresh Fruit Brunches

GAAP Generally Accepted Accounting Principles

GSM Global System for Mobile Communications

GWH Gigawatt Hour

HKAS Hong Kong Accounting Standards

HKFRS Hong Kong Financial Reporting Standards

HKICPA Hong Kong Institute of Certified Public Accountants

HK(IFRIC)-Int Hong Kong (International Financial Reporting Interpretations Committee) – Interpretation

IDX Indonesia Stock Exchange

IFRS International Financial Reporting Standards

LISTING RULES The Rules Governing the Listing of Securities on SEHK

NYSE The New York Stock Exchange

PKO Palm Kernel Oil

PSE The Philippine Stock Exchange, Inc.

RSS1 Rubber Smoke Sheet 1

SEHK The Stock Exchange of Hong Kong Limited

SGM Special General Meeting

Information for Investors

Financial Diary

Preliminary announcement of 2014 results	24 March 2015
Annual report posted to shareholders	30 April 2015
Annual General Meeting	3 June 2015
Last day to register for final dividend	11 June 2015
Payment of final dividend	24 June 2015
Preliminary announcement of 2015 interim results	31 August 2015*
Interim report posted to shareholders	25 September 2015*
Financial year-end	31 December 2015
Preliminary announcement of 2015 results	24 March 2016*

* Subject to confirmation

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Web Site

www.firstpacific.com

Share Information

First Pacific shares are listed on The Stock Exchange of Hong Kong Limited and are traded over the counter in the United States in the form of American Depositary Receipts

Listing date : 12 September 1988
Par value : U.S. 1 cent per share
Lot size : 2,000 shares
Number of ordinary shares issued: 4,286,993,603*

* after deduction of 2,334,000 repurchased ordinary shares cancelled subsequent to 31 December 2014

Stock Codes

SEHK : 00142
Bloomberg : 142 HK
Thomson Reuters : 0142.HK

American Depositary Receipts (ADRs) Information

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

To Consolidate Shareholdings

Write to our principal share registrar and transfer office in Bermuda at:

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

Or the Hong Kong branch registrar at:

Computershare Hong Kong Investor Services Limited

Registrar Office

17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong SAR
Telephone : +852 2862 8555
Fax : +852 2865 0990/+852 2529 6087
E-mail : hkinfo@computershare.com.hk

Transfer Office

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A Chinese Version of this Report, or Additional Information

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15 Queen's Road Central, Hong Kong SAR

Reed Smith Richards Butler
20th Floor, Alexandra House
16-20 Chater Road, Central, Hong Kong SAR

Principal Bankers

Bank of America NA
Malayan Banking Berhad
Mizuho Corporate Bank, Ltd.
Standard Chartered Bank (Hong Kong) Limited
The Hongkong & Shanghai Banking Corporation
Bank of Philippine Islands
China Banking Corporation
Metropolitan Bank & Trust Company

Summary of Principal Investments

As at 31 December 2014

Philippine Long Distance Telephone Company

PLDT (PSE: TEL; NYSE: PHI) is the leading telecommunications provider in the Philippines. Its shares are listed on the Philippine Stock Exchange and its American Depositary Receipts are listed on the New York Stock Exchange. It has one of the largest market capitalizations among Philippine listed companies. Through its principal business groups, PLDT offers a wide range of telecommunications services: Wireless (principally through subsidiary companies, Smart Communications, Inc. and Digitel Mobile Philippines, Inc. ("Sun")) and Fixed Line (principally through PLDT, ePLDT and Digital Telecommunications Philippines, Inc. ("Digitel")). PLDT operates the Philippines' most extensive fiber optic backbone, and fixed line and cellular networks.

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

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

PT Indofood Sukses Makmur Tbk

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

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

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

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

Metro Pacific Investments Corporation

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

Sector	:	Infrastructure, Utilities and Hospitals
Place of incorporation/business area	:	The Philippines
Issued number of shares	:	26.0 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic/voting interest	:	55.8%/62.9%

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

Philex Mining Corporation

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

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

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

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

FPM Power Holdings Limited

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

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

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

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

FP Natural Resources Limited

FP Natural Resources together with its Philippine affiliate First Agri Holdings Corporation, hold interests in **Roxas Holdings, Inc.** ("RHI") (PSE: ROX) and **Victorias Milling Company, Inc.** ("VMC") (PSE: VMC), Philippine-based and -listed companies. RHI is the Philippines' largest raw sugar producer, the fourth largest sugar refiner and one of the country's largest bioethanol producers.

RHI

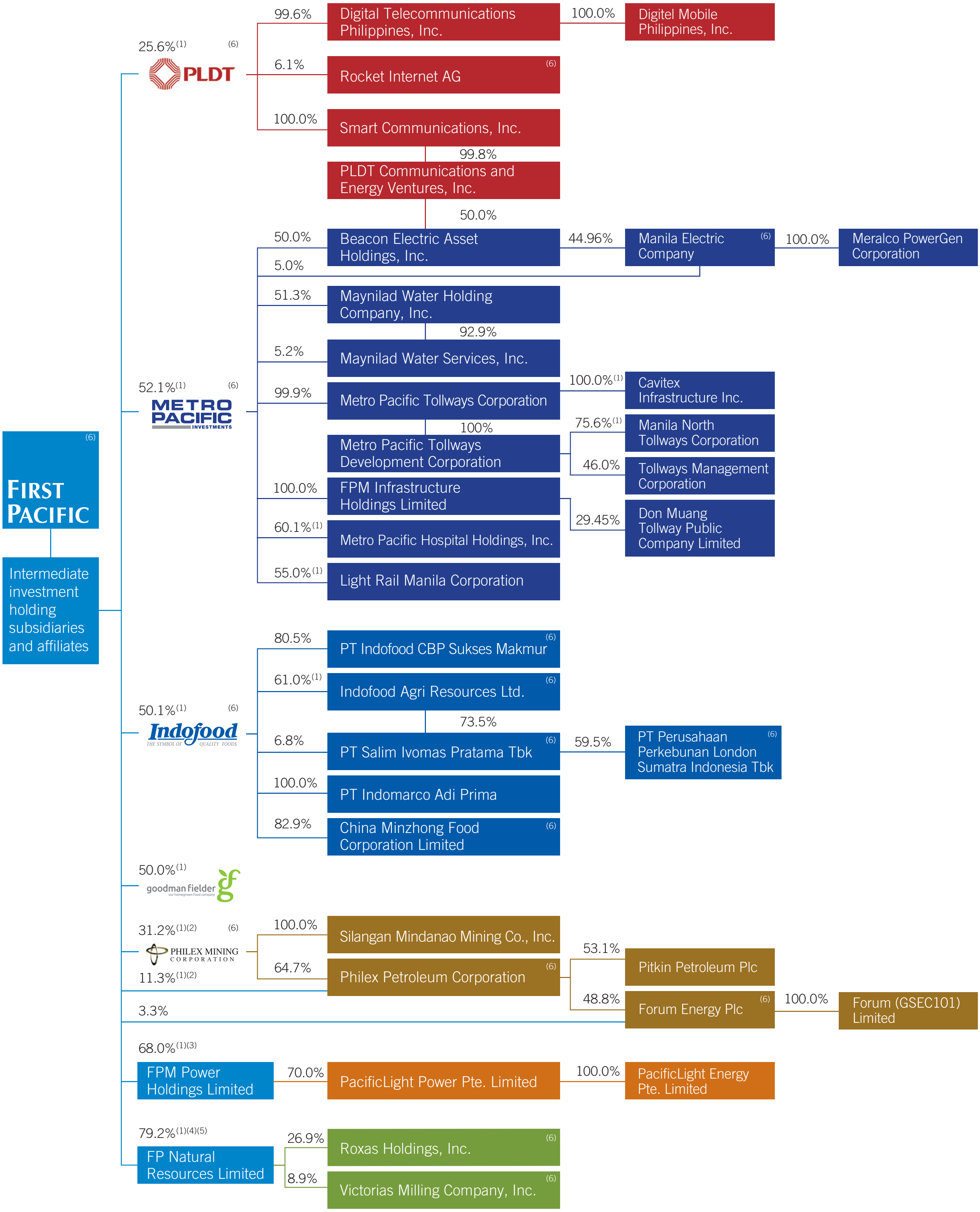
Sector	:	Consumer Food Products
Place of incorporation/business area	:	The Philippines
Outstanding number of shares	:	909.6 million
Particulars of outstanding shares held	:	Common shares of Peso 1 par value
Economic/voting interests	:	26.9%[3]/34.0%

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

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

Corporate Structure

As at 24 March 2015, reflecting completion of the acquisition of a 50.0% interest in Goodman Fielder



(1) Economic interest

(2) Two Rivers, a Philippine affiliate of First Pacific, holds an additional 15.0% and 5.1% economic interests in Philex and Philex Petroleum, respectively.

(3) Includes an 8.0% effective economic interest in FPM Power held by First Pacific through its indirect interests in Meralco. FPM Power holds a 70.0% interest in PLP.

(4) Includes a 9.2% effective economic interest in FP Natural Resources held by First Pacific through its indirect interests in IndoAgri.

(5) FAHC, a Philippine affiliate of FP Natural Resources, holds an additional 24.0% and 7.5% economic interests in RHI and VMC, respectively.

(6) Listed company

First Pacific Company Limited

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