FIRST PACIFIC

First Pacific Company Limited

Stock Code: 00142

Annual Report 2015

Creating Long-term Value in Asia

Corporate Profile

First Pacific is a Hong Kong-based investment management and holding company with operations located in Asia-Pacific. Our principal business 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 threefold:

- Identify undervalued or underperforming assets with strong growth potential and possible synergies;
- Manage investments by setting strategic direction, developing business plans and defining targets; and
- Raise 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 allowing investment for growth in Metro Pacific Investments Corporation ("MPIC"), Goodman Fielder Pty Limited ("Goodman Fielder"), Philex Mining Corporation ("Philex"), PacificLight Power Pte. Ltd. ("PLP") and Roxas Holdings, Inc. ("RHI"). 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 rails. Goodman Fielder is the leading food company in Australasia. Philex is one of the largest metal mining companies in the Philippines, producing gold, copper and silver. PLP is the operator of one of Singapore's most efficient gas-fired power plants and RHI runs an integrated sugar and ethanol businesses 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 30 March 2016, 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") 68.6%(2) and in FP Natural Resources Limited ("FP Natural Resources") 79.4%(3).

(1) Two Rivers Pacific Holdings Corporation ("Two Rivers"), a Philippine affiliate of First Pacific, holds additional 15.0% and 0.3% economic interests in Philex and Philex Petroleum, respectively.

(2) Includes an 8.6% effective economic interest in FPM Power held by First Pacific through its indirect interests in Manila Electric Company ("Meralco").

(3) Includes a 9.4% 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 26.8% in RHI, and its Philippine affiliate First Agri Holdings Corporation ("FAHC") holds an additional 24.0% economic interest in RHI and 100.0% economic interest in First Coconut Manufacturing Inc. ("FCMI").

First Pacific's principal investments are summarized on pages 241 and 242.

Contents

Ten-year Statistical Summary

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Results (US$ millions)										
Turnover	**6,437.0**	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
Profit for the year	**438.4**	520.8	620.9	834.9	1,097.4	785.3	680.6	326.8	673.5	233.6
Profit attributable to owners of the parent	**85.1**	81.0	235.3	353.3	574.0	403.0	410.9	202.2	496.6	176.6
Contribution from operations	**432.9**	462.7	467.2	460.8	511.8	474.0	335.2	304.4	244.8	173.5
Recurring profit	**293.9**	323.9	327.1	358.0	423.0	402.1	286.6	239.2	186.7	134.2
Ordinary share dividends	**74.1**	115.5	116.1	103.8	109.8	99.4	56.1	37.0	41.1	22.4
Per Ordinary Share Data (U.S. cents)										
Basic earnings	**1.99**	1.89	5.66	9.01	14.49	10.16	11.72	5.82	14.35	5.13
Basic recurring earnings	**6.89**	7.55	7.87	9.13	10.68	10.13	8.18	6.89	5.39	3.90
Dividends	**1.74**	2.70	2.70	2.70	2.85	2.55	1.54	1.15	1.28	0.70
Equity attributable to owners of the parent	**73.77**	79.97	81.44	84.65	78.50	65.99	49.64	35.17	35.09	18.18
Total assets	**412.15**	388.20	360.68	362.80	327.55	279.68	243.43	224.03	161.94	89.97
Net tangible assets	**314.34**	304.94	281.00	281.45	251.57	208.51	178.58	155.13	151.17	88.89
Net cash flows from operating activities	**15.21**	19.48	17.41	25.54	16.22	20.66	1.69	4.76	3.78	3.69
Financial Ratios										
Gross margin (%)	**28.30**	28.03	29.31	31.08	31.21	35.50	30.20	24.41	23.68	23.63
Recurring return on average net assets (%)	**9.16**	10.22	10.18	11.83	15.01	16.11	15.20	18.88	18.96	20.90
Recurring return on average equity attributable to owners of the parent (%)	**8.94**	9.33	9.69	11.43	15.11	17.91	18.82	21.16	21.79	27.80
Dividend payout ratio (%)	**25.21**	35.66	35.49	28.99	25.96	24.72	19.57	15.47	22.01	16.69
Dividend cover (times)	**3.97**	2.80	2.82	3.45	3.85	4.05	5.11	6.46	4.54	5.99
Interest cover (times)	**3.97**	4.40	4.77	6.29	7.18	5.02	3.67	4.76	3.89	3.35
Current ratio (times)	**1.38**	1.68	1.72	1.78	1.57	1.85	1.37	0.87	0.94	1.21
Gearing ratio (times)										
– Consolidated	**0.61**	0.45	0.43	0.30	0.26	0.33	0.67	1.06	0.68	0.83
– Company	**0.79**	0.56	0.51	0.67	0.71	0.46	0.36	0.47	0.35	0.16

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Consolidated Statement of Financial Position Data (US$ millions)										
Total assets	**17,592.8**	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
Net debt	**4,667.9**	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
Total liabilities	**9,963.7**	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
Net current assets/(liabilities)	**1,172.3**	1,925.9	1,672.3	1,613.9	1,193.0	1,278.4	594.3	(264.7)	(86.9)	175.0
Total assets less current liabilities	**14,524.2**	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
Equity attributable to owners of the parent	**3,148.9**	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
Total equity	**7,629.1**	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
Consolidated Statement of Cash Flows Data (US$ millions)										
Net cash flows from operating activities	**650.0**	835.8	723.9	1,002.0	642.5	819.9	59.1	165.2	130.7	127.1
Capital expenditure	**830.8**	636.4	899.7	701.6	561.7	513.7	389.8	300.5	106.3	46.3
Other Information (at 31 December)										
Company's net debt (US$ millions)[(i)]	**1,675.3**	1,227.5	1,160.3	1,133.8	1,170.3	816.9	651.7	731.3	532.4	237.9
Number of shares in issue (millions)	**4,268.5**	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
Weighted average number of shares in issue during the year (millions)	**4,274.2**	4,299.1	4,157.4	3,922.7	3,961.8	3,967.7	3,505.6	3,474.1	3,461.1	3,441.2
Share price (HK$)										
– After rights issue	**5.14**	7.69	8.82	8.323	7.902	6.846	4.636	2.496	5.614	3.749
– Before rights issue	**N/A**	N/A	N/A	8.510	8.080	7.000	4.740	2.690	6.050	4.040
Adjusted NAV per share (HK$)										
– After rights issue	**9.67**	13.24	12.57	15.09	13.09	12.63	10.14	5.54	10.63	6.34
– Before rights issue	**N/A**	N/A	N/A	15.43	13.38	12.91	10.37	5.97	11.46	6.83
Share price discount to adjusted NAV per share (%)	**46.8**	41.9	29.8	44.8	39.6	45.8	54.3	54.9	47.2	40.8
Market capitalization (US$ millions)	**2,812.8**	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
Dividend yield (%)	**2.63**	2.73	2.38	2.49	2.75	2.84	2.39	3.34	1.64	1.35
Number of shareholders	**4,796**	4,853	4,884	4,606	4,503	4,608	6,202	4,983	4,736	4,989
Number of employees	**96,446**	98,107	91,874	80,941	73,582	70,525	68,416	66,452	62,395	50,087

N/A: Not applicable

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

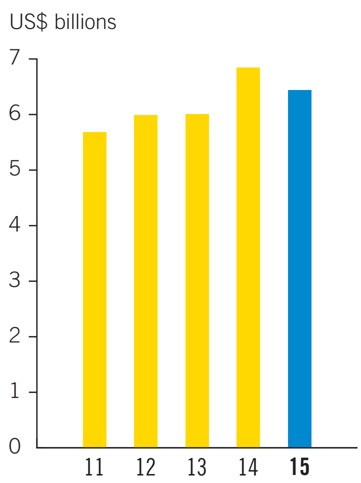
See pages 237 to 239 for a glossary of terms

Note: 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.

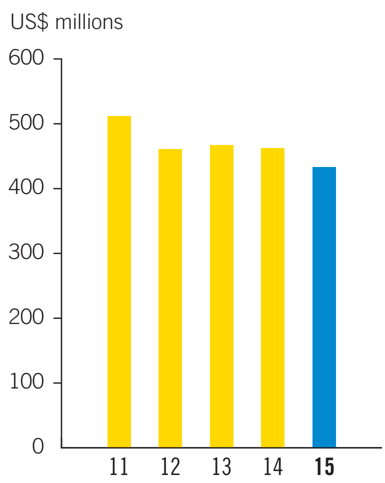
Financial Highlights

- Reported net profit up 5.1% to US$85.1 million
- Recurring profit down 9.3% to US$293.9 million
- Contribution from operations down 6.4% to US$432.9 million
- Turnover down 5.9% to US$6,437.0 million
- Head Office dividend and fee income from operating companies down 11.6% to US$268.9 million
- Dividend payout in cash terms down 36.0% to US$74.1 million
- Dividend payout of 25% of recurring profit

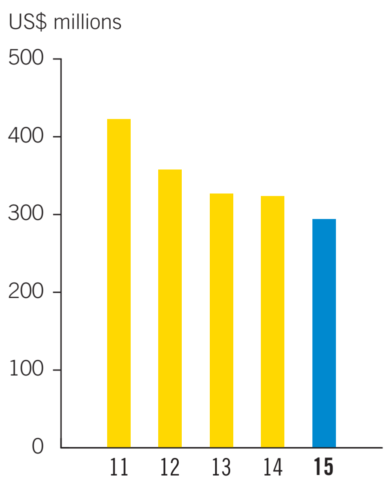
Turnover



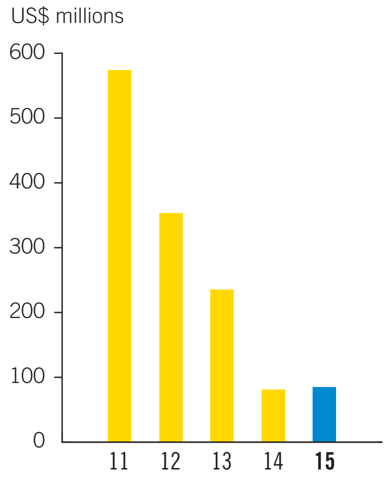
Contribution from Operations



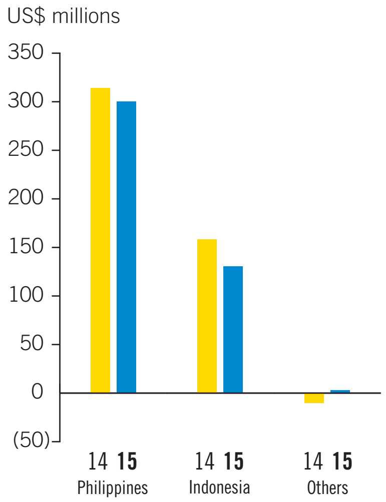
Recurring Profit



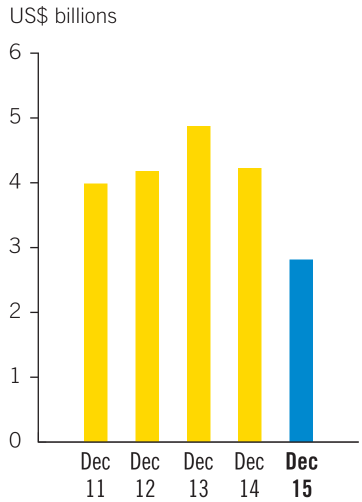
Profit Attributable to Owners of the Parents



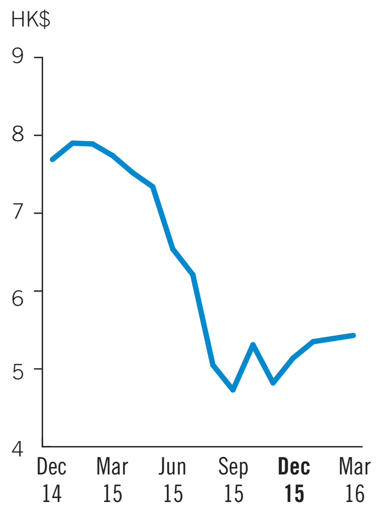
Contribution by Country



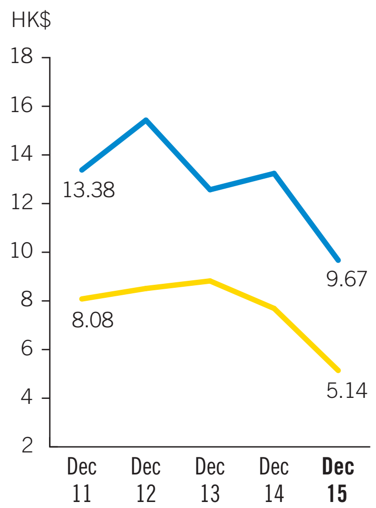
Market Capitalization



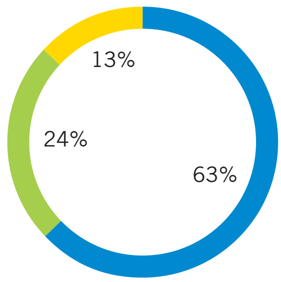
Share Price Performance



Share Price vs Adjusted NAV Per Share



Adjusted NAV by Country – 31 December 2015



	US$ millions
Philippines	4,321.2
Indonesia	1,649.1
Others	889.3
Total	**6,859.6**

Goals

Goals for 2016

- Reduce significantly First Pacific's Head Office net debt level
- Continue to seek new investment opportunities when appropriate
- Guide PLDT through its digital transformation
- Support Goodman Fielder's export initiatives and expansion in Asia
- Assist Philex complete the definitive feasibility study for the Silangan project
- Work with management of PLP to achieve profitability
- Work with management of RHI and FCMI with the aim of developing these companies as major players in Philippines' sugar and coconut industries, respectively

Review of 2015 Goals

Goal	Achievement
Return Goodman Fielder to earnings growth	**Ongoing** New management from First Pacific and Wilmar International Limited ("Wilmar") are working closely to stabilize Goodman Fielder's businesses in Australia while growing the New Zealand and International revenue streams. Higher marketing and capital expenditure has been approved for supporting export initiatives and to overcome earlier shortfalls in spending.
To complete the definitive feasibility study for the Silangan project	**Mostly achieved** Most aspects of major work streams of the definitive feasibility study were progressing broadly as planned. Silangan's management continues to review and analyze consultants' work as the definitive feasibility study progresses. It is expected to be completed in 2016. The required permits and licenses applications for the execution of the project have been submitted to the government.
To evaluate new business opportunities in unregulated sectors	**Ongoing** A number of potential opportunities in consumer/food products and infrastructure are being evaluated at operating company level, with the goal of enhancing First Pacific's portfolio and boosting shareholder value.

Goals for 2016

- Grow consolidated service revenues, excluding international long distance/national long distance, by increasing wireless service revenues and sustaining double digit gains in the data and broadband businesses
- Meet core income guidance of Pesos 28.0 billion
- Further establish the PLDT group's fixed and wireless networks' dominance and reliability to support the data and broadband businesses, with 2016 capital expenditure budget of Pesos 43.0 billion
- Expand the PLDT group's suite of offers in digital services, particularly via digital platforms and mobile financial services

Review of 2015 Goals

Goal	Achievement
Grow consolidated service revenues in 2015 by improving wireless service revenues over 2014, and maintaining double digit increases in the data and broadband businesses	**Partly achieved** PLDT's consolidated service revenues decreased 1% as the revenue mix continues to undergo a structural transition. Growth in the data and broadband businesses continued, up 15% in 2015, but was fully offset by lower revenues from cellular domestic voice, SMS and value added services ("VAS"), and by lower revenues in the fixed and cellular international voice businesses. Leaving aside international long distance and national long distance revenues, consolidated service revenues increased 2%.
Achieve core income guidance of Pesos 35.0 billion	**Achieved** Core net income was Pesos 35.2 billion (US$772.0 million) for 2015, slightly exceeding the guidance target.
Increase coverage and capacity of the PLDT group fixed and wireless networks to support the data and broadband businesses, with guidance for 2015 capital expenditure of Pesos 39.0 billion	**Partly achieved and ongoing** The original capital expenditure guidance of Pesos 39.0 billion (US$855.1 million) for 2015 was raised mid-year to Pesos 43.0 billion (US$942.8 million) as the build-out of a more robust data network was accelerated. Capital expenditure for 2015 was Pesos 43.2 billion (US$947.2 million), in line with the revised guidance. The multi-year network build-out anticipates exponential growth in network data traffic resulting from increasing smartphone ownership and data usage, particularly of digital offerings for entertainment (music, video, and games), e-commerce, financial solutions, mobile payments and internet TV. Continuing improvements in network quality and capacity and customer experience are already apparent in third-party surveys.
Expand PLDT group's digital business segment including the launch of initiatives in mobile payments, financial services, e-commerce and big data	**Achieved and ongoing** The data and broadband businesses contributed revenues of Pesos 49.5 billion (US$1.1 billion) in 2015, including Pesos 1.0 billion (US$21.9 million) from PLDT's innovations unit, Voyager. PLDT's mobile payment service PayMaya was re-launched in September 2015 and by year-end had already recorded 150,000 new accounts. PLDT's mobile financial solutions application, LockByMobile, will be used by Visa to enhance credit card transaction security. Other e-initiatives include online e-commerce businesses, namely TackThis, which helps businesses create online store fronts, and Takatack, an online centralized marketplace. In addition, PLDT's Enterprise group has started to offer big data analytics and business insights to corporate clients. These all form part of PLDT's digital pivot and are expected to play a bigger role in revenue generation in the future.

Indofood
THE SYMBOL OF QUALITY FOODS

Goals for 2016

- Continue to accelerate growth, both organically and inorganically
- Maintain a healthy balance sheet

Review of 2015 Goals

Goal	Achievement
Continue to accelerate growth organically and through expansion of business categories	**Achieved and ongoing** Despite weaker macroeconomic conditions, Indofood achieved revenue growth organically and from new business categories.
Optimize portfolio	**Achieved and ongoing** Portfolio was optimized with emphasis on innovation, introducing new product categories and increasing the number of new product launches across all market segments to meet consumer demand. The group also entered new categories such as noodles for kids, mug noodles, snack noodles, instant porridge, pudding for babies and ready-to-drink black tea. Around 60 new products, including new categories, were launched across the group.

Goals for 2016

- Continue the development of major projects in light rail and roads which were won in 2015 bidding
- Bid on further public-private partnership ("PPP") projects in the Philippines, expand MPIC's regional presence and pursue opportunities in non- or less-regulated infrastructure businesses
- Resolve tariff claims in the domestic toll road and water businesses as well as other disputes in light rail and electricity distribution
- Establish specialty hospitals in the Philippines to improve patient outcomes while reducing costs to patients

Review of 2015 Goals

Goal	Achievement
Launch the Automated Fare Collection System for Light Rail Transit ("LRT") and Metro Rail Transit ("MRT") lines in Metro Manila	**Achieved** Trials of AF Payments Inc. ("AFPI")'s Automated Fare Collection System ("AFCS") at LRT1, LRT2 and MRT3 were successfully completed, and full system acceptance was signed off on 16 December 2015. As at 31 December 2015, approximately 1.3 million contactless payments AFCS's beep™ cards had been sold.
Work with the Philippine Government for the Swiss Challenge on connector road project and bridge project in Cebu	**Achieved and ongoing** The Swiss Challenge processes for Cebu bridge project was completed in December 2015. The Swiss Challenge for the Connected Road/Metro Expressway Link project is expected to be conducted in March 2016. On 5 January 2016, MPTC's subsidiary received the Notice of Award from the City of Cebu and the Municipality of Cordova for the Cebu-Cordova Bridge Project. The construction is expected to start in 2017 with completion by 2020, and the construction cost is expected to be no more than Pesos 27.9 billion (US$592.9 million).
Continue to pursue new water projects outside Metro Manila	**Achieved and ongoing** MetroPac Water Investments Corporation ("MWIC") is pursuing water infrastructure projects across the Philippines. In 2015, it secured a bulk water project of 170 million liters per day ("MLD") in Metro Iloilo, a Rehabilitation-Build-Operate-Transfer concession of Laguna Water District, and an operation and management contract for a 100 MLD water treatment plant in Cagayan De Oro City.
Restructure MPIC group finances to increase dividend flow to MPIC head office	**Achieved** On 17 April 2015, MPIC acquired an approximately 10% interest in Manila Electric Company ("Meralco") from Beacon Electric Assets Holdings, Inc. ("Beacon Electric"), which increased MPIC's direct interest in Meralco to approximately 15%. The transaction enabled Beacon Electric to reduce its debt level to Pesos 12.3 billion (US$261.4 million) as at 31 December 2015 and hence increased its ability to pay dividends.
Evaluate new business opportunities to diversify regulatory risk in the Philippines	**Achieved** In the toll roads business, MPTC won the bidding for a 35-year concession operating the Cavite-Laguna Expressway ("CALAX") project in Manila and the Cebu-Cordova Bridge Project in Cebu. It also invested in CII Bridges and Roads Investment Joint Stock Co. ("CII B&R") in Vietnam. In the hospital business, it added West Metro Medical Center ("WMMC") in Zamboanga and Manila Doctors Hospital ("MDH") in Manila in 2015 and subsequently completed the acquisition of Sacred Heart Hospital of Malolos Inc. ("SHHMI") in Bulacan in March 2016.

FPW / goodman fielder
our homegrown food company

Goals for 2016

- Increase sales and profit in South East Asia and China
- Improve the sustainability of the profits of the bread business particularly in Australia
- Refinance the debt due in 2016 at a significantly lower net cost

PHILEX MINING CORPORATION

Goals for 2016

- Complete the definitive feasibility study of the Silangan project
- Continuously improve productivity amidst weak metal prices
- Explore tenements around Padcal mine to extend the mine life

Review of 2015 Goals

Goal	Achievement
Complete the definitive or bankable feasibility study of the Silangan project	**Ongoing** Most aspects of the definitive feasibility study were completed in 2015, the major one being the completion of the bulk sample collection and the processing pilot plant test work. The peer review and validation of other components by study partners is expected to be completed in 2016.
Secure stable financing for the development of the Silangan project	**Pending** This process will be initiated upon the completion of the definitive feasibility study.
Seek a strategic partner for the development of the Silangan project	**Pending** An environment of low metal prices increases the difficulty of adequately pricing the project's underlying value. The search for a strategic partner is on hold until the definitive feasibility study and required regulatory permits are completed and approved, respectively.
Declare additional resources and reserves for Padcal mine and resources in the surrounding area	**Achieved and ongoing** A Competent Person's report was issued in March 2015, declaring additional resources of 111 million tonnes at the 800-600 meter level of Padcal mine, of which 20 million tonnes of reserves at the 800-700 meter level was declared in October 2015. The additional mineral reserve declaration extends Padcal's mine life for two years to 2022. In addition, an initial inferred resource estimate of 21.7 million tonnes is identified in the Bumolo project, which will require additional exploration works to increase its quality and quantity. Exploration for further resources in the Padcal mine vicinity is relentlessly pursued.
Update mineral resources of the Silangan project	**Ongoing** The Joint Ore Reserves Committee and Philippine Mineral Reporting Code compliant mineral resources reports for Boyongan based on the completed additional drilling and metallurgical test works are currently being updated. This is an important component of the definitive or bankable feasibility study of the project.

FPM Power / PacificLight

Goals for 2016

- Diversify its gas portfolio
- Leverage efficiency advantage and operational flexibility to increase its retail portfolio
- Achieve a total contract level of 85-90% for its generation

Review of 2015 Goals

Goal	Achievement
Sell 80% of PLP's generation through vesting contracts and retail load	**Achieved** The full-year target was revised upward to 85-90% in August 2015. For the year as a whole, 88% of power generated was sold to retail customers and through futures market, contracts for difference to cover other generation companies' outage and vesting contracts, and the remaining 12% was sold in the merchant market.
Maintain high levels of operational reliability and safety	**Achieved** PLP's power plant availability further improved to 97.1% in 2015 despite an annual inspection shutdown for 12 days for the first unit in June 2015. The probability of failure (power plant trips) has further declined to 0.019% and 0.001% (unchanged at minimum ratio) for the first and second units, respectively. PLP's second unit also achieved a significant milestone of 20 months of operations without a single incident of forced outage.
Improve plant efficiency through new initiatives	**Achieved** The installation of variable speed drives for the boiler feedwater pumps was completed for the first unit and commenced operation in November 2015, improving efficiency by reducing plant auxiliary power consumption by 14,000 megawatt hours annually. The installation for the second unit was completed in January 2016.

FP Natural Resources / RHI

ROXAS HOLDINGS, INC.

Goals for 2016

- Increase reliability of cane supply
- Lift core net earnings
- Increase ethanol production
- Complete rights issue

Review of 2015 Goals

Goal	Achievement
Optimize plant efficiency and capacity utilization	**Ongoing** RHI spent Pesos 1.1 billion (US$24.1 million) in capital expenditure in 2015 to improve efficiency of RHI sugar mills, Central Azucarera Don Pedro Inc. ("CADPI") and Central Azucarera de la Carlota, Inc. ("CACI"), and to increase capacity of ethanol plant, Roxol Bioenergy Corporation ("RBC").
Diversify into sugar-related businesses	**Ongoing** RHI is constantly on the lookout for opportunities to grow its business beyond sugar. In 2015, the RHI group fortified its leadership in the ethanol business by acquiring 93.7% of a former competitor San Carlos Bioenergy, Inc. ("SCBI"), a bioethanol company located in San Carlos City, Negros Occidental, Philippines. The combined production capacity of RBC and newly acquired SCBI made RHI the biggest ethanol manufacturer in the Philippines.
Improve farm efficiency which account for 70% of production costs	**Ongoing** RHI set up Agri-Business Development Corporation ("ADC") to assist sugar planters in improving their yields. As part of the ADC's farm mechanization assistance program, ADC procured mechanical harvesters and tractors to help sugarcane planters. ADC also entered into agreements with leading universities such as the University of the Philippines Los Banos in Laguna, University of St. La Salle in Bacolod City and De La Salle University in Manila, for research and development in sugar and its by-products, and improvements in farm productivity.
Institutionalize a culture of excellence	**Ongoing** RHI organized its Commercial Operations unit to centralize procurement of feedstock and marketing of sugar and ethanol within the RHI group. Other initiatives included trainings on project management and coaching, as well as overseas trips for key leaders to benchmark RHI's operations with leading sugar ethanol companies in Brazil, Thailand and the U.S.

Review of Operations

FIRST PACIFIC

Below is an analysis of results by individual company.

Contribution and Profit Summary

For the year ended 31 December US$ millions	Turnover 2015	 2014	Contribution to Group profit[i] 2015	 2014
PLDT[ii]	**–**	–	**180.7**	195.7
Indofood	**4,763.4**	5,350.4	**130.3**	158.4
MPIC	**816.5**	761.5	**118.2**	106.6
FPW[iii]	**–**	–	**13.3**	–
Philex[ii]	**–**	–	**4.9**	10.2
FPM Power	**663.5**	729.4	**(10.7)**	(12.0)
FP Natural Resources	**193.6**	–	**(3.8)**	1.6
FPM Infrastructure	**–**	–	**–**	2.2
Contribution from Operations[iv]	**6,437.0**	6,841.3	**432.9**	462.7
Head Office items:				
– Corporate overhead			**(31.8)**	(31.5)
– Net interest expense			**(94.4)**	(90.0)
– Other expenses			**(12.8)**	(17.3)
Recurring Profit[v]			**293.9**	323.9
Foreign exchange and derivative losses[vi]			**(48.5)**	(9.3)
(Loss)/gain on changes in fair value of plantations			**(1.7)**	0.7
Non-recurring items[vii]			**(158.6)**	(234.3)
Profit Attributable to Owners of the Parent			**85.1**	81.0

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

(ii) Associated companies

(iii) Joint venture

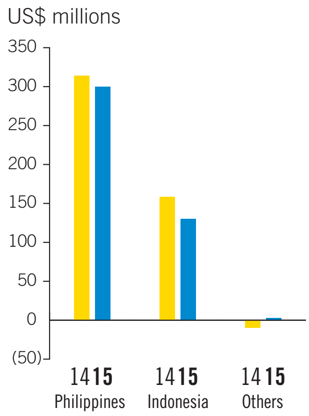
(iv) Contribution from operations represents the recurring profit contributed to the Group by its operating companies.

(v) Recurring profit represents the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative losses, loss/gain 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 net 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. 2015's non-recurring losses of US$158.6 million mainly represent the Group's impairment provision in respect of its investments in Philex (US$89.1 million), PLDT's impairment provisions for its fixed assets affected by network upgrade (US$32.7 million) and investment in Rocket Internet shares (US$28.7 million) and MPIC's project expenses (US$5.7 million). 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 fixed assets affected by network upgrade (US$17.6 million), Philex and MPIC's manpower rightsizing costs (US$4.9 million), MPIC's project expenses (US$3.0 million) and taxes incurred in hospital group reorganization (US$2.6 million).

Contribution by Country



Turnover down 6% to US$6.4 billion from US$6.8 billion	■ owing to the depreciation of the rupiah, Singapore dollar ("S$") and peso average exchange rate against the U.S. dollar by 12%, 8% and 3%, respectively ■ offset by the consolidation of RHI's revenue starting March 2015 and stronger revenues at MPIC and Indofood
Recurring profit down 9% to US$293.9 million from US$323.9 million	■ reflecting a decrease in contributions from Indofood, PLDT and Philex ■ a loss at FP Natural Resources as compared to a profit contribution in 2014 ■ partly offset by a profit contribution from Goodman Fielder and a higher contribution from MPIC
Non-recurring losses down 32% to US$158.6 million from US$234.3 million	■ mainly reflecting a lower non-cash impairment provision of US$89.1 million (2014: US$188.0 million) in respect of the Group's investments in Philex ■ partly offset by PLDT's non-cash impairment provision for investment in Rocket Internet shares of US$28.7 million (2014: Nil)
Reported net profit up 5% to US$85.1 million from US$81.0 million	■ reflecting lower non-recurring losses ■ partly offset by higher foreign exchange and derivative losses caused by depreciation of rupiah, peso and S$ against U.S. dollar, and a lower recurring profit

The Group's operating results are denominated in local currencies, principally the peso, the rupiah, the Australian dollar (A$) and S$, 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	2015	2014	One year change
Closing			
Peso	**47.06**	44.72	-5.0%
Rupiah	**13,795**	12,440	-9.8%
A$	**1.372**	1.217	-11.3%
S$	**1.419**	1.326	-6.6%

Exchange rates against the U.S. dollar For the year ended 31 December	2015	2014	One year change
Average			
Peso	**45.61**	44.43	-2.6%
Rupiah	**13,449**	11,886	-11.6%
A$	**1.342**	1.113	-17.1%
S$	**1.379**	1.270	-7.9%

During 2015, the Group recorded net foreign exchange and derivative losses of US$48.5 million (2014: US$9.3 million), which can be further analyzed as follows:

US$ millions	2015	2014
Head Office	**(4.3)**	(0.5)
PLDT	**(11.3)**	(1.1)
Indofood	**(22.2)**	0.9
MPIC	**0.4**	(0.2)
FPW	**(0.3)**	–
Philex	**(0.9)**	(1.0)
FPM Power	**(9.9)**	(7.4)
Total	**(48.5)**	(9.3)

Additional Investment

On 17 March 2015, First Pacific and Wilmar, through a 50/50 joint venture FPW Singapore Holdings Pte. Ltd. ("FPW"), completed the acquisition of Goodman Fielder. The total consideration of First Pacific's 50% interest in Goodman Fielder is A$664.8 million (US$539.7 million). Goodman Fielder was delisted from the Australia and New Zealand Stock Exchanges on 19 March 2015.

Capital Management

Dividends

Take into consideration of cash flow trend and consistent prudent risk management practice, First Pacific Board of Directors declared a final dividend of HK5.5 cents (U.S. 0.71 cents) per share which bring the regular dividends for 2015 to HK13.5 cents (U.S. 1.74 cents) per share. The dividend represents a committed payout of 25% of the Group's 2015 recurring profit to shareholders, down from a 36% payout for 2014.

Share Repurchase

In 2015, First Pacific repurchased a total of 18.8 million shares at an average price of HK$7.4 (US$0.95) per share at a total cost of approximately HK$139.1 million (US$18.0 million). The repurchased shares have subsequently been cancelled.

Debt Profile

At 31 December 2015, net debt at the Head Office stood at US$1.7 billion while gross debt stood at US$1.8 billion with an average maturity of approximately 4.2 years. Approximately 18% of the Head Office's borrowings were floating rate bank loans while fixed rate bonds comprised the remainder. Unsecured debts accounted for approximately 61% of Head Office borrowings. The blended interest rate was approximately 5.3% per annum.

In 2015, a new bank borrowing of US$70.0 million was drawn to partially finance the acquisition of Goodman Fielder and the refinancing of a US$90.0 million bank loan with maturity in 2016 was completed.

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

Interest Cover

For 2015, Head Office recurring operating cash inflow before interest expenses was approximately US$241 million. Net cash interest expenses rose 5% to approximately US$94.4 million reflecting lower interest income with respect to cash resources used and a new borrowing of US$70.0 million to finance investment in Goodman Fielder. For the 12 months ended 31 December 2015, the cash interest cover was approximately 2.6 times.

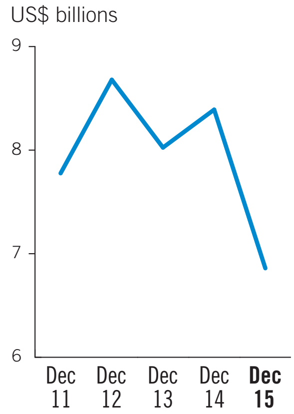
Foreign Currency Hedging

The Company actively reviews the potential benefits of hedging based on forecast dividend 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.

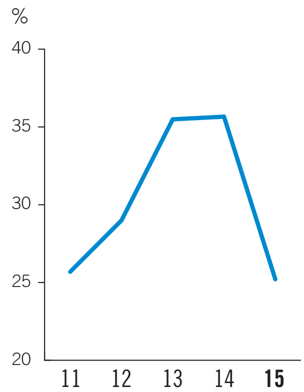
2016 Outlook

2016 will continue the transformation begun last year at PLDT, which is accelerating into a digital telecommunications and internet/media company. Our newest investment, Goodman Fielder, has begun stabilizing its domestic operations and has commenced a pivot to emerging Asia, an area for growth for 2016 and beyond. Indofood and MPIC will continue to sustain strong earnings growth over the medium term in their respective markets. Philex is continuing to explore new avenues of growth, both at Silangan and closer to home, at Padcal. Prospects for both mines look encouraging. Given the strong commitment and talent of our management team and the continuing positive outlook for certain economies of emerging Asia, our outlook for 2016 and beyond is positive for First Pacific.

Value of Assets



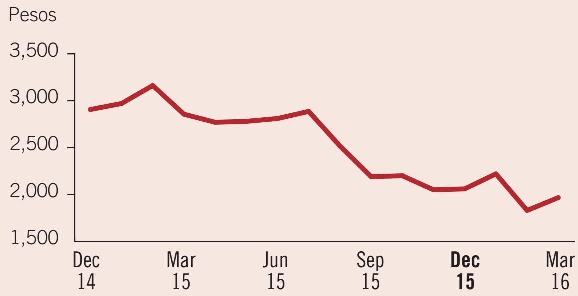
Dividend Payout Ratio



PROFIT CONTRIBUTION

US$180.7 million

Share Price Performance

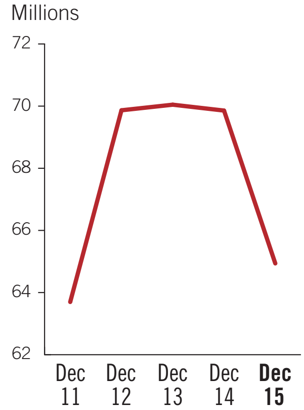


An analysis of PLDT's contribution to the First Pacific Group, adjusted for Hong Kong GAAP and translated into U.S. dollars, follows.

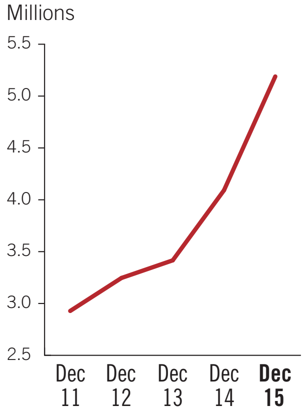
US$ millions	Turnover 2015	Turnover 2014	Turnover % change	Profit 2015	Profit 2014	Profit % change
Wireless	**2,427.5**	2,589.2	-6.2	**621.7**	776.8	-20.0
Fixed Line	**1,435.5**	1,466.7	-2.1	**239.0**	264.5	-9.6
Others	**–**	–	–	**39.9**	32.2	+23.9
Inter-segment elimination	**(290.8)**	(340.6)	-14.6	**–**	–	–
Total	**3,572.2**	3,715.3	-3.9			
Segment Result				**900.6**	1,073.5	-16.1
Net finance costs				**(117.3)**	(99.0)	+18.5
Share of profits less losses of associated companies and joint ventures				**60.7**	81.2	-25.2
Profit Before Taxation				**844.0**	1,055.7	-20.1
Taxation				**(135.6)**	(289.1)	-53.1
Profit for the Year				**708.4**	766.6	-7.6
Non-controlling interests				**(0.2)**	–	–
Profit Attributable to Equity Holders				**708.2**	766.6	-7.6
Preference dividends				**(1.3)**	(1.3)	–
Profit Attributable to Common Shareholders				**706.9**	765.3	-7.6
Average shareholding (%)				**25.6**	25.6	–
Contribution to Group Profit				**180.7**	195.7	-7.7

PLDT contributed profit of US$180.7 million to the Group (2014: US$195.7 million), representing approximately 42% (2014: 42%) of First Pacific's aggregate contribution from operations for 2015. The 8% decline in profit contribution principally reflected decline in service revenues, higher cash operating expenses mainly relating to manpower reduction expenses and higher financing costs, partly offset by lower provision for income tax.

Cellular Subscriber Numbers



Broadband Subscriber Numbers



PLDT

Consolidated core net income down 6% to Pesos 35.2 billion (US$772.0 million) from Pesos 37.4 billion (US$842.0 million)	■ principally reflecting the decline in service revenues, higher cash operating expenses relating to manpower reduction expenses and higher financing costs due to a higher average debt level ■ offset in part by a higher gain from the sale of Meralco shares by Beacon Electric to MPIC and lower provision for income tax
Reported net income down 35% to Pesos 22.1 billion (US$483.8 million) from Pesos 34.1 billion (US$767.3 million)	■ reflecting a lower core net income ■ higher foreign exchange and derivatives net losses due to the depreciation of the peso against the U.S. dollar ■ impairment charges for Sun network assets rendered obsolete by new network programs, and the investment in Rocket Internet due to the lower share price vis-à-vis acquisition price as well as the depreciation of the Euro against the peso
Consolidated service revenues down 1% to Pesos 162.9 billion (US$3.6 billion) from Pesos 164.9 billion (US$3.7 billion)	■ reflecting structural change in the revenue mix ■ excluding declines in revenues from international and national long distance businesses, consolidated service revenues rose 2% owing to higher data and broadband revenues ■ revenues from data, broadband and from the Voyager businesses rose 15%, accounting for 30% of total consolidated service revenues, and include mobile internet revenues which grew by 26% ■ international fixed line and cellular voice and national long distance revenues, accounting for 12% of total consolidated service revenues, declined by 20% ■ combined revenues from cellular SMS and value added services ("VAS"), cellular and fixed line domestic voice accounting for 58% of total consolidated service revenues, decreased 4%
EBITDA down 9% to Pesos 70.2 billion (US$1.5 billion) from Pesos 76.8 billion (US$1.7 billion)	■ decline in service revenues resulting from competition in the wireless business and the impact of data on cellular SMS and voice revenues as well as international fixed and cellular voice revenues ■ higher cash operating expenses primarily manpower reduction expenses, and professional and other contracted services; and higher subsidies
EBITDA margin to 43% from 47%	■ decrease is partly due to the impact of redundancy payments and a result of the structural change in the revenue mix where higher margin traditional businesses are replaced by lower margin data/broadband businesses, in line with industry trends ■ excluding the impact of the manpower reduction expenses, EBITDA margin would have been 44% ■ EBITDA margin for fixed line services at 38% and for wireless services at 40%
Consolidated free cash flow stable at Pesos 27.8 billion (US$609.5 million) from Pesos 27.7 billion (US$623.5 million)	■ reflecting higher dividends received from Beacon Electric in connection with the sale of a 5% stake in Meralco in June 2014, improvement in working capital and lower income taxes paid ■ offset by lower cash from operations, higher capital expenditures and higher net interest paid

Capital Expenditure

Capital expenditure in 2015 rose 24% to Pesos 43.2 billion (US$947.2 million) to improve the PLDT group's network quality, capacity and coverage. Included are upgrades of 3G and 4G coverage and capacity through new rollouts, building additional resiliency and capacity in the backhaul/transport network, and integrating and optimizing the Sun network.

From 2006 to 2015, PLDT spent approximately Pesos 302 billion (US$6.7 billion) in capital expenditure.

Capital expenditure for 2016 is estimated to reach up to Pesos 43 billion to support rapidly increasing data traffic with the availability of more low-priced smartphones. The expansion of PLDT's content and digital offerings, including entertainment (music, video, games), e-commerce, financial solutions, mobile payments and internet TV, are important initiatives to encourage increased usage of data/broadband services.

Debt Profile

As at 31 December 2015, PLDT's consolidated net debt was US$2.4 billion compared with US$2.3 billion at 31 December 2014. Total gross debt increased to US$3.4 billion, of which 42% were denominated in U.S. dollars. Only 17% of the total debt was unhedged after taking into account U.S. dollar cash on hand and currency hedges in place. Over 60% of the total debts were due to mature beyond 2018. Post-interest rate swaps, 87% of total debt are fixed-rate loans. The average pre-tax interest cost increased to 4.2% from 4.05% in full year 2014. The debt profile remains healthy.

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. The PLDT Board of Directors declared a final regular dividend of Pesos 57 (US$1.2) per share payable on 1 April 2016 to shareholders on record as of 14 March 2016. Added to the interim dividend of Pesos 65 (US$1.4) per share paid on 25 September 2015, total dividends for 2015 will amount to Pesos 122 (US$2.6) per share. Considering the higher capital expenditure required in the next few years to support increasing network traffic due to higher data usage by customers, there was no special dividend declared for 2015.

Share Buyback

During 2015, PLDT did not buy back shares under the share buyback program of up to 5 million shares approved by the PLDT Board of Directors in 2008. As of 31 December 2015, PLDT had bought back 2.7 million shares into treasury at an average cost of Pesos 2,388 (US$52) per share for a total consideration of Pesos 6.5 billion (US$142.5 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

On 6 January 2015, PLDT, through eInnovations, partnered with Rocket Internet to form MePay Global, a 50/50 joint venture for mobile payment services with a focus on emerging markets. PLDT's investment in the joint venture consists of a €1.2 million (US$1.4 million) contribution, as well as the intellectual property platforms and business operations of its market-leading mobile-first platform, PayMaya.

On 20 January 2015, PLDT and Rocket Internet entered into another joint venture agreement to form Philippines Internet Holdings ("PHIH"), to further strengthen their existing partnership and to foster the development of internet-based businesses in the Philippines. PLDT will invest €30 million (US$34.1 million) for a 33.3% ownership stake in PHIH, of which €7.4 million (US$8.4 million) has been paid; with the balance to be paid upon capital call.

On 23 April, 2015, PLDT invested US$15 million in iFlix in the form of convertible notes. iFlix is Southeast Asia's leading internet TV service offering subscribers unlimited access to thousands of hours of entertainment for a low monthly price. Its services are available in Malaysia, the Philippines and Thailand, and are expanding to Indonesia and Vietnam. On 10 March 2016, iFlix announced the investment by Sky PLC, Europe's leading entertainment company, and Indonesia's leading television and content firm Surya Citra Media of the Emtek Group in iFlix. This latest funding round triggered the automatic conversion of PLDT's convertible notes into 7.5% of the total equity stock of iFlix, which had a post-money valuation of US$450 million.

On 9 June 2015, PLDT approved to invest Pesos 250 million (US$5.5 million) in its wholly-owned subsidiary Talas, which is tasked to unify the digital assets of the PLDT group which involves the implementation of the Intelligent Data Fabric, exploration of revenue opportunities and the immediate delivery of Big Data capability platform to PLDT and Smart.

On 6 August 2015, Voyager, through Takatack Holdings Pte. Ltd., acquired 100% equity interest in Takatack Technologies Pte. Ltd ("Takatack Technologies") for US$5 million. Takatack Technologies is a Singapore-based e-commerce platform behind the online store, TackThis!, a cloud-based e-commerce platform operating on a software-as-a-service model that enables businesses to easily set up and showcase their online businesses on various online platforms. The acquisition is consistent with the PLDT group's focus to build Voyager into an enabler of digital economy platforms.

On 12 August 2015, PLDT incorporated PLDT Capital Pte. Ltd. ("PLDT Capital"). As an investment arm, PLDT Capital is envisioned to be an important pillar in supporting the PLDT group's digital pivot through collaboration with world-class pioneering companies in Silicon Valley and around the world.

As at year-end 2015, PLDT Capital had invested approximately US$8 million in Phunware, Inc., US$5 million in AppCard, Inc. and US$5 million in Matrixx Software, Inc. in form of preferred shares.

Data and Broadband

All of the PLDT group's data and broadband businesses recorded growth in 2015, with total data and broadband revenues increasing 16% to Pesos 48.5 billion (US$1.1 billion), accounting for 29% of consolidated service revenues. The rise reflects increases of 15%, 14%, 10% and 26% in fixed broadband, corporate data, wireless broadband and mobile internet revenues, respectively.

PLDT has the largest number of broadband subscribers in the Philippines. Its combined broadband subscriber base rose 27% to 5.2 million at the end of 2015. The number of wireless broadband subscribers rose 32% to over 3.9 million, consisting mainly Smart wireless broadband subscribers. The number of PLDT fixed broadband subscribers grew 14% to 1.3 million. As at the end of 2015, smartphone ownership rose to about 40% of PLDT's cellular subscriber base, and mobile internet usage grew 106% in volume terms.

PLDT operates the largest data center business in the Philippines with six data centers supporting the growth of Philippine corporates, the business process outsourcing industry and businesses of all sizes. Corporate data and data center revenues accounted for 23% of total data and broadband revenues.

With the rising popularity of social networks and the growing availability of low-priced smartphones, the growth momentum in PLDT's data and broadband businesses is expected to be sustained at a high level. PLDT continues to build out a formidable integrated network to deliver a quality data experience through a wide range of content offerings and affordable broadband services which can be accessed anytime and anywhere.

Fixed Line

Fixed line service revenues, net of interconnection costs, rose 5% to Pesos 58.8 billion (US$1.3 billion), reflecting higher revenues from fixed broadband, corporate data, data center, and domestic voice businesses, partly offset by lower international and national long distance revenues.

Domestic voice, fixed broadband, and corporate data and data center revenues, respectively, represent 29%, 27% and 30% of total fixed line revenues and increased 3%, 15% and 8% in 2015, while international and national long distance revenues accounted for 11% of total fixed line revenues and declined 16%.

The number of PLDT fixed line subscribers increased 4% to 2.3 million of which approximately 1.3 million or 55% had broadband subscriptions.

Wireless

Wireless service revenues declined 4% to Pesos 110.7 billion (US$2.4 billion), reflecting decreases in SMS and voice revenues, offsetting increases in revenues from wireless broadband, and mobile internet. SMS and VAS, cellular voice, wireless broadband and mobile internet, and digital platforms and mobile services represented 36%, 41%, 19% and 1% of total wireless revenues, respectively. SMS and VAS, and cellular voice revenues declined 5% and 6%, respectively, as more users switched to social media platforms. Mobile internet and wireless broadband revenues rose 26% and 10%, respectively, owing to higher smartphone penetration in the subscriber base.

The PLDT group's combined cellular subscriber base decreased to 64.9 million (31 December 2014: 69.9 million), representing approximately 55% of the total cellular market in the Philippines based on subscribers and approximately 53% in terms of revenues.

Prepaid subscribers accounted for 95% of the PLDT group's total cellular subscriber base, while postpaid accounted for the remaining 5%.

In 2015, postpaid revenues increased 9% and accounted for 24% of total cellular service revenues following a 7% increase in postpaid subscribers to 2.96 million for a 55% market share. The rise in postpaid subscribers was largely due to marketing efforts focused on growing this base using handset subsidies.

Meralco

PLDT's indirect subsidiary PLDT Communications and Energy Ventures, Inc. owns 50% of Beacon Electric. As at 31 December 2015, Beacon Electric owned approximately 34.96% 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 2015 can be found in the MPIC section of this document.

2016 Outlook

Data remains the key growth engine for the PLDT group. PLDT's Consumer and Enterprise groups will focus their efforts on providing a superior customer experience. To achieve this, PLDT aims to achieve market dominance as measured by reliability, ease of use and a superior portfolio of content, applications and solutions.

The entire organization, both structure and people, is being oriented to turn on this digital pivot. Accordingly, capital expenditure is expected to remain high over the short to medium term, reaching Pesos 43.0 billion in 2016, little changed from Pesos 43.2 billion in 2015. Continuing high capital expenditure will also coincide with the continuing replacement of high-margin legacy services such as SMS and long-distance calling by lower-margin but fast-growing data-intensive services such as mobile internet. Sustained high capital expenditure and lower margins will initially press down on earnings, with core net income forecast to decline to Pesos 28.0 billion in 2016 as PLDT completes this digital pivot. PLDT aims to capture the lion's share of growing data revenues in the Philippine market by offering innovative product bundles such as combined cellular and fixed-line packages to take advantage of PLDT's large base of fixed-line customers and high-quality infrastructure to offer a customer experience that no one else in the market can provide.

PLDT

Reconciliation of Reported Results Between PLDT and First Pacific

PLDT's operations are principally denominated in peso, which averaged Pesos 45.61 (2014: Pesos 44.43) 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	**2015**	2014
Net income under Philippine GAAP	**22,065**	34,091
Preference dividends[(i)]	**(59)**	(59)
Net income attributable to common shareholders	**22,006**	34,032
Differing accounting and presentational treatments[(ii)]		
– Reclassification of non-recurring items	**11,133**	3,135
– Others	**(2,913)**	(3,348)
Adjusted net income under Hong Kong GAAP	**30,226**	33,819
Foreign exchange and derivative losses[(iii)]	**2,014**	184
PLDT's net income as reported by First Pacific	**32,240**	34,003
US$ millions		
Net income at prevailing average rates for 2015: Pesos 45.61 and 2014: Pesos 44.43	**706.9**	765.3
Contribution to First Pacific Group profit, at an average shareholding of 2015: 25.6% and 2014: 25.6%	**180.7**	195.7

(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:

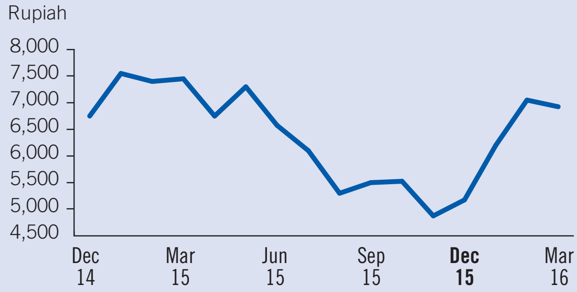
- Reclassification of non-recurring items: Certain items, through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 2015 of Pesos 11.1 billion mainly represents impairment provisions for fixed assets affected by network upgrade of Pesos 5.8 billion (2014: Pesos 3.1 billion) and investment in Rocket Internet shares of Pesos 5.1 billion (2014: Nil).
- Others: The adjustments principally relate to the accrual of withholding tax on PLDT's net income in accordance with the requirements of 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.

PROFIT CONTRIBUTION

US$130.3 million

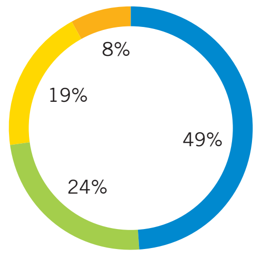
Share Price Performance



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 2015	Turnover 2014	Turnover % change	Profit 2015	Profit 2014	Profit % change
Consumer Branded Products						
– Noodles	**1,562.0**	1,668.4	-6.4	**264.1**	252.9	+4.4
– Dairy	**440.1**	444.3	-0.9	**35.0**	21.6	+62.0
– Snack Foods	**149.0**	168.0	-11.3	**6.2**	2.0	+210.0
– Food Seasonings	**91.8**	96.2	-4.6	**6.7**	7.3	-8.2
– Nutrition & Special Foods	**45.2**	47.2	-4.2	**1.1**	0.9	+22.2
– Beverages	**132.9**	159.9	-16.9	**(24.5)**	(29.3)	-16.4
– Inter-segment elimination	**(61.3)**	(66.7)	-8.1	**–**	–	–
Subtotal	**2,359.7**	2,517.3	-6.3	**288.6**	255.4	+13.0
Bogasari	**1,425.9**	1,676.4	-14.9	**97.8**	120.3	-18.7
Agribusiness						
– Plantations	**680.3**	864.7	-21.3	**122.0**	212.3	-42.5
– Edible Oils & Fats	**623.6**	803.3	-22.4	**13.8**	6.3	+119.0
– Inter-segment elimination	**(277.6)**	(433.2)	-35.9	**–**	–	–
Subtotal	**1,026.3**	1,234.8	-16.9	**135.8**	218.6	-37.9
Distribution	**370.2**	432.0	-14.3	**12.5**	16.3	-23.3
Inter-segment elimination	**(418.7)**	(510.1)	-17.9	**–**	–	–
Total	**4,763.4**	5,350.4	-11.0			
Segment Result				**534.7**	610.6	-12.4
Net finance costs				**(69.5)**	(68.0)	+2.2
Share of profits less losses of associated companies and joint ventures				**(25.1)**	(11.1)	-126.1
Profit Before Taxation				**440.1**	531.5	-17.2
Taxation				**(154.4)**	(164.9)	-6.4
Profit for the Year				**285.7**	366.6	-22.1
Profit from a discontinued operation				**41.5**	63.2	-34.3
Non-controlling interests				**(196.9)**	(271.4)	-27.5
Contribution to Group Profit				**130.3**	158.4	-17.7

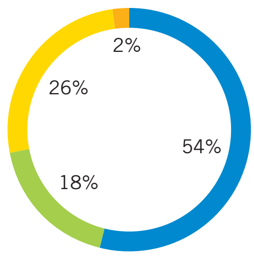
Turnover 2015*



	US$ millions
CBP	2,350.2
Bogasari	1,147.8
Agribusiness	895.2
Distribution	370.2
Total	**4,763.4**

* After inter-segment elimination

Operating Profit 2015



	US$ millions
CBP	288.6
Bogasari	97.8
Agribusiness	135.8
Distribution	12.5
Total	**534.7**

Indofood's contribution to the Group decreased 18% to US$130.3 million (2014: US$158.4 million) principally reflecting a 12% depreciation of the average rupiah exchange rate against the U.S. dollar, a weaker performance by commodity-linked businesses as commodity prices continued to be subdued, partly offset by a better performance of Consumer Branded Products ("CBP") group.

Core net income down 10% to Rupiah 3.6 trillion (US$264.9 million) from Rupiah 3.9 trillion (US$332.2 million)	■ reflecting a generally weaker performance of commodity-linked businesses – the Agribusiness and Bogasari groups, as well as China Minzhong Food Corporation Limited ("CMZ") ■ partly offset by higher profitability from CBP group
Net income down 25% to Rupiah 3.0 trillion (US$220.7 million) from Rupiah 3.9 trillion (US$331.7 million)	■ mainly reflecting a lower core net income ■ recorded foreign exchange losses in 2015 as compared to gains in 2014
Consolidated net sales up 1% to Rupiah 64.1 trillion (US$4.8 billion) from Rupiah 63.6 trillion (US$5.4 billion)	■ increase in sales contribution by CBP group ■ partly offset by decreases at the Agribusiness and Bogasari groups ■ sales contribution from CBP, Bogasari, Agribusiness and Distribution groups amounted to 49%, 24%, 19% and 8% of the total, respectively
Gross profit margin flat at 26.9%	■ improved margins of CBP group products ■ partly offset by lower Agribusiness margins due to lower CPO prices
Consolidated operating expenses up 2% to Rupiah 10.4 trillion (US$773.3 million) from Rupiah 10.1 trillion (US$849.7 million)	■ due mainly to higher advertising and promotion expenses
EBIT margin flat at 11.5%	■ in line with gross profit margin
Net gearing up to 0.34 times from 0.32 times at the end of 2015	

Debt Profile

As at 31 December 2015, Indofood recorded gross debt of Rupiah 27.6 trillion (US$2.0 billion), up 2% from Rupiah 26.9 trillion (US$2.2 billion) as at 31 December 2014. Of this total, 39% matures within one year and the remainder matures between 2017 and 2022, while 59% was denominated in rupiah and 41% was denominated in foreign currencies.

Additional Investments and Asset Held for Sale

On 18 March 2015, PT Indofood CBP Sukses Makmur Tbk ("ICBP") acquired an approximately 9.9% interest in JC Comsa through a combination of new shares and treasury shares for a total consideration of Japanese Yen 284.4 million (US$2.4 million).

On 24 June 2015, ICBP and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk ("Lonsum") jointly and equally acquired a 100% interest in Asian Assets Management Pte. Ltd., a limited liability company incorporated under the laws of the Republic of Singapore with 100% equity investments directly and indirectly in PT Aston Inti Makmur, a limited liability company incorporated under the laws of the Republic of Indonesia, engaged in the property business and operating its own office building in Jakarta, for a total consideration of US$78.0 million.

On 31 December 2014, Indofood received a letter of intent from China Minzhong Holdings Limited ("CMZ BVI") to purchase approximately 52.94% of the issued share capital of CMZ at S$1.2 (US$0.85) per share. On 14 October 2015, Indofood and CMZ BVI entered into a binding memorandum of understanding ("MOU"). As at 30 December 2015, Indofood received earnest payments of S$40.0 million (US$29.4 million) from CMZ BVI which is one of the principal terms of the MOU. Indofood and CMZ BVI will continue to discuss and work towards the finalization of a definitive sale and purchase agreement by October 2016. Following the completion of the proposed transaction, Indofood's interest in CMZ will be reduced to 29.94%.

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 16 production plants in Indonesia and one in Malaysia with a combined annual production capacity of over 17 billion packs per year. Its product portfolio includes a wide range of instant bag noodles, instant cup noodles, egg noodles, mug noodles and snack noodles.

PT Indolakto, the dairy operating subsidiary, has annual production capacity of more than 600 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, lactic acid beverage, powdered milk, ice cream and butter.

The Snack Foods division produces flavored and salted chips using potatoes, cassavas, soybeans and sweet potatoes, as well as 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 products, including instant seasonings, chili sauces, soy sauces, tomato sauces and other condiments with combined annual production capacity of around 135 thousand tonnes. In addition, the division also manufactures and markets cordial syrup and instant porridge.

The Nutrition & Special Foods division produces and markets a range of specialty foods with balanced nutrition including cereals, biscuits and puddings for infants and children, cereal snacks for children, cereal drinks for young adults and milk for expectant and lactating mothers. It has annual production capacity of around 25 thousand tonnes.

The Beverages division produces and markets ready-to-drink tea, ready-to-drink coffee, packaged water, and carbonated soft drinks and fruit juice drinks with combined annual production capacity of around 3 billion liters.

Sales by the CBP group rose 6% to Rupiah 31.7 trillion (US$2.4 billion), driven by higher average selling prices and volume growth. Sales volumes at the Noodles and Dairy divisions recorded 1% and 17% growth, respectively. Beverages was flat, while Snack Foods, Food Seasonings and Nutrition & Special Foods divisions reported 9%, 3% and 4% declines in sales volumes.

EBIT margin improved to 12.2% from 10.3% primarily due to improved gross profit in spite of higher selling and general and administrative expenses, particularly costs in relation to advertising and promotions, and salaries, wages and employee benefits.

Indonesia economic growth has slowed in recent years, resulting in slackened growth in the fast-moving consumer goods industry. CBP group believes this is a temporary setback and the longer-term prospects for Indonesia remain strong. CBP group will continue its endeavors to accelerate growth while remaining cautious regarding the potential tightening of US monetary policy and continuing slowdown in China.

Bogasari

Bogasari produces wheat flour and pasta for domestic and international markets. This group has its own shipping units to transport wheat from overseas suppliers, and packaging units to produce degradable polypropylene bags.

Bogasari's sales declined 4% to Rupiah 19.2 trillion (US$1.4 billion) on lower average selling prices in conjunction with lower wheat prices despite a 1% increase in food flour volume. The EBIT margin decreased slightly to 7.0% from 7.3%.

Even though the flour industry has been affected by the weaker performance of the fast-moving consumer goods sector, 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 PT Salim Ivomas Pratama Tbk ("SIMP") and Lonsum in Indonesia. The Agribusiness group is one of Indonesia's largest palm oil producers with leading share in Indonesia's branded cooking oil segment. It also has equity investments in sugar and ethanol operations outside Indonesia which are Companhia Mineira de Açúcar e Álcool Participacoes in Brazil and Roxas Holdings, Inc. in the Philippines.

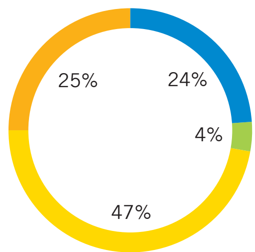
The Agribusiness group is a vertically integrated business with activities spanning the entire supply chain from research and development, seed breeding, and oil palm cultivation and milling to the production and marketing of cooking oil, shortening and margarine. As a diversified Agribusiness group, it also engages in the cultivation of sugar cane, rubber and other crops.

In 2015, the construction of a new oil palm mill and the expansion of an existing mill in Kalimantan were completed as planned. The construction of two new milling facilities, one each in South Sumatra and in Kalimantan, is expected to be completed in 2016.

The construction of a margarine plant at Tanjung Priok was completed in the third quarter of 2015 and the expansion of the refinery at Surabaya is expected to be completed in 2017.

During the year, IndoAgri launched branded oil in bulk packaging, new butter, margarine and garlic favored margarine.

Age Profile of Oil Palm Plantations



	Hectares
Immature areas	58,959
4-6 years	9,693
7-20 years	116,095
Above 20 years	61,612
Total	**246,359**

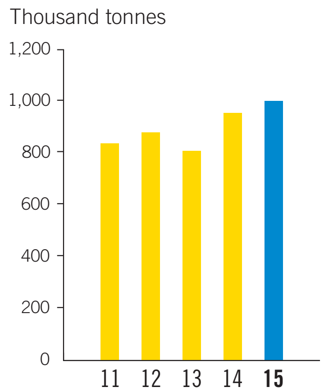
Plantations

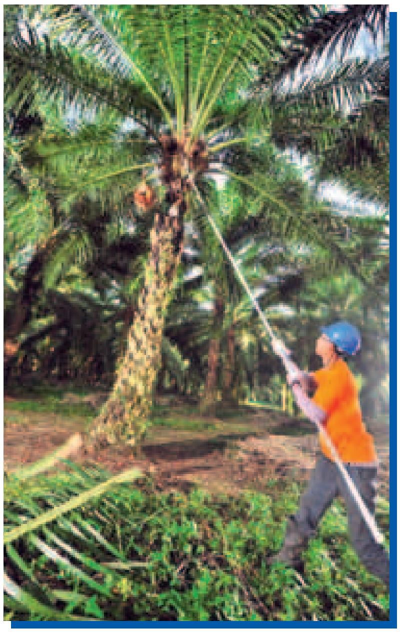
In 2015, new plantings of nucleus oil palm and sugar cane in Indonesia was less than planned due to prolonged dry weather caused by El Nino. Despite this, fresh fruit bunches ("FFB") and CPO production recorded a 5% growth.

SIMP and Lonsum have a total planted area of 300,633 hectares. Oil palm is the dominant crop, with 28% of oil palms below seven years old and an average age of approximately 14 years. Total planted area of oil palm was 246,359 hectares, compared to 246,055 hectares as of December 2014. This division operates 24 palm oil mills with a total annual processing capacity of 6.4 million tonnes of FFB. In 2015, CPO production increased 5% to 1.0 million tonnes.

In 2015, RSPO and ISPO certified CPO production increased to 377 thousand and 180 thousand tonnes, respectively.

Crude Palm Oil (CPO) Production





In Indonesia, total planted area of sugar cane increased 2% to 13,358 hectares in South Sumatra. In Brazil, the planted area of sugar cane increased 11% to 52,843 hectares. In 2015, performance of plantation business was under pressure as average selling prices of CPO and rubber recorded double-digit declines. Most crops recorded sales volume growth except sugar which declined 9% to 67 thousand tonnes.

In Brazil, CMAA cane crushing capacity utilization increased to 98% from 92%. Due to lower sugar and electricity prices in 2015, Indofood's 50% share of CMAA's loss was Rupiah 172 billion (US$12.8 million).

EOF

This division manufactures cooking oils and margarines and shortenings. It markets these products under various brands for both domestic consumption and export. As of 31 December 2015, the division had refinery capacity of over 1.4 million tonnes of CPO per annum and approximately 64% of this division's input needs are sourced from the Plantations division's CPO production.

Agribusiness sales declined 8% to Rupiah 13.8 trillion (US$1.0 billion), reflecting lower average selling prices of agriculture crops and lower sales of edible oils products. EBIT margin declined to 10.9% from 15.2%. For sales volume, CPO rose 3% to 982 thousand tonnes, palm kernel related products rose 7% to 230 thousand tonnes, rubber was flat at 16 thousand tonnes, and sugar declined 9% to 67 thousand tonnes.

Market conditions remain challenging for commodity producers. The persistent slump in commodity prices and slower growth in some key markets like China has led to a prolonged period of volatility and uncertainty. Global developments remain uncertain and unpredictable.

As a diversified and vertically integrated agribusiness with a dominant presence in Indonesia, the operations continue to be supported by positive market drivers including a young population, increasing urbanization and a fast-growing middle class with rising discretionary incomes.

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 2% to Rupiah 5.0 trillion (US$370.2 million) partly benefited from higher sales of CBP group. The EBIT margin declined to 3.5% from 4.0%.

The Distribution group continues to leverage its distribution network serving over 400 thousands registered retail outlets for boosting product penetration and high product visibility in retail outlets.

2016 Outlook

The general sentiment is that global economic conditions will improve. A pick-up in the global economy, combined with the impact of El Nino, may lead to higher commodity prices. In Indonesia, Indofood is encouraged to see improvement during the fourth quarter of 2015, and expect this trend to continue into 2016. Indonesia's GDP is predicted to grow 5.3% in 2016, driven by domestic private consumption and government spending, while inflation rate is targeted around 4.7%. If these conditions prevail, Indofood expects to resume growth in both top line and bottom line during 2016. Still, Indofood is also cautious, in light of potential further monetary tightening in the U.S. and the continuing slowdown in China.

Reconciliation of Reported Results Between Indofood and First Pacific

Indofood's operations are principally denominated in rupiah, which averaged Rupiah 13,449 (2014: Rupiah 11,886) 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	**2015**	2014 (Restated)[(i)]
Net income under Indonesian GAAP	**2,968**	3,942
Differing accounting and presentational treatments[(ii)]		
– Reclassification of non-recurring items	**(3)**	27
– (Loss)/gain on changes in fair value of plantations	**(45)**	17
– Foreign exchange accounting	**52**	54
– Others	**(114)**	(243)
Adjusted net income under Hong Kong GAAP	**2,858**	3,797
Foreign exchange and derivative losses/(gains)[(iii)]	**598**	(20)
Loss/(gain) on changes in fair value of plantations[(iii)]	**45**	(17)
Indofood's net income as reported by First Pacific	**3,501**	3,760
US$ millions		
Net income at prevailing average rates for 2015: Rupiah 13,449 and 2014: Rupiah 11,886	**260.3**	316.3
Contribution to First Pacific Group profit, at an average shareholding of 2015: 50.1% and 2014: 50.1%	**130.3**	158.4

(i) Indofood has restated its 2014 net income to Rupiah 3,942 billion from Rupiah 3,885 billion following its adoption of the revised Indonesian Financial Accounting Standard 24 "Employee Benefits", which is in line with Hong Kong GAAP.

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

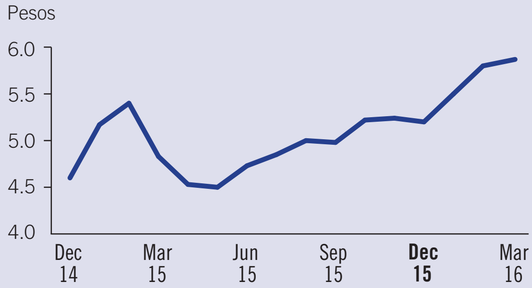
- Reclassification of non-recurring items: Certain items, through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 2014 of Rupiah 27 billion represents a loss for certain assets.
- Loss/gain on changes in fair value of plantations: 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".

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

PROFIT CONTRIBUTION

US$118.2 million

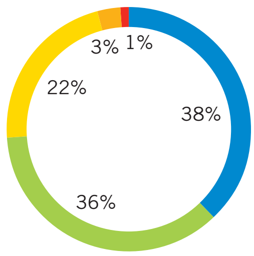
Share Price Performance



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

	Turnover			Profit		
US$ millions	**2015**	2014	% change	**2015**	2014	% change
Water	**418.7**	413.3	+1.3	**255.4**	231.5	+10.3
Toll roads	**212.5**	194.5	+9.3	**112.7**	101.4	+11.1
Hospitals	**165.6**	153.7	+7.7	**27.1**	23.3	+16.3
Rails	**19.7**	–	–	**2.2**	(0.6)	–
Corporate overhead	**–**	–	–	**(14.2)**	(13.9)	+2.2
Total	**816.5**	761.5	+7.2			
Segment Result				**383.2**	341.7	+12.1
Net finance costs				**(97.8)**	(88.0)	+11.1
Share of profits less losses of associated companies and joint ventures				**113.6**	72.3	+57.1
Profit Before Taxation				**399.0**	326.0	+22.4
Taxation				**(50.4)**	(24.3)	+107.4
Profit for the Year				**348.6**	301.7	+15.5
Non-controlling interests				**(230.4)**	(195.1)	+18.1
Contribution to Group Profit				**118.2**	106.6	+10.9

Contribution from Operations 2015



	US$ millions
Water	105.7
Power	99.6
Toll Roads	62.0
Hospitals	10.3
Rails	0.9
Total	**278.5**

MPIC's infrastructure portfolio as at 30 March 2016 comprises the following assets offering water distribution, power distribution and generation, toll roads, hospital and rail services:

- 50.0% in Beacon Electric which owns 34.96% of Meralco
- 15.0% in Meralco
- 52.8% in Maynilad Water Services, Inc. ("Maynilad")
- 100% in MWIC
- 29.45% of Don Muang Tollway Public Company Limited ("DMT") in Thailand
- 99.9% in MPTC which in turn owns:
  75.6% of Manila North Tollways Corporation ("MNTC")
  46.0% of Tollways Management Corporation ("TMC")
  100.0% of Cavitex Infrastructure Corporation ("CIC")
  100.0% in MPCALA Holdings, Inc. ("MPCALA")
  44.9% in CII B&R in Vietnam
- 60.1% interest in Metro Pacific Hospital Holdings, Inc. ("MPHHI") which in turn owns:
  33.2% in Medical Doctors, Inc. ("MDI")
  100.0% in Colinas Verdes Hospital Managers Corporation, the operator of Cardinal Santos Medical Center ("CSMC")
  78.0% in Riverside Medical Center, Inc. ("RMCI")
  35.2% in Davao Doctors Hospital, Inc. ("DDH")
  100.0% in East Manila Hospital Managers Corporation, the operator of Our Lady of Lourdes Hospital ("OLLH")
  85.6% in Asian Hospital, Inc. ("AHI") which owns 100.0% of Asian Hospital and Medical Center
  51.0% in De Los Santos Medical Center Inc. ("DLSMC")
  51.0% in SHHMI
  20.0% in Manila Medical Services Inc. ("MMSI"), the operator of MDH
  51.0% in Central Luzon Doctors' Hospital ("CLDH")
  100% in Metro Pacific Zamboanga Hospital Corporation, the operator of WMMC
  51.0% in The Megaclinic, Inc. ("Megaclinic")
- 55.0% in Light Rail Manila Corporation ("LRMC"), the operator of LTR1
- 20.0% in AFPI
- 24.95% in Indra Philippines, Inc ("Indra")

MPIC's contribution to the Group rose 11% to US$118.2 million (2014: US$106.6 million) as a result of higher contributions from all businesses, partly offset by higher MPIC head office net interest expense and the dilution impact from MPIC's US$200 million share placement in February 2015.

Consolidated core net income up 22% to Pesos 10.3 billion (US$226.8 million) from Pesos 8.5 billion (US$191.5 million)	■ water, power, toll roads, and hospitals accounted for 38%, 36%, 22% and 4%, respectively, of MPIC's consolidated profit contribution from operations ■ reflecting a 10% rise in contribution from Maynilad to Pesos 4.8 billion (US$105.7 million) on a 4% increase in billed water volume, improved collection performance and lower personnel costs at Maynilad ■ a 50% increase in contribution from Meralco/Beacon Electric to Pesos 4.5 billion (US$99.6 million) on a 6% increase in energy sales, a 4% growth in number of customers, a higher shareholding in Meralco and lower interest expense at Beacon Electric ■ a 26% rise in contribution from MPTC and DMT to Pesos 2.8 billion (US$62.0 million). MPTC's performance reflected higher traffic volumes on North Luzon Expressway ("NLEX") and Manila-Cavite Toll Expressway ("CAVITEX"), higher average kilometers travelled on NLEX, a higher shareholding in MNTC and contributions from other toll roads ■ a 2% increase in contribution from Hospitals ■ new contribution from LRMC starting September 2015 ■ partly offset by higher MPIC head office net interest expense arising from debt financing for investment in various projects and the acquisition of additional Meralco shares from Beacon Electric
Consolidated reported net income up 20% to Pesos 9.5 billion (US$209.3 million) from Pesos 7.9 billion (US$178.7 million)	■ due largely to a higher core net income ■ partly offset by higher non-core project expenses
Revenues up 10% to Pesos 37.2 billion (US$816.5 million) from Pesos 33.8 billion (US$761.5 million)	■ reflecting revenue growth at MPTC, Maynilad and Hospitals, and new contribution from LRMC

Debt Profile

As at 31 December 2015, MPIC reported consolidated debt of Pesos 87.6 billion (US$1.9 billion), up 43% from Pesos 61.1 billion (US$1.4 billion) as at 31 December 2014. Of the total, 94% was denominated in pesos. Fixed-rate loans accounted for 95% of the total and the average pre-tax interest cost was approximately 5.9%.

Dividend

MPIC's Board of Directors declared a final dividend of Peso 0.061 (U.S. 0.13 cent) per share payable on 21 April 2016 to shareholders on record as of 30 March 2016, 64% higher than the final dividend of 2014. Added to the interim dividend of Peso 0.032 (U.S. 0.07 cent) per share paid on 23 September 2015, total dividends for 2015 amounted to Peso 0.093 (U.S. 0.20 cent) per share, representing a payout ratio of 25% of core net income.

Additional Investments

In March and September 2015, MPIC through MPTC invested in aggregate Vietnamese Dong ("VND") 2.0 trillion (US$90.4 million) for a 44.9% interest in CII B&R.

On 17 April 2015, MPIC acquired an approximately 10% interest in Meralco from Beacon Electric for a consideration of Pesos 26.5 billion (US$581.0 million). The transaction increased MPIC's direct interest in Meralco to approximately 15% in addition to its effective interest of approximately 17.48% in Meralco held through its 50% interest in Beacon Electric. The Pesos 8.5 billion (US$179.6 million) balance amount of the transaction will be settled in or before July 2016.

On 27 May 2015, MPIC's indirect subsidiary MPCALA won the bid for a 35-year concession for the Cavite-Laguna Expressway ("CALAX") project in Manila, and the Notice of Award was received on 8 June 2015 and the Toll Concession Agreement was signed on 10 July 2015. The bid premium of Pesos 27.3 billion (US$580.1 million) is payable over nine years from signing of the Toll Concession Agreement. The total project cost is approximately Pesos 23.3 billion (US$495.1 million) and the total investment cost for MPCALA is estimated to be approximately Pesos 50.6 billion (US$1.1 billion). Construction is estimated to start on 1 July 2017, following the Philippine Government having secured the right-of-way. CALAX will integrate with MPIC's existing CAVITEX once open in 2020.

On 20 November 2015, MPIC's wholly-owned subsidiary MWIC received the Notice of Award for the Iloilo Bulk Water Supply Project from the Metro Iloilo Water District ("MIWD"). MWIC and MIWD will form an 80/20 joint venture company to rehabilitate, expand, operate, and maintain MIWD's existing water production facilities. The project will provide up to 170 million liters per day of bulk water supply to MIWD in the next 25 years. Total cost of the project is approximately Pesos 2.8 billion (US$59.5 million).

On 16 December 2015, MPHHI signed a Pesos 150 million (US$3.2 million) investment agreement with SHHMI in Bulacan for a 51.0% shareholding in MPHHI. The transaction was completed on 7 March 2016.

On 28 December 2015, MPHHI acquired a 20.0% interest in MMSI located in Manila for a consideration of Pesos 368 million (US$8.1 million). The construction of a new 18-storey building is expected to complete in 2016 and that will increase MDH's bed capacity to approximately 500 beds.

On 5 January 2016, MPTC's subsidiary, Metro Pacific Tollways Development Corporation ("MPTDC") received the Notice of Award from the City of Cebu and the Municipality of Cordova for the financing, design, construction, implementation, operation and maintenance of the Cebu-Cordova Bridge Project. The estimated construction cost is expected to be no more than Pesos 27.9 billion (US$592.9 million), construction is expected to commence in 2017 with completion by 2020.

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 were used primarily to reduce relatively expensive debt at Beacon Electric, to finance investment in previously announced projects and for general corporate purposes.

Power

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

During 2015, the volume of electricity sold by Meralco rose 6% to 37,124 GWh with growth driven by a 7%, 6% and 3% increase in residential, commercial and industrial demand, respectively. Natural gas accounted for 42% of Meralco's fuel sources, followed by coal at 38%. The remaining 20% included hydro, geothermal and biomass sources.

System loss was reduced to 6.47% at end-December 2015 from 6.49% a year earlier, reflecting Meralco's continuing efforts to improve system efficiency. Its capital expenditure declined 10% to Pesos 11.3 billion (US$247.8 million) and was mainly targeted at the modernization of Meralco's system control center, and expansion, construction and relocation of various projects.

Revenues decreased 3% to Pesos 258.4 billion (US$5.7 billion), mainly reflecting a 7% decrease in the average distribution rate and generation charge. The decline eroded the positive impacts from a 6% growth in energy sales, a 4% increase in number of customers and an 88% rise in non-electricity revenues.

Meralco PowerGen Corporation ("Meralco PowerGen") is Meralco's wholly-owned power generation subsidiary. It is investing in San Buenaventura Power, Redondo Peninsula Energy, Atimonan One Energy and Global Business Power in the Philippines, and PLP in Singapore. Construction of the San Buenaventura Power Plant in Quezon is expected to finish in 2019. The Redondo Peninsula Energy project in Subic Bay is expected to start construction in 2016, six years after it was announced, with completion in late 2019. The construction site preparation for Atimonan One Energy in Quezon will start in late 2016 with a target completion of the first unit in 2021. Most of the power generation facilities of Global Business Power and PLP are in commercial operations.

Water

Maynilad is the biggest water utility in the Philippines. It operates a concession that runs until 2037 for water distribution and sewerage for the West Zone of Metro Manila, comprising a population of approximately 9.8 million people, with a total distribution network of 7,571 kilometers of pipelines as at 31 December 2015.

During 2015, Maynilad's average non-revenue water fell to 31.0% from 33.9%. Revenues rose 4% to Pesos 19.1 billion (US$418.7 million), reflecting a 4% increase in billed water volume to 481.5 million cubic meters, a 6% increase in billed customers to 1.3 million and a 4% inflation-linked tariff increase from 1 July 2015. Capital expenditure increased 84% to Pesos 8.0 billion (US$175.4 million) mainly for laying of primary pipelines and the construction of wastewater facilities in the concession area.

Maynilad's water tariff under the rate rebasing for the period from 2013 to 2017 received a favorable award in arbitration proceedings on 29 December 2014. However, the Metropolitan Waterworks and Sewerage System ("MWSS") of the Philippines has not yet acted on the arbitration award. After subsequent formal notifications, Maynilad has served Notice of Arbitration on 27 March 2015 of the indemnity undertaking of the Republic of the Philippines regarding delays in tariff implementation. The arbitration panel issued the draft Procedural Order after its first procedural meeting on 17 February 2016, and the hearing is expected to take place in December 2016. Despite the subsequent delay in the tariff increase it is entitled to, Maynilad remains committed to providing affordable, clean and safe water to its customers, and continues to invest in wastewater treatment facilities.

Toll Roads

MPTC operates NLEX, the Subic Freeport Expressway, the Subic Clark Tarlac Expressway ("SCTEX") and CAVITEX in the Philippines, and has investments in DMT in Thailand and CII Bridges and Roads in Vietnam. The concession for NLEX runs until 2037, for SCTEX until 2043, for CAVITEX until 2033 for the original toll road and to 2046 for its extension, for DMT until 2034 and for CII B&R and various roads and bridges ranging from 2018 to 2034.

In 2015, revenues rose 12% to Pesos 9.7 billion (US$212.5 million), reflecting strong traffic growth on the NLEX and CAVITEX and the inclusion of SCTEX. Capital expenditure increased 154% to Pesos 6.6 billion (US$144.7 million) mainly reflecting the cost of construction of Segments 9 and 10.

In Manila, the NLEX Harbour Link extension's Segment 9 began operation in March 2015 and the construction of Segment 10 is expected to be completed by 2017. The construction of NLEX Citi Link is targeted for completion in 2019. The competitive challenge process "Swiss Challenge" for the Connected Road/ Metro Expressway Link project will be conducted in 2016.

Construction of the CAVITEX C5 South Link, CALAX and the Cebu-Cordova Bridge is expected to be completed in 2020.

SCTEX was officially turned over to MPTC on 27 October 2015, and its integration with NLEX is to be completed in March 2016.

In Vietnam, the construction of the 53-kilometer CII B&R is expected to finish the first 37-kilometer section in 2016 and the remaining 16-kilometer section in 2018.

Hospitals

Including the investment made in SHHMI in March 2016, MPIC's Hospital group is comprised of 11 full-service hospitals and MegaClinic, a mall-based diagnostic and ambulatory care center. MPIC is the largest private provider of premier hospital services in the Philippines with 2,510 beds as at end-December 2015.

Revenues rose 8% to Pesos 15.3 billion (US$335.5 million), reflecting higher contribution from all of its operating units.

In 2015, the Hospital division added two more hospitals to its portfolio. Implementation of synergies and network integration across MPHHI's hospital network continues.

Rails

LRMC commenced operation of LRT1, its first rail project, in September 2015, in a concession which runs until 2047. The concession covers the operation and maintenance of the existing 20.7-kilometer system and the construction of the 11.7-kilometer Cavite Extension. LRMC aims to shorten journey times, increase train frequencies, improve reliability and safety and introduce stations enhancements by 2017, as well as extend the life span of the LRT1 line, the oldest rail line in Metro Manila.

LRMC signed a Pesos 24.0 billion (US$510.0 million) loan facility in January 2016 for the LRT1 project, of which Peso 15.3 billion (US$325.1 million) is for the construction of the Cavite Extension while the remaining Pesos 8.7 billion (US$184.9 million) will be used for the rehabilitation of the existing LRT1 system.

AFPI launched its AFCS's beep™ card at LRT1, LRT2 and MRT3 after full system acceptance was signed off on 16 December 2015. As at 31 December 2015, there were approximately 1.3 million AFCS's beep™ cards registered for use on the network. AFPI successfully created an integrated contactless payment solution for its rail network, and plans to extend the usage coverage to other public transport systems and retail merchants.

2016 Outlook

All of MPIC's five lines of business are expected to perform well in 2016. Economic growth in the Philippines is driving demand for water, power, transportation and healthcare services provided by MPIC group companies. Volume growth alone indicates that 2016 will improve on the financial results of the preceding year. However, regulatory uncertainty continues in the water and toll roads businesses and is spreading to other areas of operation, such as power and rail. The inability to plan ahead with any confidence is damaging MPIC's ability to make capital expenditure commitments and this in turn means regulatory uncertainty is having concrete consequences for quality of life in the Philippines.

Reconciliation of Reported Results Between MPIC and First Pacific

MPIC's operations are principally denominated in peso, which averaged Pesos 45.61 (2014: Pesos 44.43) 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	2015	2014
Net income under Philippine GAAP	9,546	7,940
Preference dividends[i]	(4)	(6)
Net income attributable to common shareholders	9,542	7,934
Differing accounting and presentational treatments[ii]		
– Reclassification of non-recurring items	838	550
– Others	(40)	(13)
Adjusted net income under Hong Kong GAAP	10,340	8,471
Foreign exchange and derivative (gains)/losses[iii]	(38)	18
MPIC's net income as reported by First Pacific	10,302	8,489
US$ millions		
Net income at prevailing average rates for 2015: Pesos 45.61 and 2014: Pesos 44.43	225.9	191.1
Contribution to First Pacific Group profit, at an average shareholding of 2015: 52.4% and 2014: 55.8%	118.2	106.6

(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 2015 of Pesos 838 million principally represents project expenses. Adjustment for 2014 of Pesos 550 million principally represents MPIC's project expenses of Pesos 242 million, taxes incurred in hospital group reorganization of Pesos 207 million and Maynilad's manpower rightsizing costs of Pesos 158 million.

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

FPW / goodman fielder
our homegrown food company

NINE-MONTH PROFIT CONTRIBUTION

US$13.3 million

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

For the nine months ended 31 December US$ millions	Turnover 2015	Profit 2015
International	219.9	41.1
New Zealand		
– Baking	153.1	11.6
– Dairy	221.0	26.2
– Grocery	41.2	6.1
Subtotal	415.3	43.9
Australia		
– Baking	318.8	5.4
– Grocery	162.7	12.1
Subtotal	481.5	17.5
Corporate overhead	–	(41.3)
Total	1,116.7	
Segment Result		61.2
Net finance costs		(22.4)
Share of profit of a joint venture		1.5
Profit Before Taxation		40.3
Taxation		(10.4)
Profit for the Period		29.9
Non-controlling interests		(3.3)
Profit Attributable to Shareholders		26.6
Average shareholding (%)		50.0
Contribution to Group Profit		13.3

On 17 March 2015, First Pacific and Wilmar through a 50/50 joint venture FPW, completed the acquisition of the entire issued share capital of Goodman Fielder by way of a scheme of arrangement. Goodman Fielder was delisted from the Australia and New Zealand Stock Exchanges on 19 March 2015.

Goodman Fielder is headquartered in Sydney, Australia and has over 40 manufacturing plants in Australia, New Zealand, Papua New Guinea, Fiji and New Caledonia. It is the leading food company in Australasia offering packaged baked products, dairy products, spreads, sauces, dressings, condiments, bulk and packaged edible oils and fats and flour products.

Under its new management, Goodman Fielder is implementing strategies to improve operational and financial efficiencies, primarily in Australia and New Zealand, and to increase exports to China and Southeast Asia.

For the post-acquisition period from April to December 2015, FPW contributed a profit of US$13.3 million to the Group. For the nine-month period, Goodman Fielder recorded core net income of A$42.1 million (US$31.0 million), revenues of A$1.5 billion (US$1.1 billion), normalized EBIT at A$92.6 million (US$68.1 million) and EBIT margin at 5.7%, and capital expenditure increased 67% to A$73.3 million (US$53.9 million). This period, was one of consolidation, with a new management team appointed to the organization, and priorities of the business reviewed and reset post the delisting and change in ownership.

International Business

Fiji's sales volume for the nine months to 31 December 2015 grew 9.9% and 17.9% for Crest Chicken and Tucker's Ice Cream, respectively. Flame Stock Feed, Flame Flour and Twisties remain market-leading brands in Papua New Guinea. Goodman Fielder is also increasing exports volumes of MeadowLea margarine and Praise dressings and mayonnaise from Australia to Asia Pacific.

Goodman Fielder is investing in infrastructure and production capacity to support growth in its International business. The expansion of its UHT milk facility at Christchurch in New Zealand was completed on schedule in late 2015. The Meadow Fresh brand of UHT milk and dairy products continues to build its presence in China and Southeast Asia. The products are co-branded with both the Goodman Fielder and Meadow Fresh logos, to promote Goodman Fielder as a trusted source of quality food products from New Zealand and Australia.

Australia Business

In Australia, the focus is on stabilizing local businesses and strengthening brands. Goodman Fielder's largest Bakery brand in Australia, Helga's, reported 6.5% volume growth in 2015 when compared with 2014, with its Artisan bread volume rising 13.1% period-on-period. Praise, Australia's most popular salad dressings and mayonnaise brand, maintained its market leading position. Goodman Fielder continues to innovate in this category to ensure the brand is meeting consumers' needs, including transforming its oils and spreads business, and innovating in the in home baking channel, to provide the consumer with a broader choice of products.

Goodman Fielder has established a dedicated Food Services team to support the growth of this market segment. A Food Services website has been developed to enable Goodman Fielder to better engage with its customers with comprehensive product and ingredient information, recipes and cooking ideas. The Food Service customers include hotels, restaurants, café, fast food chains caterers and meal providers.

New Zealand Business

In 2015, a range of new products was introduced within the Dairy business including the launch of an organic range of milk, and a category of premium flavored milks and yoghurts. All such products are under the premium New Zealand dairy brand, Puhoi Valley. Puhoi Valley premium organic milk was launched in late 2015.

The completion of its UHT milk facility (expansion project) at Christchurch increases Goodman Fielder's capacity to meet growth opportunities across the Asia Pacific region. A new pasteurizing, sterilizing and palletizing line and a 250-ml high-speed filler were added to enhance production capacity and efficiency.

In 2015, the Baking business developed a series of innovative products, including premium white breads and lower carbohydrate variations of well-known brands, as well as gluten and dairy free options. Its gluten-free bread products recorded volume growth of 15% in 2015. This business is developing sweetbake and pie offerings to Australia and the Asia-Pacific region. Edmonds continues to be New Zealand's number one baking brand, and has expanded its product range of premium flour, gluten free flour, baking premixes, as well as mayonnaises and dressings. Edmonds mayonnaise recorded volume growth of 25% in 2015. In addition, Goodman Fielder achieved significant progress in reducing wastage on fresh bread business in both Australia and New Zealand.

Debt Profile

As at 31 December 2015, Goodman Fielder's net debt stood at A$462.2 million (US$336.9 million) with maturity ranged from 2016 to 2020, and 33% of the total borrowings were fixed rate borrowings. Borrowings are drawn in U.S. dollars, Australian dollars and New Zealand dollars by a diverse panel of domestic and international banks.

2016 Outlook

Goodman Fielder's management continues focusing on allocating resources to increase both exports to Southeast Asia and China from Australia and New Zealand as well identifying and implementing operational efficiencies within the existing businesses. Such projects include supply chain optimization, network optimization, assessing and improving product profitability and continually reviewing the overheads of the business.

In 2016, a number of capital projects will commence which will increase the production capacity of ice cream ("Tuckers") and chicken products ("Crest") in Fiji and flour ("Flame") in Papua New Guinea. The Australian and New Zealand capital projects for 2016, predominantly relate to stay in business capital with a small portion of the budget to be spent on implementing operational efficiencies of both businesses.

Reconciliation of Reported Results Between FPW/Goodman Fielder and First Pacific

Goodman Fielder's operations are principally denominated in A$, which averaged A$1.359 to the U.S. dollar for the period from April to December 2015. Its financial results are prepared under Australian GAAP and reported in A$. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Australian GAAP and Hong Kong GAAP are largely based on IFRSs, however, certain adjustments need to be made to Goodman Fielder's reported A$ results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follow.

For the nine months ended 31 December A$ millions	2015
Goodman Fielder's net income under Australian GAAP	**18.3**
Differing accounting and presentational treatments[(i)]	
– Reclassification of non-recurring items	**22.8**
Adjusted net income under Hong Kong GAAP	**41.1**
Foreign exchange and derivative losses[(ii)]	**1.0**
Adjusted Goodman Fielder's net income	**42.1**
Differing accounting and presentational treatments[(i)]	
– Acquisition accounting	**(5.9)**
Adjusted FPW's net income as reported by First Pacific	**36.2**
US$ millions	
Net income at prevailing average rates for April to December 2015: A$1.359	**26.6**
Contribution to First Pacific Group, at an average shareholding of April to December 2015: 50.0%	**13.3**

(i) Differences in accounting treatment under Australian 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 the nine months ended 31 December 2015 of A$22.8 million principally represents losses arising from unwinding cross currency interest rate swaps of A$11.5 million after the early settlements of related debts following a change in control of Goodman Fielder, write-off of assets of A$7.9 million and change of control related expenses of A$0.5 million (which are pre-acquisition in nature and hence eliminated at First Pacific level) and manpower rightsizing costs of A$2.9 million.
- Acquisition accounting: A fair value assessment was performed at the date of acquisition of Goodman Fielder and certain revaluation increment adjustments have been made to its property, plant and equipment and inventories. The adjustments principally relate to recognition of additional depreciation based on the fair value of its property, plant and equipment and the reversal of the revaluation increment adjustment made to Goodman Fielder's inventories at the date of acquisition into its post-acquisition cost of sales.

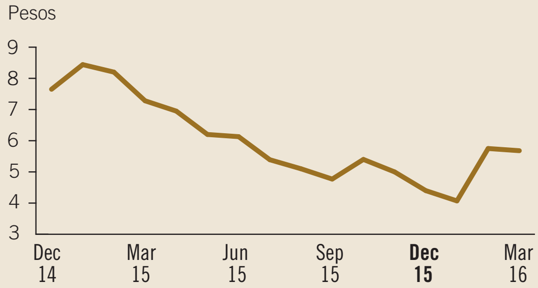
(ii) To illustrate the underlying operational results and profit contributions, foreign exchange and derivative losses (net of related tax) are excluded and presented separately.

PHILEX MINING CORPORATION

PROFIT CONTRIBUTION

US$4.9 million

Share Price Performance



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

US$ millions	Turnover 2015	Turnover 2014	Turnover % change	Profit 2015	Profit 2014	Profit % change
Mining	**203.5**	259.4	-21.5	**12.0**	27.4	-56.2
Oil and gas	**3.9**	7.1	-45.1	**1.6**	3.5	-54.3
Total	**207.4**	266.5	-22.2			
Segment Result				**13.6**	30.9	-56.0
Net finance income/(costs)				**0.3**	(7.6)	–
Share of profits less losses of associated companies and joint ventures				**(0.3)**	(0.3)	–
Profit Before Taxation				**13.6**	23.0	-40.9
Taxation				**(5.6)**	(7.8)	-28.2
Profit for the Year				**8.0**	15.2	-47.4
Non-controlling interests				**2.7**	6.8	-60.3
Profit Attributable to Shareholders				**10.7**	22.0	-51.4
Average shareholding (%)				**46.2**	46.2	–
Contribution to Group Profit				**4.9**	10.2	-52.0

Philex

Philex's natural resources portfolio comprises:

Philex for metal-related assets

- 100% in Padcal mine
- 100% in Silangan Mindanao Exploration Co., Inc. ("SMECI")
- 100% in Silangan Mindanao Mining Co., Inc.
- 99.3% 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

- 53.4% Pitkin Petroleum Limited ("Pitkin") which owns oil and gas exploration assets in Peru Block Z-38
- 58.2%† in Forum Energy Limited ("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
- 50.0% in SC 75 (Northwest Palawan) and 70.0% in SC 74, both located in Northwest Palawan

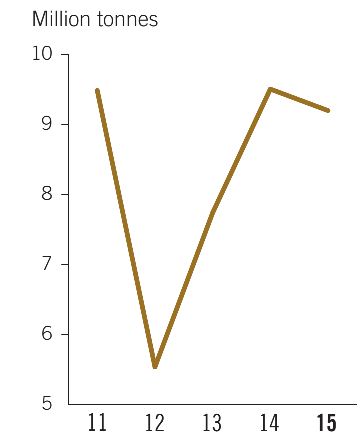
* 64.7% held by Philex, 11.3% held by First Pacific and 0.3% held by Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific.
† 48.8% held directly by Philex Petroleum, 18.4% held by its 51.2%-owned Canadian subsidiary FEC Resources, Inc., and 3.3% held by First Pacific.

Philex's contribution to the Group decreased 52% to US$4.9 million (2014: US$10.2 million) reflecting the adverse impact of significantly lower metal prices notwithstanding lower production costs.

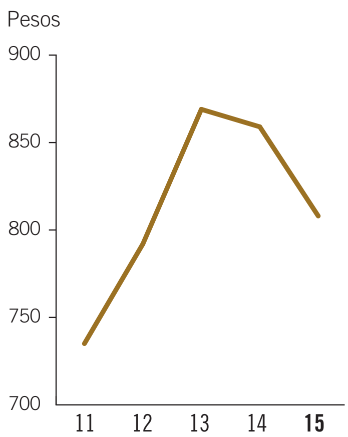
During 2015, recovery of gold and copper improved to 83% (2014:78%) and 82% (2014: 80%), respectively, with average grades of 0.438 grams (2014: 0.438 grams) of gold per tonne of ore and 0.205% (2014: 0.212%) of copper. Gold production increased 3% to 107,887 ounces (2014: 105,008 ounces) while copper production decreased 4% to 34.1 million pounds (2014: 35.4 million pounds) due to lower ore grade of copper despite the improvement in the copper recovery rate.

During 2015, metal prices continued their downward trend. The average realized price for gold declined 10% to US$1,147 per ounce (2014: US$1,270 per ounce), the lowest over the last five years, and the average realized copper price fell 23% to US$2.29 per pound (2014: US$2.98 per pound), the lowest in the last six years.

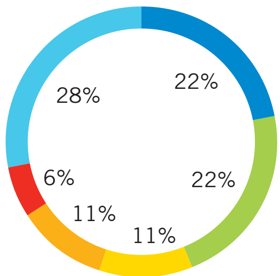
Ore Milled



Operating Cost Per Tonne of Ore Milled

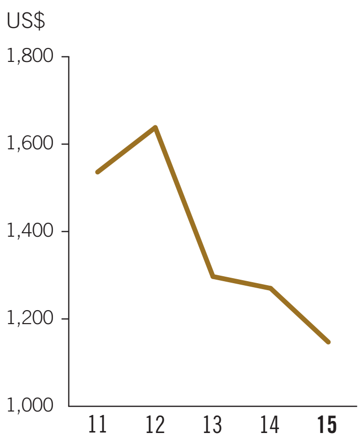


Operating Cost Per Tonne of Ore Milled

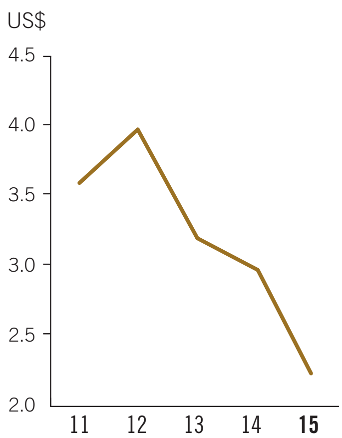


	Pesos per tonne
Power	181
Materials & supplies	174
Labor	91
Smelting charges	91
Excise tax and royalties	47
Others	224
Total	**808**

Average Gold Price Per Ounce



Average Copper Price Per Pound



In 2015, Philex retired US$25.8 million of outstanding debt. As at 31 December 2015, it had Pesos 1.0 billion (US$21.4 million) of cash and cash equivalents and Pesos 9.6 billion (US$203.5 million) of borrowings comprising convertible notes issued by SMECI and bank loans.

Core net income down 19% to Pesos 905 million (US$19.8 million) from Pesos 1.1 billion (US$25.3 million)	■ reflecting lower revenue owing to lower metal prices ■ partly offset by a reduction in operating costs and expenses through cost management initiatives
Net income down 11% to Pesos 896 million (US$19.6 million) from Pesos 1.0 billion (US$22.6 million)	■ reflecting a lower core net income ■ partly offset by decline in net non-recurring expenses
Revenue down 14% to Pesos 9.4 billion (US$206.1 million) from Pesos 10.9 billion (US$245.3 million)	■ due primarily to lower metal prices ■ gold price was at five-year low and copper price extended to a six-year low ■ revenue from gold, copper, and silver and petroleum contributed 61%, 37% and 2% of the total, respectively
EBITDA down 16% to Pesos 2.8 billion (US$61.4 million) from Pesos 3.3 billion (US$74.3 million)	■ reflecting the effects of lower metal prices ■ partly offset by a reduction in operating costs and expenses through cost management initiatives
Operating cost per tonne of ore milled down 6% to Pesos 808 (US$17.7) from Pesos 859 (US$19.3)	■ reflecting lower manpower, fuel, materials and supplies costs ■ improved efficiency of using raw materials
Capital expenditure (including exploration costs) down 17% to Pesos 4.8 billion (US$105.2 million) from Pesos 5.8 billion (US$130.5 million)	■ reflecting lower capital expenditure for Silangan project due to near completion of the definitive feasibility study

A Competent Person's report was issued in March 2015 declaring additional resources of 111 million tonnes at the 800-600 meter level, of which 20 million tonnes of reserves at the 800-700 meter level was declared in October 2015. The additional mineral reserve declaration extends Padcal's mine life for two years to 2022. In addition, exploration for further resources in the Padcal mine and in Bumolo project is ongoing.

Additional Investments

On 6 July 2015, Philex Petroleum increased its direct shareholding in Forum by 6.7% to approximately 43.1% for a total consideration of £476,755 (US$750,316).

On 16 November 2015, Philex Petroleum further acquired an additional 5.7% interest in Forum from FEC Resources for a consideration of £420,000 (US$638,000). These transactions increased the total direct and indirect shareholding of Philex Petroleum in Forum to 67.2% from 60.5% and reduced FEC Resources' direct shareholding in Forum to 18.45% from 24.1%.

Property Dividend

On 29 February 2016, Philex Board of Directors approved a property dividend plan of record as at 15 March 2016, in which every 100 shares of Philex will be entitled to receive 17 shares of Philex Petroleum. Philex's registered shareholders in the U.S. shall receive the equivalent property dividend in the form of cash. The transaction would reduce Philex's shareholding in Philex Petroleum by approximately 45.3% to approximately 19.4%, and increase First Pacific and its Philippine affiliate's total economic interest to 32.7%. It is subject to approval from the Securities and Exchange Commission of the Philippines.

Share Repurchase

On 8 May 2015, Pitkin announced that it had repurchased a total of approximately 40.9 million shares or 31.7% of its total issued shares at US$0.75 per share for a total consideration of approximately US$30 million from Philex Petroleum and the minority shareholders of Pitkin. This resulted in Philex Petroleum receiving US$16.0 million, of which US$10.0 million was used to repay advances from Philex Mining Corporation.

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 and is undergoing amendments to reflect the proposed change in mining method from underground block cave to open pit.

In 2015, its pilot plant successfully produced on-specification copper concentrates and LME-grade copper cathodes. The products are validations of the identified metallurgical processes, flotation and Solvent Extraction-Electro winning process (“SX-EW”), respectively. The site for the process plant has also been identified. Work on the community’s water supply is ongoing.

Most of the requirements for finalizing the project’s definitive feasibility study have been completed. Documentary requirements needed for an amended Declaration of Mining Project Feasibility due to the shift in mining method are submitted to relevant government agencies and awaiting approval. The project’s definitive feasibility study is expected to be completed within 2016.

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:

		Silangan project (as at 5 August 2011)	
	Padcal mine (As at 31 December 2015*)	Boyongan	Bayugo
Resources (million tonnes)	258[i]	273[i]	125[i]
Gold (gram/tonne)	0.37	0.72	0.66
Copper (%/tonne)	0.20	0.52	0.66
Contained copper (thousand lbs)	1,172,400	3,120,000	1,820,000
Contained gold (ounces)	3,036,200	6,300,000	2,700,000
Copper equivalent[ii] cutoff (%)	0.314	–	–
Copper equivalent cutoff (%)		0.50	0.50
Proved reserves (million tonnes)	69.7		
Gold (gram/tonne)	0.41		
Copper (%/tonne)	0.20		
Recoverable copper (thousand lbs)	255,300		
Recoverable gold (ounces)	726,300		
Copper equivalent[ii] cutoff (%)	0.370		

* Based on the Competent Persons’ reports disclosed in March 2016
(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

SC 72

The property covered by SC 72 is located in an area where there are maritime disputes between the Philippine and Chinese Governments. Due to the aforementioned disputes, the second sub-phase of exploration activities planned for the period from August 2011 to August 2013 remain under force majeure as at 31 December 2015.

2016 Outlook

The recent modest improvement in gold prices is a welcome development, but the overall global economic environment remains volatile and Philex will continue to be vigilant and exercise prudence. Development of the Silangan project is broadly on track and continues, albeit at a pace held back by continuing low metal prices, the completion of its definitive feasibility study is expected within 2016. Efficiency improvements at the Padcal mine ensure continuing profitability even in the current environment of low metal prices. Exploration at Padcal and its environs promises the prospect of potential new mineral resources for exploitation and the possible further extension of the mine life of Padcal.

Reconciliation of Reported Results Between Philex and First Pacific

Philex's operations are principally denominated in peso, which averaged Pesos 45.61 (2014: Pesos 44.43) 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	**2015**	2014
Net income under Philippine GAAP	**896**	1,006
Differing accounting and presentational treatments[(i)]		
– Reclassification of non-recurring items	**(92)**	77
– Revenue recognition regarding sale of mine products	**31**	306
– Depreciation of revaluation increment of assets	**(292)**	(318)
– Others	**(157)**	(133)
Adjusted net income under Hong Kong GAAP	**386**	938
Foreign exchange and derivative losses[(ii)]	**101**	39
Philex's net income as reported by First Pacific	**487**	977
US$ millions		
Net income at prevailing average rates for 2015: Pesos 45.61 and 2014: Pesos 44.43	**10.7**	22.0
Contribution to First Pacific Group, at an average shareholding of 2015: 46.2% and 2014: 46.2%	**4.9**	10.2

(i) Differences in accounting treatments under Philippine GAAP, compared with Hong Kong GAAP, and other presentational differences. The principal adjustments include:
- Reclassification of non-recurring items: Certain items, through occurrence or size are not considered usual operating items which are reallocated and presented separately. Adjustment for 2015 of Pesos 92 million principally represents a gain on sale of available-for-sale assets. 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 property assets of Pesos 535 million.
- 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

SHARE OF LOSS
US$10.7 million

An analysis of FPM Power's loss shared by First Pacific Group, adjusted for Hong Kong GAAP and translated into U.S. dollars, follows.

	Turnover			Profit		
US$ millions	**2015**	2014	% change	**2015**	2014	% change
Sales of electricity	**663.5**	729.4	-9.0	**(5.2)**	(10.4)	-50.0
Corporate overhead	**–**	–	–	**(0.7)**	(4.5)	-84.4
Total	**663.5**	729.4	-9.0			
Segment Result				**(5.9)**	(14.9)	-60.4
Net finance costs				**(29.2)**	(21.4)	+36.4
Loss Before Taxation				**(35.1)**	(36.3)	-3.3
Taxation				**9.9**	9.7	+2.1
Loss for the Year				**(25.2)**	(26.6)	-5.3
Non-controlling interests				**14.5**	14.6	-0.7
Group's Share of Loss				**(10.7)**	(12.0)	-10.8

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, equipped with the efficient facilities for power generation. 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.

During 2015, the vesting contract level to all power generators was revised by the Singaporean Government to 30% of total generation for the first half year and further reduced to 25% for the second half from 40% for all of 2014. Sale of the remaining power output was through retail contracts and supply to the merchant market. The vesting portion for 2016 remains at 25%. As PLP's vesting is predominantly liquefied natural gas vesting, which is fixed till 2023, further reduction in vesting level will not have a significant impact on PLP's vesting allocation.

First Pacific's share of FPM Power's loss narrowed 11% to US$10.7 million (2014: US$12.0 million), reflecting a lower overhead at FPM Power head office level and a weaker average exchange rate of Singapore dollar against U.S. dollar, partly offset by a full year of operating losses following 11 months in 2014 and lower contribution from the retail market. The volume of electricity sold rose 7% to approximately 4,475 gigawatt hours (2014: 4,173 gigawatt hours), translating to a market share of approximately 9% of which 88% was for retail, futures, contracts for difference and vesting contracts and the remaining 12% for merchant market sales.

Core net loss up 3% to S$71.6 million (US$51.9 million) from S$69.6 million (US$54.8 million)	■ reflecting a full year of operational loss while it was 11 months in 2014 ■ lower average contribution from the retail market ■ competition and lower oil prices resulting in lower average selling prices per unit of electricity
Net loss down 27% to S$84.1 million (US$61.0 million) from S$115.9 million (US$91.3 million)	■ reflecting lower net loss due to non-recurring debt refinancing costs written-off in 2014 ■ recorded larger foreign exchange losses in 2015 due to weaker average exchange rate of S$ against US$
Revenues down 1% to S$915.0 million (US$663.5 million) from S$926.4 million (US$729.4 million)	■ due mainly to lower average selling prices, despite higher volume of electricity generated and sold ■ partly offset by increase in reserve revenue reflecting higher plant efficiency
Operating expenses down 11% to S$22.6 million (US$16.4 million) from S$25.3 million (US$19.9 million)	■ reflecting savings achieved in operating expenditures
EBITDA up 7% to S$18.0 million (US$13.1 million) from S$16.9 million (US$13.3 million)	■ reflecting further improvement of power plant availability to 97.1% ■ reduction in fixed costs

Debt Profile

In December 2015, FPM Power's net debt stood at US$465.4 million while gross debt stood at US$507.1 million with 4% maturing within one year and the remaining debt maturing during the subsequent period up to 2021. All of the borrowings were floating-rate bank loans, with 96% effectively changed to fixed rate through interest rate swap arrangements.

2016 Outlook

Competition in the Singapore power generation market will continue to be keen in 2016. Low crude oil prices will weigh on the price competitiveness of electricity providers fueled by liquefied natural gas owing to the disparate pricing mechanisms for piped natural gas versus liquefied natural gas. PLP will seek to diversify its gas portfolio and continue to leverage its efficiency advantage and operational flexibility to increase its retail portfolio. Together with vesting contracts, PLP aims to achieve a contract level of 85-90% for its generation.

Reconciliation of Reported Results Between FPM Power/PLP and First Pacific

PLP's operations are principally denominated in S$, which averaged S$1.379 (2014: S$1.270) to the U.S. dollar. Its financial results are prepared under Singapore GAAP and reported in S$. 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 consolidation adjustments need to be made to PLP's reported S$ results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

S$ millions	**2015**	2014
PLP's net loss under Singapore GAAP	**(84.1)**	(115.9)
Differing accounting and presentational treatments[(i)]		
– Reclassification of non-recurring items	**–**	37.2
– Intra-group elimination for consolidation accounting	**39.2**	32.1
– Amortization of vesting contract	**(1.8)**	(1.6)
– Others	**0.5**	11.1
Adjusted PLP's net loss under Hong Kong GAAP	**(46.2)**	(37.1)
Foreign exchange and derivative losses[(ii)]	**12.5**	9.1
Adjusted PLP's net loss	**(33.7)**	(28.0)
US$ millions		
Net loss at prevailing average rates for 2015: S$1.379 and 2014: S$1.270	**(24.4)**	(22.0)
FPM Power's share of PLP's net loss, at an average shareholding of 2015: 70.0% and 2014: 70.0%	**(17.1)**	(15.4)
Adjusted FPM Power head office's net loss[(iii)]	**(0.8)**	(4.6)
Adjusted FPM Power's net loss as reported by First Pacific	**(17.9)**	(20.0)
First Pacific Group's share of loss, at an average shareholding of 2015: 60.0% and 2014: 60.0%	**(10.7)**	(12.0)

(i) 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 for 2014 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.

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

(iii) Adjusted FPM Power head office's net loss for 2015 excludes foreign exchange and derivative losses (net of related tax) of US$10.1 million (2014: US$7.4 million).

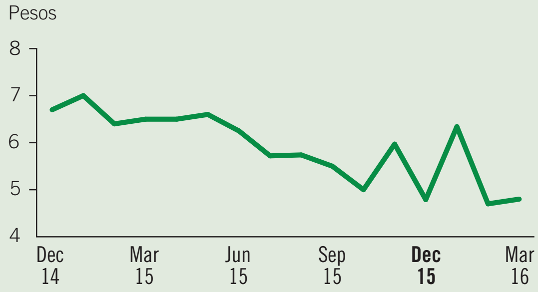
FP Natural Resources / RHi

ROXAS HOLDINGS, INC.

SHARE OF LOSS

US$3.8 million

Share Price Performance



Additional Investments and Disposal

On 27 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 May 2015, Roxas Pacific Bioenergy Corporation, a wholly owned subsidiary of RHI, acquired 93.7% interest in SCBI for a consideration of approximately Pesos 1.7 billion (US$39.0 million). SCBI is a bioethanol company located in San Carlos City, Negros Occidental, Philippine. With this investment, RHI has become the Philippines' biggest ethanol producer.

On 18 February 2016, FP Natural Resources disposed its entire 14.8% interest in Victorias Milling Company, Inc. ("VMC") to VMC and LT Group in two transactions for a total consideration of approximately Pesos 2.2 billion (US$46.7 million).

Review of Operations

First Pacific and its indirect agribusiness subsidiary IndoAgri, through a 70/30-owned entity FP Natural Resources and a Philippine affiliate have an aggregate 50.9% interest in RHI and 100% in FCMI.

The Philippine sugar industry is the second-largest in Southeast Asia after Thailand. First Pacific Group currently has agribusinesses in Indonesia, the Philippines and Brazil.

FCMI, which engages in the crushing of copra and refining of coconut oil in the Philippines, commenced operation in May 2015.

During 2015, First Pacific shared FP Natural Resources' loss of US$3.8 million following a profit contribution of US$1.6 million in 2014. The loss principally reflected share of loss of FCMI of US$3.4 million, lower sales volume of refined and raw sugar due to shortage of sugar cane supply, higher production, operating and interest expenses at RHI, partly offset by higher selling prices of refined, premium and raw sugar, and a higher sales volume of ethanol.

RHI is implementing a strategy of diversifying from purely sugar operations into bioethanol and sugar-related businesses. To create synergies from its bioethanol plants and to improve efficiencies, RHI has been expanding its capacity and portfolio through internal expansion and acquisitions.

Together with its associate Hawaiian-Philippine Company, Inc. ("HPC"), RHI is one of the largest raw sugar producers in the Philippines, accounting for 16% of the Philippines' raw sugar production. It has three sugar mills, one in Batangas and two in Negros Occidental, with combined milling capacity of 36,500 tonnes of cane per day. Its refinery facility in Batangas has capacity of 18,000 Lkg per day. RHI also has two ethanol plants in Negros Occidental with daily production capacity of 275,000 liters.

In 2015, RHI sold 1.5 million Lkg of refined sugar, 289,000 Lkg of premium raw sugar, 1.4 million Lkg of raw sugar and 58.7 million liters of ethanol. Revenues were substantially generated from domestic sales.

Core net income down 90% to Pesos 56 million (US$1.2 million) from Pesos 563 million (US$12.7 million)	■ principally due to a shortage in supply of sugar cane, resulting in lower sales volume of refined and raw sugar ■ higher production costs for sugar and ethanol, operating expenses and interest expenses due to a higher debt level ■ partly offset by higher sales volume of ethanol and higher average selling prices of refined, premium and raw sugar
Reported net loss of Pesos 119 million (US$2.6 million) from reported net income of Pesos 531 million (US$12.0 million)	■ reflecting a lower core net income ■ non-recurring expenses in relation to tax expenses related to prior years, staff reduction and transaction costs for the acquisition of 93.7% of SCBI
Revenue up 28% to Pesos 9.7 billion (US$212.7 million) from Pesos 7.6 billion (US$171.10 million)	■ mainly driven by the higher revenue from bioethanol business reflecting the consolidation of SCBI's revenue since May 2015 ■ increase in toll refining
Operating expenses up 38% to Pesos 935 million (US$20.5 million) from Pesos 676 million (US$15.2 million)	■ reflecting non-recurring expenses in relation to tax expenses to prior years and staff reduction ■ the consolidation of SCBI operating expenses since May 2015
EBITDA down 27% to Pesos 1.1 billion (US$24.1 million) from Pesos 1.5 billion (US$33.8 million)	■ reflecting higher production cost for sugar and ethanol, and operating expenses ■ partly offset by the growth in bioethanol business, higher average selling prices of sugar and an increase in share of profit from HPC
EBITDA margin down to 11% from 20%	■ due to lower sales of higher margin refined raw sugar ■ higher fixed cost of production per Lkg for sugar due to lower tonnage of cane milled and higher material cost for production of ethanol

Debt Profile

As at 31 December 2015, long-term debt of RHI stood at Pesos 4.3 billion (US$90.0 million) with maturities ranging from six to nine years at an annual interest of approximately 4.5%. Short-term debt stood at Pesos 5.3 billion (US$113.1 million) with an average interest of approximately 3.2%.

Equity Raising

In February 2015, RHI sold approximately 241.8 million of its treasury shares at Pesos 7.0 (US$0.16) 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 were used to finance the acquisition of SCBI.

Dividend

RHI's dividend policy is to pay a minimum of 35% of net income as dividends to its shareholders. The dividend of Peso 0.12 (U.S. 0.26 cent) per share was paid on 25 September 2015, represented a dividend payment of 82% of core net income.

2016 Outlook

A tighter focus on efficiency and productivity gains is expected to result in stronger earnings in 2016. The management is developing a strategy for increasing sugar cane supply.

Reconciliation of Reported Results Between FP Natural Resources/RHI/FCMI and First Pacific

RHI's operations are principally denominated in peso, which averaged Pesos 45.61 (2014: Pesos 44.43) to the U.S. dollar. Its financial results are prepared under Philippine GAAP and reported in peso. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Philippine GAAP and Hong Kong GAAP are largely based on IFRSs, however, certain adjustments need to be made to RHI's reported peso results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

Pesos millions	**2015**	2014
RHI's net (loss)/income under Philippine GAAP	**(119)**	531
Differing accounting and presentational treatments[(i)]		
– Reclassification of non-recurring items	**175**	–
– Depreciation of revaluation increment of assets	**(55)**	(33)
– Others	**–**	(53)
Adjusted RHI's net income under Hong Kong GAAP	**1**	445
Foreign exchange and derivative gains[(ii)]	**–**	(1)
Adjusted RHI's net income	**1**	444
US$ millions		
Net profit at prevailing average rates for 2015: Pesos 45.61 and 2014: Pesos 44.43	**0.0**	10.0
FP Natural Resources group's share of RHI's net income, at an average shareholding of 2015: 48.1% and 2014: 34.0%	**0.0**	3.4
FCMI's net loss	**(4.9)**	(0.5)
FP Natural Resources head office's expenses	**(0.6)**	(0.6)
Adjusted FP Natural Resources group's net (loss)/income as reported by First Pacific	**(5.5)**	2.3
First Pacific Group's share of (loss)/contribution, at an average shareholding of 2015: 70.0% and 2014: 70.0%	**(3.8)**	1.6

(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 2015 of Pesos 175 million represents taxes related to prior years of Pesos 104 million and manpower rightsizing costs of Pesos 61 million and transaction costs for acquiring a 93.7% interest in SCBI of Pesos 10 million.
- Depreciation of revaluation increment of assets: A fair value assessment was performed at the date of FP Natural Resources' acquisition of a controlling interest in RHI of 27 February 2015 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 relates to accrual of withholding tax on RHI's net income in accordance with the requirements of HKAS12 "Income Taxes".

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

Chairman's Letter

"We have the people and the tools to ensure a bright future for First Pacific and all our stakeholders."

Dear Shareholders

It is easy to look at our Group of companies and see them in terms of superlatives – the biggest food company in Indonesia, the biggest telecommunications provider, the biggest water, toll roads, power and hospitals companies in the Philippines, and one of the biggest food companies in Australia and in New Zealand. I find, however, that a richer understanding of our Group comes from considering us not in quantitative terms but in qualitative ones. Indofood is number one because it is quality people making quality and affordable foods. PLDT is working through its digital pivot because it has put in place a quality management team to go through the transformation process. MPIC continues to generate record high performance because of the quality of its team. We have come through a difficult year in 2015 and I am confident that we have the assets in place to ensure a very successful year in 2016.

First Pacific's performance in 2015 underlines the quality of the companies under our management. Under difficult circumstances, we continued to perform. In Indonesia, the continuing slowdown in the domestic economy as well as weak CPO prices and rupiah average exchange rate posed challenges to Indofood's performance. We nevertheless managed to increase sales overall and we are hopeful that continuing strong economic growth will bode well for consumers' purchasing power and our earnings in Southeast Asia's biggest market.

In the Philippines, strong growth has powered MPIC to yet another year of record high profits, while tough competition has held back PLDT, though we are optimistic that our investment to build a high quality telecommunications infrastructure will return it quickly to earnings growth. Meralco is pushing ahead into electricity generation to help power the Philippines' growing economy even as its electricity distribution continues to new highs. Philex is finalizing plans for its Silangan gold and copper mining project. In the round we expect to end the year in a stronger position than we are currently. We are quite optimistic that we have the people and the tools to ensure a bright future for First Pacific and all our stakeholders.

In Australia, we are turning around and refocusing Goodman Fielder, one of the country's biggest food companies, in partnership with Wilmar International. We are convinced that Goodman Fielder quality will find ready customers in the fast-growing markets of emerging Asia where we have already got strong distribution.

2016 is likely to be a year of consolidating many of our gains and working with our operating companies to ensure a return to growth in our dividend income, which finances new investments and our own dividend payments to shareholders. We remain strong and confident about the future.

Yours sincerely

Anthoni Salim
Chairman

30 March 2016

Managing Director and Chief Executive Officer's Letter

> "I am confident that our business models – combined with good management – will together help us overcome this temporary reversal."

To My Fellow Shareholders

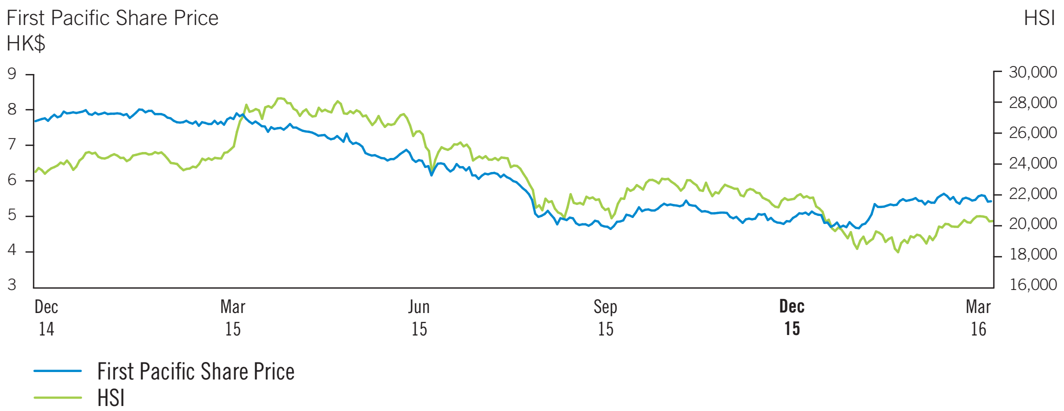
In the past thirteen (13) years, First Pacific has seen its Gross Asset Value ("GAV") rise at a compound annual growth rate of 17% – from US$1.2 billion in 2003 to US$7.9 billion at the end of March 2016. Your Company, the premier investment management and holding company for emerging Asia, has been fortuitous in making investments which have delivered strong returns to our shareholders, whilst improving the lives of millions of people in the ASEAN community.

The year 2015 was an extremely difficult year for First Pacific. PLDT is executing its digital pivot, as it prepares for a world in which its customers – both enterprises and individuals – use data more intensively, want a delightful digital experience, and seek digital solutions to their business or their daily lives. PLDT's Networks and Information Technology Platforms are being upgraded to address the challenge of moving into digital space. Core earnings will be down at PLDT in 2016 reflecting the cost of this digital transformation and, as well, continuing competitive pressure.

Indofood faces a similar condition. Weaker consumer demand has also exacerbated the competitive environment, particularly for its Consumer Branded Products and the Bogasari Flour groups. However, supported by its competitive advantages, its size and scale, and its ability to respond swiftly to market changes, Indofood will continue to show growth in its businesses in the coming year.

Philex is working towards finalizing its definitive feasibility study for its new and significant Silangan gold and copper project in northern Mindanao. In the meantime, continuing exploration work at the Padcal mine in northern Luzon has identified new reserves which can extend its mine life to 2022, and perhaps even beyond this.

First Pacific Share Price vs Hang Seng Index (HSI)



2015 was an extremely strong year for Metro Pacific Investments. Its toll roads, water, power, hospitals and rails businesses all showed robust growth in 2015 despite the continuing regulatory uncertainty in respect of mandated tariff increases. A change in Government leadership by the middle of 2016 could alter this rather unhelpful regulatory environment.

Goodman Fielder has just finished its first year under our joint management with Wilmar International, reporting net profits as anticipated. We are confident that our enhancement strategy there will begin to deliver earnings growth starting 2016 and beyond.

Despite the setbacks we experienced this year in some of our operating companies, I am confident that our business models – combined with good management – will together help us overcome this temporary reversal. In some respect, this turnaround as in the case of PLDT, may take more than a year to effect. But I am confident that whether in PLDT or elsewhere, we will succeed in turning their fortunes around. We have done this better, and we can build better and higher. First Pacific is a great company – and it will be a better company in the years to come.

Yours cordially

M V Pangilinan
Managing Director and Chief Executive Officer

30 March 2016

Board of Directors and Senior Executives

Board of Directors

1

2

3

4

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 69, 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), First Coconut Manufacturing Inc. (FCMI), Manila Electric Company (Meralco), ePLDT, Inc., Smart Communications, Inc. (Smart), 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. On 31 December 2015, he assumed the position of President and Chief Executive Officer of PLDT and Smart.

In 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 60, 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 Limited, a Chairman of Goodman Fielder Pty Limited (since March 2015), a Commissioner of PT Indofood Sukses Makmur Tbk and a Director of Metro Pacific Investments Corporation, Philex Mining Corporation, Philex Petroleum Corporation and PacificLight Power Pte. Ltd., all of which are First Pacific Group subsidiaries, associates or joint venture.

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 76, 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 66, 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 was the 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 served as President and CEO of Smart and Philippine Long Distance Telephone Company (PLDT) from 2000 to 2015 and from 2004 to 2015, respectively. Mr. Nazareno was appointed as the Strategic Advisor to the PLDT Group, with effect from 31 December 2015. Mr. Nazareno is a Director of PLDT, Digital Telecommunications Philippines Inc. and Rocket Internet. 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 71, 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 66, 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, China Aircraft Leasing Group Holdings Limited and Guolian Securities Company 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 is under official liquidation. He joined First Pacific's Board in December 2012.

Madeleine Lee Suh Shin

Independent Non-executive Director

Age 54, Ms. Lee graduated with a Bachelor of Arts Honours in Economics and Accounting from the University of Leeds, UK and a Master of Business Administration from the University of Bradford, UK. She obtained her Chartered Financial Analyst qualification in 1989.

Ms. Lee has 30 years in investment management, having worked with the Government of Singapore Investment Corporation, Chase Manhattan and Morgan Grenfell. She was appointed Managing Director/Chief Investment Officer at Commerzbank Asset Management Asia in 1997. In 2001, Ms. Lee co-founded BowtieAsia Pte Ltd, which matched private equity investments in the technology space using an internet platform, a precursor to "crowdfunding". In 2002, she was made a Fellow of the Eisenhower Exchange Fellowship. From 2005 to 2007, she was the Deputy Chief Investment Officer of the Investment Office of the National University of Singapore. Since 2008, she has been the Managing Director at Athenaeum Limited, a boutique investment manager which she founded. Athenaeum entered into a joint venture with Azimut Group in 2013.

Ms. Lee has served on the board of directors of Mapletree Investments Pte Ltd, Aetos Security Pte Ltd and ECICS Holdings of the Temasek Holdings stable of companies. She was on Monetary Authority of Singapore's Financial Sector Review Committee on the Liberalisation of the Stockbroking Industry in 1997 and the Business Development Review Group for the Merged Exchange in 1998.

Ms. Lee currently serves on the Board of The Community Foundation of Singapore and the Governing Council of Singapore Institute of Management. She joined First Pacific's Board in September 2015.

Margaret Leung Ko May Yee *SBS, JP*

Independent Non-executive Director

Age 63, 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 council member and Treasurer of the University of Hong Kong. She 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.

Tedy Djuhar

Non-executive Director

Age 64, 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 58, 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 Nippon Indosari Corpindo Tbk, 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


1


2


3


4


5


6

Ray C. Espinosa 1

Associate Director

Age 60, 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, Meralco PowerGen Corporation and First Coconut Manufacturing Inc. (FCMI). 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 60, 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, First Coconut Manufacturing Inc., Philex Gold Philippine, Inc., Philex Petroleum Corporation, Silangan Mindanao Mining Company Inc., Lepanto Consolidated Mining Company and Maynilad Water Services, Inc. Ms. Aquino joined First Pacific in 2012.

Christopher H. Young 3

Chief Financial Officer

Age 58, Mr. Young is currently a Director of Roxas Holdings, Inc. and FPM Power Holdings Limited, and a member of the Advisory Board of Philippine Long Distance Telephone Company (PLDT), a major operating associate of First Pacific. He most recently served as the Chief Financial Advisor of PLDT. He worked in PricewaterhouseCoopers in London and Hong Kong from 1979 until 1987, at which time he joined First Pacific in Hong Kong as Group Financial Controller. He joined Metro Pacific Corporation in 1995 as Finance Director, a position he held until he joined PLDT in November 1998.

Richard L. Beacher 4

Executive Vice President
Group Corporate Development

Age 57, 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. 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 61, 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 53, 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


7


8


9


10


11


12

John W. Ryan 7

Head of Investor Relations
Executive Vice President
Group Corporate Communications

Age 50, 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 39, 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 46, 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 2014, Mr. Chan was Vice President of Group Finance.

Sara S.K. Cheung 10

Vice President
Group Corporate Communications

Age 52, 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 58, 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 46, 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 2014, Mr. Lin was Vice President of Group Tax and Treasury.

CSR focus of First Pacific Group companies and foundations

First Pacific Charitable Fund

Supports the Hong Kong community with a focus on:

- Encouraging community involvement
- Well-being development
- Environmental care

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

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

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 The Symbol of Quality Foods

Social and community activities are embodied in these five pillars:

- Building human capital
- Participating in the Scaling Up Nutrition (SUN) Movement
- Strengthening economic value
- Protecting the environment
- Solidarity and humanity

Metro Pacific Foundation

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

goodman fielder our homegrown food company

Collaborates and works with others to:

- Source raw materials responsibly
- Relieve hunger and malnutrition
- Improve environmental outcomes
- Keep our people safe

Philex Group Foundation, Inc.

Provides funding and practical support for:

- Highland agriculture
- Social enterprise development
- Market establishment for the community goods, through PxCFMI

PacificLight

Supports Singapore-based charities through both financial and practical assistance:

- Socially responsible and acts ethically in the environment of Singapore
- Supporting the community through volunteering and donations, in particular areas relating to the environment, the disadvantaged and education

RHI Roxas Holdings, Inc.

Focuses on economic, social and environmental initiatives relevant to the business to ensure long-term sustainability and create mutual benefits to RHI and its stakeholders. These initiatives include:

- Poverty alleviation through good jobs and economic growth
- Clean water and sanitation
- Recyclable energy
- Responsible consumption
- Climate action

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

Leads initiatives and forges partnerships that promote:

- Water, sanitation and hygiene (W.A.S.H. agenda)
- Water resource conservation
- Livelihood development
- Youth empowerment
- Disaster response

Metro Pacific Tollways

Supports activities that lead to improvements in:

- Health
- The environment
- Education
- Road safety and safe expressway driving
- Youth engagement in sports

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

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 for career development to all employees, regardless of race, religion and gender. Our commitment to creating long-term value springs from our close connection to the needs of the communities where our businesses operate. Our businesses have the duty to their communities to ensure that vital services such as telecommunications, power, water, food, medical services, roads and rails 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

In 2015, First Pacific Group companies continued their community contributions according to each company's CSR focus. They also partnered in emergency response initiatives, under the co-ordination of the Group's CSR and disaster response platform, Tulong Kapatid (Brotherly Help), as well as focus on long-term programs to improve well-being, education and environmental protection in each of the Group's home countries.

Employee benefits

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

- Medical coverage for employees and their spouses and children
- All employees are entitled to medical health checks, 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
- Reducing paper consumption
- Implementing e-communications with registered shareholders, reducing the quantity of printed financial reports and circulars by two-thirds
- Recycling of paper, plastic and metal waste
- Improved office facilities with guidelines in place for energy conservation and a reduced carbon output
- Encouraging conference calls and video conferences to reduce executives' travelling

Community involvement

The **First Pacific Charitable Fund** was established in May 2015 to promote community involvement and services, and to engage in charitable activities organized by reputable charitable organizations in Hong Kong.

In September 2015, First Pacific's staff and their family members participated in the "Step Out for Children Walkathon" organized by The Society for the Relief of Disabled Children and raised funds to finance medical expenses for disabled children from financially distressed families.

In January 2016, First Pacific's staff and their family members participated in "Greening for the Chest 2015/16" at the North District Park. This planting event was coordinated by the Community Chest with the Leisure and Culture Services Department in Hong Kong.

Community support in Hong Kong

- Scholarships at Lingnan University
- The Community Chest
- The Society for the Relief of Disabled Children

Tulong Kapatid

Tulong Kapatid *(Brotherly Help)* is the CSR and disaster response platform of the First Pacific Group of companies in the Philippines. It is committed to alleviating the suffering of disaster victims, is a leading partner with the Philippine Government during national calamities and strives to contribute to the education and welfare of its communities.

Paskong Kapatid

As part of the celebration of International Volunteers Day in December 2015, Tulong Kapatid engaged employee volunteers to treat 80 children aged 7-10 years old to an afternoon of laughter and learning. During this activity, First Pacific board members and executives gave away bags of surprises to the children.

Donation of computer laboratory to Our Lady of Lourdes Parish

Tulong Kapatid donated a computer laboratory equipped with 22 desktop computers that will aid students who have difficulty connecting to the internet due to lack of computers or laptops in their schools. Participating companies include PLDT-Smart Foundation ("PSF"), PLDT, Meralco and Metro Pacific Tollways group companies.

Palo Multipurpose Evacuation Center

As part of the Typhoon Yolanda Rehabilitation Program, Tulong Kapatid will construct a multipurpose evacuation center in the compound of the Archdiocese of Palo, Leyte. The infrastructure will be used by its parishioners as an evacuation center in times of natural disasters and can also be used as training and activity center.

IdeaSpace

The foundation continued its mission of advocating science and technology innovation and entrepreneurship for nation-building. Since its establishment in March 2012, IdeaSpace has funded and supported 38 startup companies. In July 2015, it announced that it will work with the Philippine Government to establish the country's first national innovation hub.

Scaling Technopreneur Bootcamps to more communities in the Philippines

IdeaSpace has organized 12 Technopreneurship Bootcamps in 2015. IdeaSpace's community implemented programs in 27 cities, engaged in over 100 events, and reached over 16,000 people.

International partnerships

IdeaSpace continued to increase its academic partnerships, actively linking with Stanford University, Massachusetts Institute of Technology - Sloan School of Management and Harvard University. It improved its partnerships with IBM, Amazon Web Services, Microsoft, National Instruments and Solidworks to enhance the support system for early-stage startups. Its head of incubation also obtained a certification in incubation management given by the International Business Innovation Association. The certification is the first in the Philippines.

Pilot local, scale global

Some companies in the IdeaSpace portfolio went on to reach significant milestones in 2015. Tactiles, an educational toy to help kids learn basic electronics, successfully launched a crowdfunding campaign. The Kard, a customer loyalty startup, has raised US$375,000 in funding for the further development of its mobile application, MobKard. PinoyTravel, a bus booking reservation startup, now serves over 2,000 destinations with over 20 bus partners and ferry partners.

IdeaSpace to support 10 more companies with equity-free funding

The foundation funded and supported 10 more companies through its 3rd startup competition which drew over 1,000 applications from 16 countries outside of the Philippines. From 2016, IdeaSpace will move from taking equities in early stage companies to providing equity-free funding support for winners of its 4th startup competition.

IdeaSpace partners with DOST to build the Philippines' national innovation hub

In 2015, IdeaSpace in partnership with the Department of Science and Technology ("DOST"), Department of Trade and Industry ("DTI") and Information Communication Technology Office ("ICTO"), laid out the ground work for establishing the national innovation hub in two strategic locations: Intramuros, Manila and the University of the Philippines, Quezon City.

IdeaSpace secured grants from DOST, ADB and JP Morgan Foundation totaling Pesos 22 million (US$0.5 million) for the operation of the first national innovation hub.

PLDT

The **PLDT-Smart Foundation** ("PSF") is a non-profit organization that serves as the social outreach arm of PLDT and its subsidiary, Smart.

Education

Gabay Guro

Since 2007, Gabay Guro, a partnership of PSF with the PLDT Manager's Club, has been funding the education of over 1,000 deserving students to earn a Bachelor of Science in Education in any of 47 partner educational institutions throughout the Philippines. In 2015, this scholarship program has produced 89 graduates. The program has also built 19 classrooms most particularly in the Typhoon Yolanda disaster-stricken communities. The total number of beneficiaries from the construction of the classrooms is estimated at 3,011 students.

Donation of AGAPP school building at Danao Elementary School

PSF partnered with Aklat, Gabay, Aruga, Tungo sa Pag-Angat at Pag-Asa ("AGAPP") Foundation to build centers specifically designed for students in depressed communities. In 2015, PSF completed an AGAPP school in Danao, Bohol. The school building will double up as a library equipped with books and other school-related materials that will make learning conducive for preparatory to grade three students. The PSF and AGAPP Foundation partnership has already built three schools in Pampanga, Bohol and Compostela Valley.

11th MVP Academic Excellence Awards

The awards gave scholarship grants to 259 deserving dependents of PLDT and Smart employees.

Disaster relief and recovery

RISE chapels

PSF partnered with Caritas Manila and Maestro Ryan Cayabyab for a benefit concert to rebuild chapels severely damaged by Typhoon Yolanda at Palo, Leyte. The RISE: Rebuilding from the Ruins benefit concert raised over Pesos 20 million (US$0.4 million) to fund the reconstruction of at least 20 chapels. These chapels also serve as evacuation centers in case of calamities.

PSF-BDO Foundation partnership for school building construction

The PSF and BDO Foundation collaborated for the construction of a four-classroom school building at Pis-Anan, Sibalom, Antique as part of its Typhoon Yolanda Rehabilitation Program. The project also received financial support from RedKnee Solutions of Canada. The new school building is fully equipped with armchairs, blackboards and wall fans that will make learning conducive for the 875 students of Pis-Anan National High School.

Relief operations for fire victims at Mandaluyong

In response to the huge fire in Mandaluyong City a few days before Christmas 2015, PSF distributed relief bags and blankets to 1,564 families who were then temporarily seeking shelter in three evacuation centers. PLDT Human Resources employees also donated clothes and helped in the distribution.

Indofood

Indofood strives to create a better life for the community, through carrying out comprehensive CSR programs in a sustainable manner, and to grow with the country and people of Indonesia. This is in line with its mission to contribute to the welfare of its society and the environment, and to continuously build stakeholder value.

Environment stewardship

It has implemented various environmental management systems. Some of its operating units had awarded certification, including ISO 14001 and ISO 50001.

Indofood voluntarily conducts self-assessment on its environmental management according to Environment Ministry's program for company's Environmental Management Performance Rating (PROPER) across its operating units.

Sustainable plantations

The Agribusiness group is committed to conducting sustainable agribusiness practices and applying the highest industry standards. During 2015, it achieved additional 45,000 tonnes and 135,000 tonnes of certified CPO production under RSPO and ISPO requirements respectively, which bring its total RSPO and ISPO certified outputs to 377,000 tonnes and 180,000 tonnes respectively. It has targeted by 2019 to certify its entire production of sustainable palm oil, including its plasma farmers, in accordance with the standards of the RSPO. IndoAgri's sustainability report is available at www.indofoodagri.com.

Managing energy, water and waste

Indofood is committed to continuously improving its energy efficiency, water management and waste treatment, reuse and storage.

Labour practices, occupational safety and health practices

Indofood invests in people development through a wide range of training programs supported by Indofood Education and Training Centres facilities.

Employee safety and health are key priorities at Indofood, and its commitment to a safe and healthy workplace is outlined in the Safety, Health and Environment Policy ("SHE"). Several of its operating units are also certified to the internationally recognized Occupational Health and Safety Assessment Series ("OHSAS") 18001:2007 standard.

Indofood offers equal career development opportunities to all employees regardless of race, religion and gender. It also complies with Indonesian labour laws, such as the elimination of child labour.

Its employees are provided with healthcare benefits, maternity leave and extended leave for religious pilgrimages. Indofood provides educational support for employees' children through a scholarship program.

Social and community development

Building human capital

Indofood's building human capital programs include the Indofood Scholarship ("BISMA"), the Indofood Riset Nugraha ("IRN") research grant and the Indofood Rumah Pintar educational community centres.

The Scaling Up Nutrition Movement ("SUN Movement")

In 2015, it also continued the SUN Movement, holding the Indonesia launch in September 2015, continuing the Laser Beam Projects, the Pencerah Nusantara ("Enlightening the Nation") program, a Healthy Breakfast Program and a Milk Drinking Movement for students as well as running SUN MOBIL facilities for expectant mothers and toddlers.

Strengthening economic value

Indofood is focused on establishing sustainable and mutually beneficial partnerships to generate long term economic value. Key programs include Farmer Partnerships, Cow Breeders Partnerships, Tempe Producer Partnerships and Plasma Farmer Partnerships. It implemented the Pojok Selera Program, an entrepreneurship program for spouses and family members of farmers as well as the community, to set up non-rice-based food businesses. It also continued the Bogasari Mitra Card ("BMC") Program, a special membership program for operators and small-and-medium enterprise partners who use Bogasari flour in their culinary businesses. The Instant Noodle Division of the CBP group has developed Warmindo, an assistance program for small traders of Indomie noodles.

As part of its commitment to practicing sustainable agriculture, Indofood has been a member of Partnership for Indonesia Sustainable Agriculture ("PISAgro") since 2011. Indofood plays an active role as the Chair of the Potato Working Group Commodities and as a member of the Soybean Working Group.

Solidarity and humanity

Indofood's local presence gives it a unique capacity to lend a hand when disaster strikes, by delivering much-needed supplies in the first days after a catastrophe. In 2015, Indofood Peduli Posts offered emergency relief for victims of flooding, landslide and fire disasters. Additional philanthropic programs are implemented through Ramadhan Safari, Indofood Shares the Love and Qurban Offering Donation Program.

The Agribusiness group sponsors cleft lip surgeries for many children in Indonesia and cataract sufferers in the communities around plantations.

Product responsibility

Adhering to food safety principles

Food safety is Indofood's top priority. It controls food safety throughout the entire product lifecycle, in accordance with Indofood's Integrated Total Quality Management program and good manufacturing practices. This includes the adoption of international standards on Quality and Food Safety Management Systems, such as ISO 9001, ISO 22000, ISO 17025, FSSC 22000, HACCP, Hygiene Certificate and AIB International; as relevant to each operating units.

Commitment to Halal products

Its food is Halal-certified by the Assessment Institute for Food, Drugs and Cosmetics of the Indonesian Council of Ulamas ("LPPOM MUI"), while its HALAL operating system is certified with HALAL Assurance System ("HAS"). HAS is an international reference recognized by 41 foreign certification institutions, which has facilitated its exports to these countries.

Product labelling

Indofood's products comply with all applicable regulations and can include required information such as ingredients, nutritional values, product expiry dates and customer service.

Consumer facilities

Consumers are important stakeholders of Indofood. It always strives to increase consumer satisfaction by appreciating their inputs. Indofood Consumer Services ("ICS") is a channel through which consumers can make inquiries and lodge complaints about products, and receive a rapid and personalized response. It also facilitated thousands of factory visits in 2015.

MPIC

CSR is an integral part of MPIC's philosophy, and its increasing profitability has enabled it to be actively involved in making an impact to alleviate poverty and in acting as a steward of its natural resources in addition to being an active member of First Pacific Group companies CSR Council "Tulong Kapatid."

Shore It Up! for the mangroves

Shore It Up!, the flagship environmental sustainability program of MPIC, together with members of First Pacific Group companies in the Philippines, concluded its seventh run in Surigao del Norte in July 2015.

The program gathered close to a hundred divers from First Pacific Group companies as well as various private and government organizations from the host city and over 700 volunteers from Surigao del Norte alone. Over 1,000 primary students were inducted as Junior Environmental Scouts.

In 2015, MPIC developed its Mangrove Protection and Information Centre in Alaminos, overseeing 8 hectares of mangrove, which was launched in February 2016. This is the second mangrove center after the 2014 launch of Siargao, Mindanao. The mangrove center in Visayas is expected to start construction soon.

Excellent education with Mano Amiga

MPI Foundation provides high quality primary schooling to 30 Mano Amiga primary students. Mano Amiga is a school that is dedicated to children from low-income families, offering access to private education, holistic formation, and other necessary support for their future.

For its 2015 employee volunteer program, MPIC employees and executives took part in the volunteer day at Mano Amiga, teaching the children about environmental conservation. The Shore It Up! Junior Environmental Scouts program was shared and the children participated by creating posters of their ideal environment.

Economic empowerment through skills building and training

MPI Foundation continues to work with Philippine Business for Social Progress ("PBSP") through its ManPower Infrastructure Cooperative Development Project. This project, whose initial beneficiary is the community of Ana Maria, Quezon City, aims to assist at least 15 households to augment their income through the establishment of a manpower service business to be operated by their own cooperative.

Other CSR activities

MPIC supports the various advocacies of the group including music through Philpop, public service through TV5's Alagang Kapatid, tree planting and beautification projects.

MPI Foundation has also made numerous donations such as sacks of rice and the signature Shore It Up! turtle bag with school supplies to the "Faith Hope Love Kids Ranch," and medicine kits to children inflicted with cancer. MPIC also forged a partnership with the Philippine Agricultural Journalists through support of their nationwide climate change campaign.

Goodman Fielder

Goodman Fielder's CSR activities are summarized below:

Keeping our people safe

The objective is to ensure that Goodman Fielder's safety culture has a positive impact on the health and well-being of its people. In 2015, its safety focus was on the highest consequence risks. Standards were developed for each risk area and group wide implementation projects are in progress. These drove a 15% reduction in the Total Reportable Injury Frequency Rate ("TRIFR") in 2015.

Improving environmental outcomes

Goodman Fielder is committed to sourcing and using its raw materials responsibly, minimizing waste and protecting the local environments in which it operates.

The New Zealand business entered a group-wide energy management partnership with the Energy Efficiency and Conservation Authority in New Zealand. This program aims to reduce energy use by 4GWh annually through a mix of proven technology and innovative solutions.

Responsible sourcing

Goodman Fielder is committed to sourcing certified sustainable palm oil ("CSPO") for all Goodman Fielder products in Australia and New Zealand using the mass balance supply chain model. By the end of 2015, it had achieved supply chain certification for 26 manufacturing sites and over 95% of the palm oil contained in the ingredients used in Australia and New Zealand was CSPO (mass balance).

In June 2015, Goodman Fielder hosted a Responsible Sourcing and Traceability Forum to share knowledge and identify opportunities for collaboration to improve the effectiveness of sourcing programs.

On Human Rights Day on 10 December 2015, Goodman Fielder joined with seven leading Australian businesses in a pledge to work collaboratively, including with its suppliers, to help end slavery and all other forms of forced labour where identified in its supply chains.

Relieving hunger and malnutrition

Goodman Fielder Cares Trust ("GF Cares") (New Zealand)

GF Cares helps people and organisations in need through the donation of food and resources. The Trust is supported by Goodman Fielder NZ Ltd. and its employees through a variety of initiatives including a work place giving program, a community service scheme and a bread donation programme of 150,000 loaves annually to food banks.

Since GF Cares was launched in March 2013, Goodman Fielder employees have raised over NZ$250,000 (US$0.2 million) through a range of fundraising initiatives.

In 2015, the GF Cares Team worked with various low decile schools around the country to increase the supply of fresh bread to schools that operate in areas where Goodman Fielder has manufacturing facilities.

Goodman Fielder staff engaged with a variety of volunteering initiatives with local City Missions. Goodman Fielder also donated products for the Auckland City Mission Annual Christmas Lunch.

Foodbank (Australia)

Goodman Fielder is a major supporter of Foodbank, Australia's largest hunger relief organization. Its donations in 2015 provided nearly 2 million meals for those in need and were calculated to have a A$32 million (US$23.9 million) social return on investment.

Goodman Fielder also participated in Foodbank's "Food Fight" initiative, which enabled 7 million serves of food donated to those in need.

Meadow Fresh Champions program (New Zealand)

For over eight years Meadow Fresh has been the proud sponsor of the Sky City Breakers CHAMPIONS program. This community-based program not only teaches basketball to kids in schools but teaches them valuable lessons about becoming their own "Champion".

Community support programs (Fiji)

Its Fiji business has a special relationship with the local community and runs a variety of programs to relieve hunger and support the underprivileged across Fiji. Goodman Fielder also sponsored community police events aimed at reducing crime in high risk areas. It continued its annual support for the National Games for "Special and Inclusive" schools in 2015.

Crest Chicken Cool Stuff for Schools (Fiji)

Goodman Fielder's "Crest Chicken Cool Stuff for Schools" program helped support local schools. In 2015 the program delivered 372 "school rewards" to participating schools. These rewards include sporting equipment, water coolers, stationary, computers and printers. The program also facilitated a 7 day cultural exchange program in New Zealand for ten selected Fijian students.

Community support programs (Papua New Guinea)

The Papua New Guinea business holds long standing relationships with key charities and government programs that aim to assist those in need. Its partnership with the City Missions in both Port Moresby and Lae, including Pastor Stephen's Hope Mission, provides both food and employment opportunities. They are also working with the Department of Justice on rehabilitation programs.

Philex

Philex's mission has always been anchored on the core values of environmental and social responsibility. Its CSR programs are long-term, planned and implemented for generations ahead.

Philex's CSR program was recognized as one of the top CSR Advocates in Asia by the Mors Group and the organizing committee of the Asia Corporate Excellence and Sustainability Awards 2015.

Environment management and stewardship

Philex is a supporter and consistent awardee of the Philippine government's reforestation program, reforesting over 3,000 hectares and planting over 8 million trees of various species in its Padcal mine and various project sites.

Participation in the National Greening Program including Agroforestry and Mangrove reforestation and utilizing the areas for income generating projects like organic farming is the key focus in the Bulawan and Sibutad mine sites, which are currently under care and maintenance status.

Padcal mine, Benguet

The Padcal mine operation participated in the National Greening Program, with 330 hectares of plantation plus 100 hectares of new plantation under management, and 204,858 new assorted seedlings were planted in 2015. Philex also maintained bamboo plantations at decommissioned Tailings Storage Facility 1 and continued its solid waste, water resources and air quality management programs.

Bulawan mine, Negros Occidental

In addition to participation in the National Greening Program, Philex continued the Agroforestry Project in Bulawan, with a coffee plantation, propagation of fruit trees and organic vegetable production.

Sibutad mine, Zamboanga del Norte

In Sibutad, Philex continues to implement the mangrove reforestation project, planting 10,000 mangrove propagules, falcate seedlings and ornamental plants in 2015.

PUSONG **Philex**

Community Development Program and Social Development and Management Program

For more than half a century, Philex has been in the business of bringing opportunities to the countryside across the Philippines. It promotes activities that contribute to sustainable development of the communities through its Pusong Philex Community and Social Development Program named as **iHELP** (i-Information, Education and Communication; H-Health and Sanitation; E-Education; L-Livelihood and Skills Development; and P-Public Infrastructure Support). In 2015, Philex funded multiple iHELP programs, as well as programs related to the Development of Mining Technology and Geosciences ("DMTG").

In 2014, Philex produced its maiden Sustainability Report. Its 2015 Sustainability Report will follow the GRI G4 standard guidelines.

In view of the nearing end Padcal's mine life, Philex embarked on preparatory work for eventual decommissioning under its Final Mine Rehabilitation and Decommissioning Plan ("FMRDP"). The FMRDP is also intended to ensure that sustainable alternative livelihoods are established and left behind to the host and neighboring communities.

PLP

In 2015, PLP continued its support to a number of Singapore-based charities.

Community Service at the Willing Hearts Soup Kitchen ("WHSK")

Staff and their families volunteered over two separate occasions at WHSK in preparing food and cleaning the kitchens. WHSK prepares and distributes more than 5,000 meals on a daily basis to the elderly, physically disabled and low-income families in Singapore.

House-painting with Beyond Social Services ("BSS")

BSS is dedicated to reducing delinquency among children and youths from less privileged backgrounds. In preparation for the Hari Raya celebration, PLP volunteers supported a family of 6 by repainting their home, installing new shelving, and presenting the family with a selection of goodies that had been donated by a generous sponsor.

Food from the Heart Food Drive

PLP staff donated four large boxes of non-perishable food items to The Food Bank Singapore ("FBS") which is dedicated to fighting hunger and reducing food wastage in Singapore. FBS recipients include the elderly, less privileged or physically disabled individuals and charity organizations.

Befriending at Association for Persons with Special Needs ("APSN")

APSN is a non-profit organization operating five special needs schools in Singapore that support people with special needs such as mild autism/ADHD, from primary level to adult learning.

PLP staff had the opportunity to befriend and interact with students during the Parent-Teachers Conference session through art, craft, gardening activities and outdoor games.

Annual corporate calendar

PLP's annual corporate calendar raised environmental awareness among young students and its customers. A photo competition for primary and secondary schools in Singapore focused on the preservation of nature. Winning photos were featured in the calendar which was distributed to PLP customers and stakeholders.

RHI

RHI's CSR framework is anchored on ISO 26000, which defined the pillars of organizational governance, human rights, good labor practices, the environment, fair operating practice, consumer welfare and community involvement.

At the heart of RHI's philosophy – anchored on Reliability and Relevance, High Standards and Integrity – is corporate social responsibility. It is committed to developing its communities and taking care of its stakeholders while working towards its goal to be a globally-competitive industry player. It continues to prioritize sustainability in all aspects, focusing its efforts on industry developments and innovations, environmental stewardship, people management and development, community involvement and strict compliance.

The CSR Department and Roxas Foundation, Inc. ("RFI") are in-charge of implementing and managing the CSR initiatives of the company.

RHI partners with the Management Association of the Philippines ("MAP") on its Educated Marginalized Entrepreneurs Resource Generation ("EMERGE") Program

With the commitment to uplift the lives of communities where it operates, RHI partners with MAP on its EMERGE program, an inclusive growth program focused on job generation. This was launched in July 2015 in Nasugbu, Batangas, the community where Central Azucarera Don Pedro operates.

The EMERGE program will significantly benefit the smallholder sugar cane farmers in Nasugbu. It aims to find a viable and sustainable way to engage these low-income farmers within RHI's operations, by increasing their income while creating multiple benefits for the company by increasing market share and strengthening supply chain.

The program provides free mentoring and expert assistance in business management and access to low-interest loans. As of the moment, there are 25 smallholder farmers owning a total of 103 hectares. All the services they need from land preparation to harvesting are to be provided by Agri-business Development Corporation ("RHI-ADC"), one of RHI's strategic business units. Meanwhile, RHI continues to value its relationship with non-core planters and the company acknowledges their role in achieving sustainability in the industry. In September 2015, as part of the CSR objectives, a group of farmers formed a cooperative called SMNT or *Samahan ng mga Magsasaka ng Napier at Tubo*.

Forward planning: RHI explores partnership with BPI Foundation and WWF Philippines

Moving forward, RHI intends to adopt a similar model to the MAP partnership for a program specific to block sugar farms. The Business of Mainstreaming Sustainability - a four-year partnership between BPI Foundation and WWF – will provide credit access, mentoring and assistance to block sugar farm cooperatives.

RFI receives USAID grant

RFI, the social arm of RHI, was awarded with a grant by the United States Agency for International Development ("USAID") for its community project, "Turning A New Leaf: Threads and Weaving from Sugar Cane."

The grant will be used by RFI to help fund a pioneering technology that will extract finer from sugar cane stalks and convert them into more useful thread and weaving textiles. The textiles can then be used to produce environment-friendly materials that will help augment the income of RFI's communities. The project implementation began in August 2015 and will conclude in September 2017.

Coca-Cola FEMSA partners with RFI's social sports school program

In October 2015, RFI partnered with Coca-Cola FEMSA (Fomento Economico Mexicano S.A.B. de CV) for the Real Madrid Foundation's Social Sports School. The school aims to provide effective football training to students from RHI's communities and nurture positive values for holistic development.

Corporate Governance Report

Governance Framework

First Pacific is committed to building and maintaining high standards of corporate governance. During the year ended 31 December 2015, the Company's Corporate Governance Committee, comprised of a majority of Independent Non-executive Directors (INEDs) and chaired by an INED which was delegated with 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). The First Pacific Code was updated as a result of recent amendments to the Listing Rules.

On 2 September 2015, the Company appointed Ms. Madeleine Lee Suh Shin as an INED to replace Mr. Graham L. Pickles, who retired as an INED on 3 June 2015. Following the appointment of Ms. Lee, the Company has four INEDs out of its 11-member Board. Accordingly, the Company is in compliance with the requirement under Rule 3.10A of the Listing Rules requiring an issuer to appoint INEDs representing at least one-third of the Board.

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

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

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

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 our major listed 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 2015.

Directors' interest in securities of the Company and its associated corporations as at 31 December 2015 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 employees and those who deal with 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 2015, 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 Re-appointment: 3 June 2015 (re-elected) to 2018 AGM	**Prof. Edward K.Y. Chen,** *GBS, CBE, JP* Term of Re-appointment: 30 May 2013 (re-elected) to 2016 AGM	**Manuel V. Pangilinan** Term of Re-appointment: 30 May 2013 (re-elected) to 2016 AGM
Benny S. Santoso Term of Re-appointment: 28 May 2014 (re-elected) to 2017 AGM	**Margaret Leung Ko May Yee,** *SBS, JP* Term of Re-appointment: 30 May 2013 (re-elected) to 2016 AGM	**Edward A. Tortorici** Term of Re-appointment: 3 June 2015 (re-elected) to 2018 AGM
Napoleon L. Nazareno Term of Re-appointment: 28 May 2014 (re-elected) to 2017 AGM	**Philip Fan Yan Hok** Term of Re-appointment: 30 May 2013 (re-elected) to 2016 AGM	**Robert C. Nicholson** Term of Re-appointment: 28 May 2014 (re-elected) to 2017 AGM
Tedy Djuhar Term of Re-appointment: 3 June 2015 (re-elected) to 2016 AGM	**Madeleine Lee Suh Shin** Term of Appointment: 2 September 2015 (appointed until 2016 AGM)	

During the year, composition of the Company's Board committees has been changed as a result of the change in directors, with effect from 8 September 2015:

Audit and Risk Management Committee

Ms. Madeleine Lee Suh Shin, an INED, was appointed as a member while Prof. Edward K.Y. Chen, an INED and a member, was re-designated as Chairman of the Audit and Risk Management Committee to replace Mr. Graham L. Pickles, who retired as an INED on 3 June 2015.

Remuneration Committee

Mr. Philip Fan Yan Hok, an INED, was appointed as a member of the Remuneration Committee to replace Mr. Graham L. Pickles.

Nomination Committee

Ms. Madeleine Lee Suh Shin, an INED, was appointed as a member of the Nomination Committee to replace Mr. Graham L. Pickles.

Corporate Governance Committee

Prof. Edward K.Y. Chen, an INED, resigned as a member of the Corporate Governance Committee due to his involvements in other 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.

The Company installed the ICSA Software and implemented the distribution of Board/Board Committee papers through an electronic platform since March 2014. Those Directors who choose to access Board/Board Committee papers through the electronic platform are provided with an iPad. A reading room has been added to the platform to provide Directors with access to relevant information relating to the Company. The electronic platform 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 detail 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 receive 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 2015 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 six meetings in 2015, of which five were scheduled physical board meetings and one was held on an ad hoc basis (by teleconference) when a Board decision is required on the major issues. The attendance records of the Board and Board Committee meetings as well as the AGM held in 2015 are shown in the following table. The overall attendance rate of Directors at Board Meetings was 93% while for the Board Committee meetings was 95%. The high attendance record at the Board and its Board Committee meetings in 2015 demonstrates Directors' strong commitment to the Company.

	Meetings held in 2015						
	Physical Board	Board via Teleconference	Audit and Risk Management Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	2015 AGM
Number of Meetings	5	1	5	1	2	2	1
Executive Directors							
Manuel V. Pangilinan	5/5	1/1	–	1/1	2/2	–	1/1
Edward A. Tortorici	5/5	1/1	–	–	1/2#	–	1/1
Robert C. Nicholson	5/5	1/1	5/5#	–	2/2#	2/2	1/1
Non-executive Directors							
Anthoni Salim	4/5	0/1	–	–	0/2	–	1/1
Benny S. Santoso	5/5	1/1	5/5	–	–	–	1/1
Napoleon L. Nazareno	5/5	1/1	–	–	–	–	1/1
Tedy Djuhar	3/5	1/1	–	–	–	–	0/1
Independent Non-executive Directors							
Graham L. Pickles*1	2/2	1/1	2/2	–	1/1	–	0/1
Prof. Edward K.Y. Chen*2, *GBS, CBE, JP*	5/5	1/1	5/5	1/1	2/2	2/2	1/1
Margaret Leung Ko May Yee, *SBS, JP*	5/5	1/1	5/5	–	–	2/2	1/1
Philip Fan Yan Hok*3	5/5	1/1	–	1/1	2/2	2/2	1/1
Madeleine Lee Suh Shin*4	2/2	–	2/2	–	–	–	–
Average Attendance Rate	94%	91%	100%	100%	78%	100%	82%

\# Not a member of the respective Board Committees but attended the Committee meetings.
*1. Mr. Pickles retired as an INED of the Company on 3 June 2015.
*2. Prof. Chen resigned from the Corporate Governance Committee on 8 September 2015.
*3. Mr. Fan was appointed as a member of the Remuneration Committee on 8 September 2015.
*4. Ms. Lee was appointed as an INED of the Company on 2 September 2015 and served as member of the Audit and Risk Management Committee and Nomination Committee on 8 September 2015.

Board Diversity

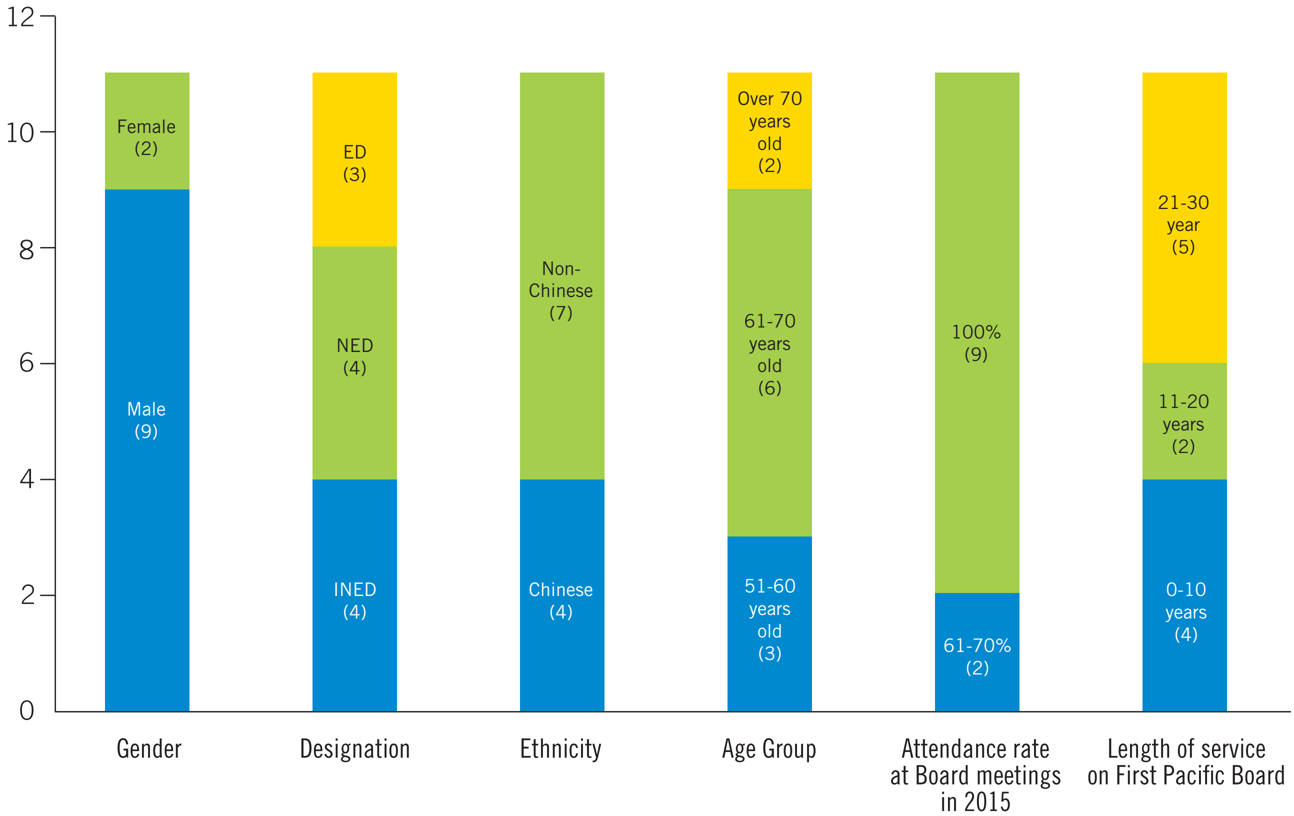
The Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The Board has a balance of skill and experience appropriate for the requirements of the Group's businesses.

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) under Corporate Governance Section. 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.

In December 2015, all of our INEDs, Prof. Edward Chen, Mr. Philip Fan, Mrs. Margaret Leung and Ms. Madeleine Lee, travelled to the Philippines for board meeting and/or site visit for purpose of gaining better understanding of the Group's businesses based in the Philippines. The INEDs met with our Managing Director and CEO (Mr. Manuel V. Pangilinan), Executive Directors (Mr. Edward A. Tortorici and Mr. Robert C. Nicholson), locally based Non-executive director (Mr. Napoleon L. Nazareno), our Indonesian Non-executive director (Mr. Benny S. Santoso) and local senior management in Manila.

The INEDs visited Meralco's customer-focused initiative, the Meralco Power Lab. Its two-level multipurpose facility tests measure the power usage of appliances and gadgets for purpose of educating Filipinos on electricity use and the impact of energy management in their daily lives. The INEDs then traveled to Metro Pacific Tollways and visited the NLEX Mindanao Avenue Link Customer Service Center and NLEX Traffic Control Room. The 24-hour operating traffic control room is manned by two operators and one supervisor who monitor the flow of vehicles through Closed Circuit Television Cameras and locate the patrol vehicles throughout the highway using the Automatic Vehicle Locator System, which improves the response time of patrol vehicles to any incident throughout the highway. On the second day, the INEDs were accompanied by Mr. Nicholson to Nasugbu, Batangas where the Roxas sugar mills and refinery factories are located. They were informed of the raw sugar production and refinery processes where raw and refined sugar in different grades are produced for supply to industrial users, including food and beverage, and pharmaceutical companies, as well as to customers with unique product specifications. The INEDs also met with the senior management of Roxas to further understand their challenges in the sugar industry and expansion prospects. The INEDs then visited Maynilad Lamesa Treatment Center in Novaliches, Quezon City which has a major reservoir with a storage capacity of 10 million liters. The Novaliches Portal Flow Control System enables real-time monitoring and control of the water flow from Ipo Dam. The INEDs also visited Voyager's head office and gained some insights of its innovative initiatives.

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 subsidiaries, 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, Berkshire Hathaway Specialty Insurance Company 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, knowledge and experience and diversity of 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.

On 2 September 2015, the Company appointed Ms. Madeleine Lee Suh Shin as an INED to replace Mr. Graham L. Pickles, who retired as an INED on 3 June 2015. In accordance with the Company's bye-laws, Ms. Lee shall remain as a Director of the Company until the next following annual general meeting of the Company to be held on 6 June 2016 (2016 AGM). Ms. Lee will then be eligible for re-election at the 2016 AGM for a fixed term of approximately three years, commencing on the date of the 2016 AGM and expiring at the conclusion of the annual general meeting of the Company to be held in the third year following the year of her re-election (being 2019).

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 2015.

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 58 to 61.

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 Hong Kong Competition Ordinance, Risk Management and Internal Controls, Inside Information and ESG reporting, 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 2015:

	Training in relation to Competition Ordinance	Training in relation to Risk Management and Internal Controls	Training in relation to Proper Disclosure of Inside Information	Training in relation to ESG Reporting	Site Visit to Manila	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						
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	✓	✓	✓	✓	✓	✓
Margaret Leung Ko May Yee, *SBS, JP*	✓	✓	✓	✓	✓	✓
Philip Fan Yan Hok	✓	✓	✓	✓	✓	✓
Madeleine Lee Suh Shin*	✓	✓	✓	✓	✓	✓

* Ms. Madeleine Lee Suh Shin was appointed as an INED on 2 September 2015.

Board Committee

The Board has set up four Committees, namely the Audit and Risk Management Committee (formerly known as 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:

BOARD

Audit and Risk Management Committee
Prof. Edward K.Y. ChenΔ*
Margaret Leung Ko May Yee*
Madeleine Lee Suh Shin*
Benny S. Santoso#

Remuneration Committee
Prof. Edward K.Y. ChenΔ*
Philip Fan Yan Hok*
Manuel V. Pangilinan

Nomination Committee
Philip Fan Yan HokΔ*
Prof. Edward K.Y. Chen*
Madeleine Lee Suh Shin*
Anthoni Salim#
Manuel V. Pangilnan

Corporate Governance Committee
Margaret Leung Ko May YeeΔ*
Philip Fan Yan Hok*
Robert C. Nicholson

Δ Chairman of the Committee
* INED
\# NED

Each of these Board Committees has specific written terms of reference, which set out in detail their respective authorities and duties. 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 to the Board on their decisions or recommendations on a regular basis.

Audit and Risk Management Committee

On 8 September 2015, Ms. Madeleine Lee, an INED, was appointed as a member of the Audit and Risk Management Committee while Prof. Edward Chen, an INED and a member of the Audit and Risk Management Committee, was re-designated as Chairman of the Audit and Risk Management Committee to replace Mr. Graham L. Pickles.

The Audit and Risk Management Committee is currently comprised of four Non-executive Directors, three of whom are INEDs, with Prof. Edward Chen acting as chairman of the Audit and Risk Management Committee. Members of the Audit and Risk Management Committee possess appropriate professional qualifications and experience in financial matters, which is in compliance with Rule 3.21 of the Listing Rules.

The Audit and Risk Management 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 and Risk Management Committee reviews matters within the purview of audit, such as financial statements, risk management and internal control systems, in order to protect the interests of the Company's shareholders. The Audit and Risk Management Committee also performs an independent review of the interim and annual financial statements.

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

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

- reviewed the Company's annual results and financial statements for the year ended 31 December 2014 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 2015 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 2015 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, risk management and internal control systems;
- exercised oversight over the audit and/or risk management committees of the Company's major operating companies;
- reviewed the impairment provision relating to the mining investment in Philex;
- reviewed progress on the proposed disposal by Indofood of a majority controlling interest in CMZ and the related matters;
- considered the proposed revision of the 2015-2016 annual caps relating to Indofood's Beverage Business Transactions relating to associate of Mr. Salim;
- considered the 2015 Audit Plan for the First Pacific Group; and
- reviewed the Audit and Risk Management 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

During the year, Mr. Philip Fan Yan Hok, an INED, was appointed as a member of the Remuneration Committee on 8 September 2015 to replace Mr. Graham L. Pickles. 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 one meeting. 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 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;
- reviewed the 2016 salary budget and 2015 annual bonus and considered proposals relating to long term incentive scheme; 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

During the year, Ms. Madeleine Lee Suh Shin, an INED, was appointed as a member of the Nomination Committee on 8 September 2015 to replace Mr. Graham L. Pickles. 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 two meetings. 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 86);
- nominated the retiring Directors to stand for re-election;
- made recommendations to the Board on the appointment and/or re-appointment of Directors;
- reviewed the composition and diversity of the Board and monitored the implementation of the Board Diversity Policy;
- 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; and
- reviewed the appointment of a new INED, Ms. Madeleine Lee Suh Shin.

Corporate Governance Committee

During the year, Prof. Edward K.Y. Chen, an INED resigned as a member of the Corporate Governance Committee on 8 September 2015 due to his involvements in other Board Committees. 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 options for ESG reporting;
- reviewed the results of Board Evaluation;
- 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 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	2015	2014
Auditors' remuneration		
– Audit services	**3.8**	3.3
– Non-audit services(i)	**0.6**	0.8
Total	**4.4**	4.1

(i) Pertains to due diligence, review of continuing connected transactions and other transactions relating to the Group's business development.

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 2015 Annual Report. During 2015, the Company Secretary undertook 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 2014 and 2015 and submitted the Summary of Carbon Footprint for 2014 to the website of Environmental Protection Department of Hong Kong Special Administrative Region – "Carbon Footprint Repository for Listed Companies in Hong Kong" (www.carbon-footprint.hk). Subsequent report for 2015 will also be submitted in due course.

The reported Greenhouse Gas emission of the Head Office in 2015 was 226.7 tonnes of CO_2-e (2014: 308.4 tonnes of CO_2-e), which showed a significant reduction of 26.5% in 2014 and 25.2% when compared to the base year 2013. The Scope 2 emissions from purchased electricity also showed a 37.3% decrease, mainly due to the lighting retrofit completed in 2015. The ratio indicator in terms of revenue showed a 30.3% decrease from 50.5 kg CO_2-e/US$m in 2013 and 22.0% decrease from 45.1 kg CO_2-e/US$m in 2014 to 35.1 kg CO_2-e/US$m in 2015. The spread for the 2015 emission is as follows:

1. Scope 1: Mobile fuel consumption (3.2%);
2. Scope 2: Purchased electricity (35.4%); and
3. Scope 3: Paper waste disposal (4.3%) and business travel by air (57.1%).

In 2015, the Company continued to participate and support the CarbonCare® Label, a carbon management scheme developed by CCA, and was awarded with CarbonCare® Label Level 1 Carbon Reduction – Achievement Award for 2015 in respect of the Head Office in Central, Hong Kong. With the support from management, the Company achieved annual carbon reduction of at least 5% against the base year 2013.

The Company continued to implement the following carbon reduction measures in 2015, as supported 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 the use of paper by printing or photocopying on both sides of paper, where applicable;
- insert a reminder on emails asking users to consider the environment before printing emails;
- put up signage to remind our staff to use less water in the pantry and toilets;
- 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 2015, the Company received the following awards in recognition of its involvement in carbon management:

- CarbonCare® Label Level 1 Carbon Reduction – Achievement Award for 2015 in respect of the 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 2015, there was no change in the constitutional document. They are available on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) 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 the 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 (SGM) 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 2015 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 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 website of the Company (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 Possible Connected Transaction

During the year, the INEDs agreed with the Directors in relation to the following continuing connected transactions and possible connected transaction and approved the disclosure of those transactions in the form of published announcements:

- 16 January 2015 announcement: following expiry of the previous framework agreement between D.M. Consunji, Inc. (Consunji), a subsidiary of DMCI Holdings Inc. (DMCI), and Maynilad Water Services, Inc. (Maynilad) on 31 December 2014, Consunji and Maynilad entered into a new Framework Agreement on substantially the same term as the previous framework agreement in order to continue performance of the services under the previous framework agreement and to allow Consunji to continue submitting proposals for business put out to competitive tender by Maynilad. Similarly, following expiry of the lease agreement between DMCI Project Developers, Inc. (DMCIPD), a subsidiary of DMCI, and Maynilad, on 31 January 2015, DMCIPD and Maynilad entered into a Renewal Contract, pursuant to which they have mutually agreed to further renew the lease agreement for a period of three years.

The First Pacific group has an approximately 51.3% interest in Maynilad Water Holding Company, Inc. (MWHC), the holding company of Maynilad. By virtue of Rule 14A.07(1) of the Listing Rules, DMCI owning an approximately 27.2% interest in MWHC, is a connected person of the Company. Consunji and DMCIPD are subsidiaries of DMCI, hence, connected persons of the Company. Accordingly, the entering into of the Framework Agreement and the Renewal Contract each constitutes a continuing connected transaction for the Company and is required to be disclosed pursuant to the Listing Rule requirements. Since Consunji and DMCIPD are connected persons only at the subsidiary level of the Company, the Framework Agreement and the Renewal Contract and their related annual caps are subject only to reporting and announcement requirements and are exempt from circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

- 16 October 2015 announcement: following the Company's previous announcement made on 15 October 2014 relating to the 2014 – 2016 Annual Caps in respect of Indofood's certain continuing connected transactions, the Company announced the revised Annual Caps for 2015 and 2016 in respect of the Beverage Business transactions relating to associates of Mr. Salim due to expansion of Indofood's Beverage Business. When the revised Annual Caps in respect of those Beverage Business transactions are aggregated, one or more of the percentage ratios exceeds 0.1% but none of the percentage ratios exceeds 5%. Accordingly, those Beverage Business transactions and the revised aggregated Annual Caps became continuing connected transactions of the Company and are required to be disclosed pursuant to the Listing Rule requirements.

- 16 October 2015 announcement: following the Company's previous announcement made on 31 December 2014 relating to the proposed disposal by Indofood of its approximately 52.94% interest in CMZ to CMZ BVI at S$1.20 (US$0.85) per share (Proposed Transaction), the Company announced that on 14 October 2015, Indofood and CMZ BVI entered into a binding memorandum of understanding (MOU), which sets out the terms upon which Indofood and CMZ BVI would continue to discuss and work towards finalisation of a definitive sale and purchase agreement (SPA) for the Proposed Transaction.

  In consideration of Indofood entering into the MOU, CMZ BVI has agreed to pay Indofood, no later than 30 December 2015, earnest sums amounting to S$40 million (US$29.4 million), which shall be treated as part of the consideration payable to Indofood for the Proposed Transaction upon the consummation of the transaction. The total consideration for the Proposed Transaction, if consummated, would be S$416.4 million (US$293.4 million). Based on the size of the Proposed Transaction and the parties involved, this transaction is deemed to be a possible discloseable and connected transaction for the Company.

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		Transaction amount for the year ended 31 December 2015 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
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) grants an exclusive licence in respect of the "Indomie" trademark in Nigeria and provides technical services in connection with instant noodle manufacturing operations in Nigeria; and (2) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products	1 January 2014	31 December 2016	32.8
ISM/ICBP	Pinehill Arabian Food Ltd. (Pinehill), an associate of Mr. Anthoni Salim	(1) grants an exclusive licence in respect of the "Indomie", "Supermi" and "Pop Mie" trademarks in certain countries in the Middle East; (2) provides technical services in connection with instant noodle manufacturing operations in certain countries in the Middle East; and (3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products	1 January 2014	31 December 2016	74.4
ISM/ICBP	Salim Wazaran Group Limited (SAWAZ Group), an associate of Mr. Anthoni Salim	(1) grants a non-exclusive licence in respect of the "Indomie" trademark in certain countries in the Middle East and Africa; (2) provides technical services in connection with instant noodle manufacturing operations in certain countries in the Middle East and Africa; and (3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products	1 January 2014	31 December 2016	9.2
ISM and its subsidiaries	PT Indomobil Sukses Internasional Tbk. (Indomobil) and its subsidiaries, an associate of Mr. Anthoni Salim	Indomobil and it subsidiaries sell/rent cars, provide car services and sell spare parts to ISM and its subsidiaries	2 January 2014	31 December 2016	1.0
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					**117.4**

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2015 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
PT Salim Ivomas Pratama Tbk (SIMP)	PT Adithya Suramitra (ADS), an associate of Mr. Anthoni Salim	ADS grants a 20 year lease to SIMP for use of factory properties	1 June 1996	31 December 2016	0.0
SIMP and its subsidiaries	PT Sarana Tempa Perkasa (STP), an associate of Mr. Anthoni Salim	STP (1) provides pumping services to SIMP and its subsidiaries to load crude palm oil and other derivative products to vessels; and (2) 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; rent office space, trucks and tug boats from RMK; use transportation services from RMK; and purchase road reinforcement services from RMK	1 January 2014	31 December 2016	0.4
SIMP and its subsidiaries	IndoInternational Green Energy Resources Pte. Ltd. (IGER Group), an associate of Mr. Anthoni Salim	SIMP and its subsidiaries provide operational services, sell seedlings, sell prefabricated housing materials, sell fertilizer products, lease office space to IGER Group; and buy palm oil and its derivatives products from IGER Group.	1 January 2014	31 December 2016	38.8
ISM and its subsidiaries	PT Indotek Konsultan Utama (IKU), an associate of Mr. Anthoni Salim	IKU provides consulting services for project development to ISM and its subsidiaries	2 January 2014	31 December 2016	–
ISM and its subsidiaries	LPI, an associate of Mr. Anthoni Salim	ISM and its subsidiaries buy 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	3.5
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Anthoni Salim	Indomobil and its subsidiaries sell/rent cars, provide car services and sell spare parts to ISM and its subsidiaries	2 January 2014	31 December 2016	1.7
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	14.6
SIMP	PT Nippon Indosari Corpindo (NIC), an associate of Mr. Anthoni Salim	SIMP sells margarine to NIC	1 January 2014	31 December 2016	0.2

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2015 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
ISM	LPI, an associate of Mr. Anthoni Salim	ISM grants an exclusive license of its "Indosugar" trademark related to sugar to LPI	1 January 2014	31 December 2016	0.4
PT Inti Abadi Kemasindo (IAK)	LPI, an associate of Mr. Anthoni Salim	IAK sells packaging materials to LPI	2 January 2014	31 December 2016	0.4
ISM – Bogasari Division (Bogasari)	LPI, an associate of Mr. Anthoni Salim	Bogasari provides management services to LPI	2 January 2014	31 December 2016	–
SIMP and its subsidiaries	PT Cipta Subur Nusa Jaya (CSNJ), an associate of Mr. Anthoni Salim	SIMP and its subsidiaries rent 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	2 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	0.3
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	31.9
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	12.6
PT Indoagri Inti Plantation (IIP)	CSNJ, an associate of Mr. Anthoni Salim	IIP rents infrastructure from CSNJ	15 October 2014	31 December 2016	0.0
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	0.1
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 leases trucks to MSA	15 October 2014	31 December 2016	–
Aggregated transaction amount					**105.3**

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 2015 (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	6.9
ISM and its subsidiaries	PT Central Asia Raya (CAR), an associate of Mr. Anthoni Salim	CAR provides insurance services for personal accident and health to ISM and its subsidiaries	2 January 2014	31 December 2016	3.9
ISM and its subsidiaries	PT Indosurance Broker Utama (IBU), an associate of Mr. Anthoni Salim	IBU provides insurance services to ISM and its subsidiaries	2 January 2014	31 December 2016	0.7
Aggregated transaction amount					**11.5**

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 2015 (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	14.5
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	1.7
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	1.6
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 and its subsidiaries, an associate of Mr. Anthoni Salim	Indomobil and its subsidiaries sell/rent cars, provide car services and sell spare parts to ISM and its subsidiaries	2 January 2014	31 December 2016	5.0
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	8.2
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	4.7
IAP	Indomaret, an associate of Mr. Anthoni Salim	IAP sells finished goods to Indomaret	2 January 2014	31 December 2016	97.1
IAP	Indogrosir, an associate of Mr. Anthoni Salim	IAP sells finished goods to Indogrosir	2 January 2014	31 December 2016	23.9
PDU	Indomaret, an associate of Mr. Anthoni Salim	PDU sells finished goods to Indomaret	2 January 2014	31 December 2016	8.2
PDU	Indogrosir, an associate of Mr. Anthoni Salim	PDU sells finished goods to Indogrosir	2 January 2014	31 December 2016	2.2
Aggregated transaction amount					**167.1**

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

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 2015 (US$ millions)
Bogasari	NIC, an associate of Mr. Anthoni Salim	Bogasari sells flour to NIC	1 January 2014	31 December 2016	16.0
Bogasari	FFI, an associate of Mr. Anthoni Salim	Bogasari sells flour and spaghetti to FFI	1 January 2014	31 December 2016	1.0
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	0.0
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Anthoni Salim	Indomobil and its subsidiaries sell/rent cars, provide car services and sell spare parts to ISM and its subsidiaries	2 January 2014	31 December 2016	1.3
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	2.7
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	1.6
Bogasari	Indogrosir, an associate of Mr. Anthoni Salim	Bogasari sells finished goods to Indogrosir	2 January 2014	31 December 2016	6.5
Aggregated transaction amount					**29.2**

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

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 2015 (US$ millions)
IASB	SDM, an associate of Mr. Anthoni Salim	IASB uses human resources outsourcing services from SDM	2 January 2014	31 December 2016	0.1
IASB	Indomaret, an associate of Mr. Anthoni Salim	IASB sells finished goods to Indomaret	2 January 2014	31 December 2016	6.4
IASB	Indogrosir, an associate of Mr. Anthoni Salim	IASB sells finished goods to Indogrosir	2 January 2014	31 December 2016	0.8
IASB	Indomobil and its subsidiaries, an associate of Mr. Anthoni Salim	Indomobil and its subsidiaries sell/rent vehicles, provide car services and sell spare parts to IASB	2 January 2014	31 December 2016	0.5
IASB	LS, an associate of Mr. Anthoni Salim	IASB sells drinking products to LS	2 January 2014	31 December 2016	0.0
Aggregated transaction amount					**7.8**

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

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 2015 (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 and its subsidiaries, an associate of Mr. Anthoni Salim	Indomobil and its subsidiaries sell/rent cars, provide car services and sell spare parts 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	0.3
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	0.5
Indolakto	NIC, an associate of Mr. Anthoni Salim	Indolakto sells finished goods to NIC	2 January 2014	31 December 2016	0.2
Indolakto	FFI, an associate of Mr. Anthoni Salim	Indolakto sells finished goods to FFI	2 January 2014	31 December 2016	0.0
Aggregated transaction amount					**2.4**

H. Transactions relating to the Beverage Business – Asahi Transactions

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 2015 (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 to conduct beverages business	2 January 2014	31 December 2016	0.2
ISM	PT Asahi Indofood Beverage Makmur (AIBM)	AIBM rents office space from ISM	1 January 2014	31 December 2016	0.2
SRC	AIBM and its subsidiaries	SRC sells carton box packaging to AIBM and its subsidiaries for product packaging	2 January 2014	31 December 2016	1.5
ICBP Packaging Division	AIBM and its subsidiaries	ICBP sells lids to AIBM and its subsidiaries for product packaging	2 January 2014	31 December 2016	0.0
IASB and its subsidiaries	AIBM and its subsidiaries	AIBM and its subsidiaries sell drinking products to IASB and its subsidiaries	27 January 2014	31 December 2016	102.5
IASB and its subsidiaries	PT Calpis Indonesia (PTCI), a substantial shareholder of the Indofood Group	IASB and its subsidiaries pay supply fee to PTCI	1 July 2014	31 December 2016	0.4
Aggregated transaction amount					**104.8**

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		Transaction amount for the year ended 31 December 2015 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
Maynilad Water Services, Inc. (Maynilad)	D.M. Consunji, Inc. (Consunji), a subsidiary of DMCI	Consunji provides construction services for the construction of Parañaque Sewer Network - Package 2	20 January 2015	12 July 2016	36.8
Maynilad	Consunji	Consunji provides construction services for the De-silting Works at Putatan Water Treatment Plant Forebay	28 May 2015	11 July 2015	
Maynilad	Consunji	Consunji provides construction services in respect of the proposed 1200mm Supply Improvement Pipelaying along La Mesa Road from north A Annex Pumping Station to Sacred Heart Reservoir Quezon City under North Caloocan Business Area	18 June 2015	26 December 2015	
Maynilad	Consunji	Consunji provides construction services in respect of the proposed 700mm Supply Improvement Pipelaying along Quirino Highway from Sacred Heart Reservoir to Crispulo, Quezon City and Caloocan City under North Caloocan Business Area	18 June 2015	23 December 2015	
Maynilad	Consunji	Consunji provides construction services in respect of the proposed installation of PLDT Conduits & Manholes along Bisita St. Carsadang Bago & Pagasa Road, Imus, Cavite under Maynilad & PLDT Synergy Project	3 July 2015	4 August 2015	
Maynilad	Consunji	Consunji provides construction services in respect of the proposed construction of Tirona Pumping Station and 35 ML Reservoir in Kawit, Cavite	10 July 2015	4 May 2016	
Maynilad	Consunji	Consunji provides construction services in respect of the proposed 700mm Primary Pipelaying with SDS along Molino Road from Meadow Park to Dasmariñas Boundary, Bacoor City, Cavite under Cavite Business Area	14 December 2015	10 June 2016	
Sub-total					**36.8**

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2015 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
Maynilad	DMCI Project Developers, Inc. (DMCIPD), a subsidiary of DMCI	DMCIPD made available for lease the office unit and 12 parking units to Maynilad as its Makati Business Area Office for a period of three years which started on 1 February 2012 until 31 January 2015	1 February 2012	31 January 2015	0.1
Maynilad	DMCIPD	DMCIPD makes available for lease the office unit and 12 parking units to Maynilad as its Makati Business Area Office for a period of three years starting on 1 February 2015 until 31 January 2018	1 February 2015	31 January 2018	
Sub-total					**0.1**
Aggregated transaction amount					**36.9**

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

In respect of the financial year ended 31 December 2015, 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.

Risk Management and Internal Control

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 risk management and internal controls as essential. The Board plays a key role in the implementation and monitoring of risk management and internal controls. Their responsibilities include:

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

The Board is responsible for maintaining an adequate risk management and internal control systems across the Group and reviewing their effectiveness through the Audit Committee, which has been re-designated as the Audit and Risk Management Committee.

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

In respect of the financial year ended 31 December 2015, the Board confirmed that it has received confirmation from the operating companies' audit committees, risk committees and/or internal auditor on the effectiveness of the Group's risk management and internal control systems and that there is no significant area of concern to be disclosed.

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 and internal controls 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 and Risk Management Committee and the Board on an ongoing basis.
- To ensure effective implementation of risk management and internal control systems, 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 2015 relating to competitive situation, changing revenue mix, disruptive nature of OTT services, rapid change of technology, monetization of data and other new services, people, increased level of investments, cyber security concerns, natural disasters, regulatory and political risks. 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, 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.

- Sugar production - 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.
- Branded consumer foods – Goodman Fielder's risks involve management of key enterprise risks, including workplace safety and security, food safety and quality, supply chain and manufacturing, strategy and project/program execution, relationships with key customers, and commodity and product innovation risks. The Corporate Risk Committee was established to assist the Board in fulfilling its responsibility to oversee the quality and effectiveness of the risk management system and framework, which set out the policy and process to be followed to enable the identification, assessment, treatment, reporting and monitoring of risks on a business and Group basis, which was reported to the Board on a regular basis.
- Infrastructure – MPIC identifies the key potential risks specific to its businesses as operational risks, political and regulatory risks for businesses which are directly regulated by arms of the state: electricity distribution; water supply and distribution along with sewage treatment; and tollroads, as well as competition in bidding for the various Public Private Partnership projects offered by the Philippine Government. In order to mitigate those risks, each operating company has a full management team which is responsible for managing the risks, with investee companies establishing dedicated regulatory management groups with experienced personnel to manage the relationship with regulators, keeping management up-to-date on the status of the relationship and ensuring that companies are well prepared for any forthcoming regulatory changes or challenges, as well as adhering to the holding company's investment disciplines. Meralco managed its risk of losing customers by improving efficiencies to demonstrate that it would be uneconomical for customers to disconnect and self-generate electricity. Maynilad managed its supply risk through moderating its reliance on Angat dam by developing the Putatan water treatment plant to secure water supply for Maynilad. MPTC managed the risk by choosing projects carefully by reference to traffic density, competing routes, demographic changes and other relevant factors. For the Hospital Group, they will ensure that they know their target market and scale improvements towards the patients' ability to pay for hospital services. 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 Risk Management Committee.
- 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.
- 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 and/or risk committees and board of directors. The audit and/or risk 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 2015, the Audit and Risk Management Committee reviewed and advised that:

- The risk management and 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 and/or for retention purpose. 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 for attending Board or Board Committee meetings.

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.

Financial Review

Financial Performance and Position

Analysis of Consolidated Income Statement

An analysis of the Group's 2015 reported results compared with 2014's follows.

For the year ended 31 December US$ millions	2015	2014	% change
Turnover	**6,437.0**	6,841.3	-5.9
Gross profit	**1,821.7**	1,917.3	-5.0
Operating expenses	**(1,006.6)**	(1,075.3)	-6.4
Other operating expenses, net	**(142.2)**	(196.4)	-27.6
Net finance costs	**(296.6)**	(267.6)	+10.8
Share of profits less losses of associated companies and joint ventures	**229.7**	279.1	-17.7
Taxation	**(193.8)**	(199.5)	-2.9
Profit for the year from a discontinued operation	**26.2**	63.2	-58.5
Non-controlling interests	**(353.3)**	(439.8)	-19.7
Recurring profit	**293.9**	323.9	-9.3
Profit attributable to owners of the parent	**85.1**	81.0	+5.1

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

Turnover – decreased by 5.9%, principally reflecting the impact of the depreciation in the average rupiah, S$ and peso exchange rates against the U.S. dollar of 11.6%, 7.9% and 2.6%, respectively, partly offset by the revenue contribution from RHI (consolidated by the Group since February 2015) and a growth in MPIC's revenues (increased by 10.1% in peso terms) and Indofood's sales (increased by 0.7% in rupiah terms). The growth in MPIC's revenues mainly reflects higher traffic volumes at MPTC, an increase in billed volume at Maynilad and the revenue contribution from its Rails business since September 2015 when MPIC took over it from the Philippine Government. The growth in Indofood's sales mainly reflects an increase in average selling prices at Consumer Branded Products division, despite a reduction in the average selling prices at the Agribusiness division.

Gross profit – decreased by 5.0%, principally reflecting the depreciation in the average rupiah and peso exchange rates against the U.S. dollar, partly offset by the increase in both MPIC and Indofood's gross profit and contribution from RHI. The increase in gross margin (2015: 28.3% vs 2014: 28.0%) principally reflects an increase in MPIC's gross margin (2015: 62.3% vs 2014: 61.3%) mainly as a result of higher volumes of traffic for its toll road business and water billed.

Operating expenses – decreased by 6.4%, principally reflecting the depreciation in the average rupiah, S$ and peso exchange rates against the U.S. dollar, partly offset by the increase in advertising and promotions spending at Indofood and employees expenses at both Indofood and MPIC and the consolidation of RHI since February 2015.

Other operating expenses, net – decreased by 27.6%, principally reflecting a decrease in the Group's impairment provision in respect of its investments in Philex (2015: US$89.1 million vs 2014: US$188.0 million), partly offset by a higher net foreign exchange loss recorded by Indofood for its foreign currency denominated net borrowings and payables.

Net finance costs – increased by 10.8%, principally reflecting higher average debt levels at MPIC and Indofood mainly reflecting their debt financing for investments and capital expenditure and consolidation of RHI since February 2015.

Share of profits less losses of associated companies and joint ventures – decreased by 17.7%, principally reflecting a decrease in profit contributions from PLDT and Philex, partly offset by nine months of profit contribution from Goodman Fielder for April to December 2015 and an increase in profit contribution from Meralco.

Taxation – decreased by 2.9%, principally reflecting a lower taxable profit at Indofood.

Profit for the year from a discontinued operation – which represents CMZ's profit for the year, decreased by 58.5% principally reflecting a reduced demand for its vegetable and beverage products and foreign exchange losses recorded in 2015.

Non-controlling interests – decreased by 19.7%, principally attributable to a lower profit at Indofood's Agribusiness division as a result of its lower average selling prices at the Plantations and Edible Oils & Fats divisions.

Recurring profit – decreased by 9.3%, principally reflecting the decrease in profit contributions from Indofood, PLDT and Philex, a loss instead of profit contribution at FP Natural Resources, partly offset by an increase in recurring profit contribution at MPIC and contribution from Goodman Fielder for April to December 2015.

Profit attributable to owners of the parent – increased by 5.1%, principally reflecting a decrease in non-recurring losses (mainly as a result of a lower Group's impairment provision in respect of its investments in Philex), partly offset by a higher net foreign exchange and derivative loss recorded and a decrease in recurring profit.

Analysis of Consolidated Statement of Financial Position

An analysis of the Group's consolidated statement of financial position at 31 December 2015 compared with 31 December 2014's follows.

At 31 December US$ millions	**2015**	2014	% change
Property, plant and equipment	**3,061.1**	2,731.8	+12.1
Plantations	**1,151.1**	1,210.7	-4.9
Associated companies and joint ventures	**4,360.5**	3,568.4	+22.2
Goodwill	**1,023.8**	1,057.6	-3.2
Other intangible assets	**3,151.2**	2,511.8	+25.5
Cash and cash equivalents[(i)]	**1,694.0**	2,350.0	-27.9
Assets classified as held for sale	**1,062.6**	982.4	+8.2
Other assets	**2,088.5**	2,229.3	-6.3
Total Assets	**17,592.8**	16,642.0	+5.7
Borrowings	**6,361.9**	5,805.9	+9.6
Liabilities directly associated with the assets classified as held for sale	**436.2**	335.9	+29.9
Other liabilities	**3,165.6**	2,783.2	+13.7
Total Liabilities	**9,963.7**	8,925.0	+11.6
Net Assets	**7,629.1**	7,717.0	-1.1
Equity attributable to owners of the parent	**3,148.9**	3,428.4	-8.2
Non-controlling interests	**4,480.2**	4,288.6	+4.5
Total Equity	**7,629.1**	7,717.0	-1.1

(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 – increased by 12.1%, principally reflecting the Group's consolidation of RHI, Asian Assets Management Pte. Ltd. (AAM) and SCBI and capital expenditure incurred by Indofood, MPIC and RHI, partly offset by a retranslation effect (principally reflecting the depreciation of the closing exchange rates of the rupiah, peso and S$ against the U.S. dollar of 9.8%, 5.0% and 6.6%, respectively) and depreciation.

Plantations – decreased by 4.9%, principally reflecting a retranslation effect, partly offset by Group's investments in newly planted area and maintenance of immature plantations.

Associated companies and joint ventures – increased by 22.2%, principally reflecting MPIC's acquisition of an additional 10% interest in Meralco (US$581.0 million) and its investment in CII B&R (US$90.4 million), the Group's investments in a 50% effective interest in Goodman Fielder (US$539.7 million) and the Group's share of profits of PLDT, Meralco and Philex, 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.

Goodwill – decreased by 3.2%, principally reflecting a retranslation effect, partly offset by goodwill arising from RHI's acquisition of SCBI.

Other intangible assets – increased by 25.5%, principally reflecting MPIC's capital expenditure for its water, toll road and rail concessions, partly offset by a retranslation effect and amortization.

Cash and cash equivalents – decreased by 27.9%, principally reflecting the Group's payments for new investments, capital expenditure and dividends to shareholders of the Company and non-controlling shareholders of its subsidiary companies, partly offset by operating cash inflows from Indofood and MPIC and net proceeds from borrowings.

Assets classified as held for sale – comprise the carrying amount of CMZ's assets (US$1,031.2 million) and MPIC's investments in and receivables related to Landco (US$31.4 million) which the Group intends to dispose, increased by 8.2%, principally reflecting an increase in the carrying amount of CMZ's assets.

Other assets – comprise investment properties, accounts receivable, other receivables and prepayments, available-for-sale assets, deferred tax assets, other non-current assets and inventories, decreased by 6.3%, principally reflecting the reclassification of a 9.8% interest in Goodman Fielder to investment in joint ventures upon the Group's completion of its acquisition of a 50% effective interest in Goodman Fielder on 17 March 2015.

Borrowings – increased by 9.6%, principally reflecting Indofood's and MPIC's new borrowings for financing its investments and capital expenditure.

Liabilities directly associated with the assets classified as held for sale – represent the carrying amount of CMZ's liabilities, increased by 29.9%, principally reflecting an increase in its payables, borrowings and tax liabilities.

Other liabilities – comprise accounts payable, other payables and accruals, provision for taxation, deferred liabilities, provisions and payables and deferred tax liabilities, increased 13.7% principally reflecting MPIC's outstanding concession fees payable for CALAX and LRT1 recognized during 2015 and the Group's consolidation of RHI since February 2015.

Equity attributable to owners of the parent – decreased by 8.2%, principally reflecting an unfavourable movement in the Group's exchange reserve (US$234.6 million) due mainly to the depreciation of the closing exchange rates of the rupiah, peso and S$ against U.S. dollar during 2015 and the Company's payments for 2014 final dividend (US$71.5 million) and 2015 interim dividend (US$44.0 million), partly offset by the Group's net profit for 2015 (US$85.1 million).

Non-controlling interests – increased by 4.5%, principally reflecting share of profits by non-controlling shareholders, MPIC's share placement and consolidation of RHI, 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 2015 consolidated statement of cash flows compared with 2014's follows.

For the year ended 31 December US$ millions	2015	2014	% change
Operating Activities			
Net cash flows from operating activities	**650.0**	835.8	-22.2
Investing Activities			
Dividends received	**241.0**	243.1	-0.9
Net capital expenditure	**(825.8)**	(629.6)	+31.2
Acquisitions, investments and disposals	**(1,293.6)**	(752.4)	+71.9
Financing Activities			
Net borrowings	**801.9**	538.8	+48.8
Dividends paid	**(292.0)**	(255.5)	+14.3
Other financing cash flows	**187.7**	126.5	+48.4
Net (Decrease)/Increase in Cash and Cash Equivalents	**(530.8)**	106.7	–
Cash and cash equivalents at 1 January(i)	**2,086.3**	2,002.8	+4.2
Exchange translation	**(105.5)**	(23.2)	+354.7
Cash and Cash Equivalents at 31 December(i)	**1,450.0**	2,086.3	-30.5

(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 – decreased by 22.2%, principally reflecting a decrease in operating cash flow at Indofood and the depreciation in the average rupiah and peso exchange rate against the U.S. dollar, partly offset by an increase in operating cash inflow at MPIC.

Dividends received – decreased by 0.9%, principally reflecting a decrease in dividend income from PLDT, partly offset by an increase in dividend income from Meralco.

Net capital expenditure – increased by 31.2%, principally reflecting MPIC's investments in toll road concessions for CALAX and SCTEX and rail concession for LRT1, partly offset by reduced investments in property, plant and equipment at Indofood.

Acquisitions, investments and disposals – increased by 71.9%. 2015's net cash outflow principally relates to MPIC's partial payments to Beacon Electric for its acquisition of an additional 10% direct interest in Meralco in April 2015 and final payment for its acquisition of a 5% direct interest in Meralco in June 2014 (US$506.8 million) and acquisition of a 44.9% interest in CII B&R (US$90.4 million), the Group's increase in its effective interest in Goodman Fielder by 40.2% to 50.0% (US$423.4 million), CMZ's increased time deposits (US$175.9 million), Indofood's investments in a 100% interest in AAM (US$68.6 million) and RHI's investment in a 93.7% interest in SCBI (US$38.8 million). 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).

Net borrowings – increased by 48.8%. 2015's net cash inflow principally relates to net proceeds from borrowings at MPIC (US$585.9 million), Indofood (US$142.5 million), Head Office (US$49.7 million) and RHI (US$23.0 million). 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).

Dividends paid – increased by 14.3%. The amount represents the payments of 2014 final and 2015 interim dividends by the Company to its shareholders and by its subsidiary companies to their non-controlling shareholders. The increase principally reflects an increase in dividends paid by Indofood, MPIC and their subsidiary companies.

Other financing cash flows – increased by 48.4%. 2015's net cash inflow mainly relates to net proceeds from MPIC's share placement (US$192.6 million) and capital contributions from non-controlling shareholders of Indofood's subsidiary companies (US$36.7 million) and MPIC's subsidiary companies (US$24.7 million), partly offset by Maynilad's payments for concession fees (US$24.0 million), the Company's payments for repurchase of its shares (US$19.0 million), IndoAgri's payments for share repurchase (US$11.3 million) and Indofood's additional investment in a 1.4% interest in IndoAgri (US$10.1 million). 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).

Net Debt and Gearing

(A) Head Office Net Debt

The increase in net debt principally reflects the investments of US$423.4 million to increase the Group's effective interest in Goodman Fielder by 40.2% to 50%. The Head Office's borrowings at 31 December 2015 comprise bonds of US$1,473.3 million (with an aggregated face value of US$1,484.3 million) which are due for redemption between 2017 and 2023 and a bank loan of US$316.1 million (with a principal of US$320 million) which is due for repayment in 2018.

Changes in Head Office Net Debt

US$ millions	Borrowings	Cash and cash equivalents[i]	Net debt
At 1 January 2015	1,736.0	(508.5)	1,227.5
Movement	53.4	394.4	447.8
At 31 December 2015	**1,789.4**	**(114.1)**	**1,675.3**

Head Office Cash Flow

For the year ended 31 December US$ millions	**2015**	2014
Dividend and fee income	**268.9**	304.2
Head Office overhead expense	**(27.6)**	(31.0)
Net cash interest expense	**(94.2)**	(87.6)
Net Cash Inflow from Operating Activities	**147.1**	185.6
Net investments[ii]	**(456.6)**	(72.7)
Financing activities		
– Dividends paid	**(115.5)**	(115.9)
– Repurchase of shares	**(19.0)**	(28.0)
– Net new borrowings	**49.7**	–
– Taxes and others	**(0.1)**	(1.0)
Loans to associated companies, net	**–**	(32.7)
Decrease in Cash and Cash Equivalents	**(394.4)**	(64.7)
Cash and cash equivalents at 1 January	**508.5**	573.2
Cash and Cash Equivalents at 31 December	**114.1**	508.5

(i) Includes pledged deposits and restricted cash

(ii) 2015's net investments represent principally the investments in an additional 40.2% effective interest in Goodman Fielder of US$423.4 million. 2014's comparative amount represents principally the 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 Holdings Limited to MPIC of US$101 million.

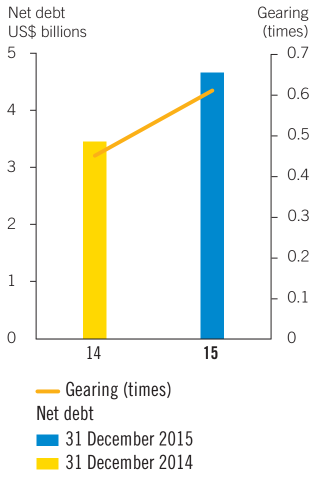
(B) Group Net Debt and Gearing

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

Consolidated

US$ millions	Net debt(i) 2015	Total equity 2015	Gearing (times) 2015	Net debt/ (cash)(i) 2014	Total equity 2014	Gearing (times) 2014
Head Office	**1,675.3**	**2,112.6**	**0.79x**	1,227.5	2,198.8	0.56x
Indofood	**1,053.3**	**3,488.4**	**0.30x**	1,027.0	3,657.3	0.28x
MPIC	**1,282.3**	**3,202.4**	**0.40x**	716.7	2,897.9	0.25x
FPM Power	**465.4**	**397.2**	**1.17x**	487.9	456.3	1.07x
FP Natural Resources	**191.6**	**215.0**	**0.89x**	(3.2)	92.1	–
Group adjustments(ii)	**–**	**(1,786.5)**	**–**	–	(1,585.4)	–
Total	**4,667.9**	**7,629.1**	**0.61x**	3,455.9	7,717.0	0.45x

Net Debt and Gearing



Associated Companies and Joint Venture

US$ millions	Net debt(i) 2015	Total equity 2015	Gearing (times) 2015	Net debt(i) 2014	Total equity 2014	Gearing (times) 2014
PLDT	**2,431.7**	**2,420.3**	**1.00x**	2,313.7	3,011.4	0.77x
Goodman Fielder	**336.9**	**606.6**	**0.56x**	438.0	980.5	0.45x
Philex	**182.1**	**579.8**	**0.31x**	112.3	604.7	0.19x

(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 and capital injection into FP Natural Resources.

Indofood's gearing increased principally because of an increase in its net debt, despite the depreciation of the rupiah against the U.S. dollar during 2015, which mainly reflects its payments for capital expenditure, dividends to shareholders and IndoAgri's capital injection into FP Natural Resources, partly offset by its operating cash inflow and reduced equity principally reflecting the depreciation of the rupiah.

MPIC's gearing increased principally because of an increase in its net debt which mainly reflects MPIC's payments for its acquisition of additional interests in Meralco totaling 15.0% in June 2014 and April 2015 from Beacon Electric, MPTC's payments for investments in CII B&R and concession fees for CALAX and SCTEX, Maynilad's payments for capital expenditure and LRMC's payment of concession fees for LRT1, partly offset by its operating cash inflow and a growth of MPIC's equity as a result of proceeds from MPIC's share placement and its profit recorded during the year.

FPM Power's gearing increased principally because of its reduced equity mainly reflecting PLP's loss recorded during the year, despite a reduction in its net debt mainly as a result of the depreciation of the S$ against the U.S. dollar during 2015.

FP Natural Resources changed from a net cash to a net debt position principally reflecting its consolidation of RHI and SCBI, partly offset by proceeds from First Pacific and IndoAgri's capital injection. FP Natural Resources' total equity increased principally reflecting its consolidation of RHI and capital injections from First Pacific and IndoAgri.

The Group's gearing increased to 0.61 times principally reflecting a higher net debt level following its additional investment in Goodman Fielder, Indofood's payments for capital expenditure and dividends, MPIC's partial payments for increased investments in Meralco, FP Natural Resources' consolidation of RHI and a decrease of the Group's equity principally reflecting the depreciation of the rupiah and the peso, partly offset by its profit recorded during the year.

PLDT's gearing increased principally because of an increase in net debt mainly reflecting its payments for capital expenditure and its reduced equity reflecting dividends paid. Goodman Fielder's gearing increased principally because of reduced equity reflecting its losses on write-down of assets in March 2015, upon its acquisition by FPW, partly offset by a decrease in its net debt principally reflecting its operating cash inflow and the depreciation of the A$ against the U.S. dollar during 2015. Philex gearing increased principally because of its payments for capital expenditure.

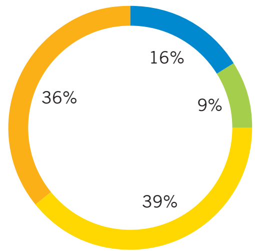
Maturity Profile

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

Consolidated

	Carrying amounts		Nominal values	
US$ millions	**2015**	2014	**2015**	2014
Within one year	**998.6**	912.0	**1,000.2**	913.5
One to two years	**574.1**	401.0	**578.0**	401.1
Two to five years	**2,513.7**	2,186.8	**2,542.2**	2,200.7
Over five years	**2,275.5**	2,306.1	**2,285.4**	2,320.0
Total	**6,361.9**	5,805.9	**6,405.8**	5,835.3

Maturity Profile of Consolidated Debt 2015



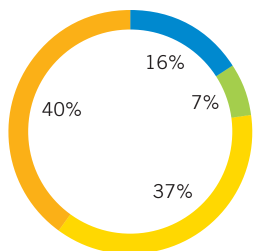
	US$ millions
Within one year	998.6
One to two years	574.1
Two to five years	2,513.7
Over five years	2,275.5
Total	**6,361.9**

The change in the Group's debt maturity profile from 31 December 2014 to 31 December 2015 principally reflects (i) a shift in Head Office's long-term borrowings among the different maturity periods and its debt refinancing, (ii) Indofood's reclassification of borrowings from long-term to short-term, (iii) MPIC's new long-term borrowings to finance its acquisition of additional interests in Meralco and MPTC's payments for investments in CII B&R and concession fees for CALAX and SCTEX and (iv) FP Natural Resources' consolidation of RHI and SCBI.

Associated Companies and Joint Venture

	PLDT				Goodman Fielder				Philex			
	Carrying amounts		Nominal values		Carrying amounts		Nominal values		Carrying amounts		Nominal values	
US$ millions	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Within one year	**359.4**	329.4	**365.7**	333.3	**122.2**	0.4	**122.2**	0.4	**70.5**	96.3	**70.5**	96.3
One to two years	**693.1**	314.5	**695.9**	317.5	**170.3**	62.9	**170.9**	62.9	**–**	–	**–**	–
Two to five years	**1,008.5**	1,121.4	**1,012.6**	1,124.9	**143.1**	197.6	**143.7**	198.7	**–**	–	**–**	–
Over five years	**1,357.9**	1,144.6	**1,359.0**	1,145.6	**–**	299.2	**–**	300.0	**133.0**	133.0	**153.0**	161.0
Total	**3,418.9**	2,909.9	**3,433.2**	2,921.3	**435.6**	560.1	**436.8**	562.0	**203.5**	229.3	**223.5**	257.3

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 PLDT's debt maturity profile from 31 December 2014 to 31 December 2015 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 change in Goodman Fielder's debt maturity profile from 31 December 2014 to 31 December 2015 principally reflects its repayment of borrowings, reclassification of borrowings from long-term to short-term and debt refinancing. The decrease in Philex's debt principally reflects loan 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 and joint ventures.

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

With the exception of the Head Office, the principal components of the Group's NAV mainly relate to investments denominated in the peso and the rupiah. Accordingly, any change in these currencies, against their respective 31 December 2015 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)	24.2	4.42
Indofood	(i)	16.5	3.01
MPIC	(i)	16.0	2.93
Philex	(i)	2.1	0.39
Philex Petroleum	(i)	0.1	0.01
FP Natural Resources	(ii)	0.8	0.15
Head Office - Other assets	(iii)	1.1	0.20
Total		**60.8**	**11.11**

(i) Based on quoted share prices at 31 December 2015 applied to the Group's economic interests
(ii) Based on quoted share prices of RHI at 31 December 2015 applied to the Group's effective economic interest and the value of other assets measured at market value or 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, A$, the New Zealand dollar (NZ$) and S$, which are translated and consolidated to give the Group's results in U.S. dollars.

Net Debt by Currency

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

Consolidated

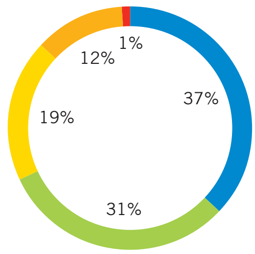
US$ millions	US$	Peso	Rupiah	S$	Others	Total
Total borrowings	2,332.6	1,955.6	1,182.8	789.9	101.0	**6,361.9**
Cash and cash equivalents(i)	(429.7)	(592.2)	(617.4)	(49.4)	(5.3)	**(1,694.0)**
Net Debt	1,902.9	1,363.4	565.4	740.5	95.7	**4,667.9**
Representing:						
Head Office	1,689.7	(11.9)	–	–	(2.5)	**1,675.3**
Indofood	176.8	–	565.4	261.1	50.0	**1,053.3**
MPIC	51.4	1,182.5	–	–	48.4	**1,282.3**
FPM Power	(13.8)	–	–	479.4	(0.2)	**465.4**
FP Natural Resources	(1.2)	192.8	–	–	–	**191.6**
Net Debt	1,902.9	1,363.4	565.4	740.5	95.7	**4,667.9**

Associated Companies and Joint Venture

US$ millions	US$	Peso	NZ$	A$	Others	Total
Net Debt						
PLDT	1,059.8	1,374.5	–	–	(2.6)	**2,431.7**
Goodman Fielder	141.7	0.6	174.4	83.2	(63.0)	**336.9**
Philex	57.3	124.8	–	–	–	**182.1**

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

Analysis of Total Borrowings by Currency



	US$ millions
US$	2,332.6
Peso	1,955.6
Rupiah	1,182.8
S$	789.9
Others	101.0
Total	**6,361.9**

Details of changes in Head Office net debt are set out on page 111.

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 fully satisfied in local currency due to inherent constraints within the financial markets in the Philippines. As a result, certain financing needs to be sourced from the international capital market, principally in U.S. dollars. PLDT has actively hedged approximately 40% of its U.S. dollar net borrowings. In addition, certain 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$178 million or 5% of PLDT's total service revenues in 2015. 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.

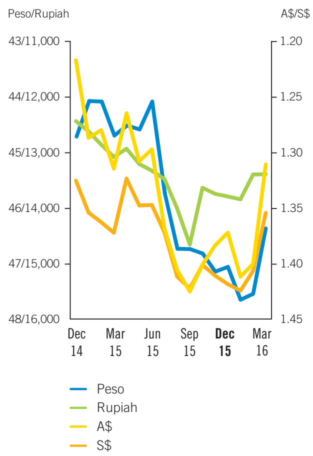
Meralco's debt is substantially denominated in peso. Therefore, any change of the U.S. dollar to peso exchange rate will not have a significant impact on Meralco's principal and interest payments. In addition, Meralco is allowed to recover foreign exchange differences on foreign currency-denominated 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 and joint venture. This does not reflect the indirect effect of fluctuating exchange rates on revenues and input costs at the operating company level.

US$ millions	Total US$ exposure	Hedged amount	Unhedged amount	Profit effect of 1% change in currency	**Group net profit effect**
Head Office[(i)]	1,689.7	–	1,689.7	–	**–**
Indofood	176.8	–	176.8	1.8	**0.7**
MPIC	51.4	–	51.4	0.5	**0.2**
FPM Power	(13.8)	–	(13.8)	(0.1)	**(0.1)**
FP Natural Resources	(1.2)	–	(1.2)	–	**–**
PLDT	1,059.8	(427.2)	632.6	6.3	**1.1**
Goodman Fielder	141.7	(142.4)	(0.7)	–	**–**
Philex	57.3	–	57.3	0.6	**0.2**
Total	**3,161.7**	**(569.6)**	**2,592.1**	**9.1**	**2.1**

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

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



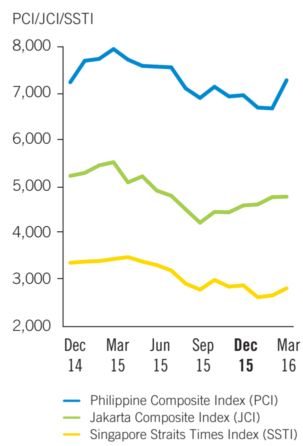
Equity Market Risk

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 2014	7,231	5,227	3,365
At 31 December 2015	**6,952**	**4,593**	**2,883**
Decrease during 2015	-3.9%	-12.1%	-14.3%
At 30 March 2016	7,299	4,817	2,873
Change during 1 January 2016 to 30 March 2016	+5.0%	+4.9%	-0.3%

Stock Market 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 and joint venture follows.

Consolidated

US$ millions	Fixed interest rate borrowings(i)	Variable interest rate borrowings(i)	Cash and cash equivalents(ii)	**Net debt**
Head Office	1,473.3	316.1	(114.1)	**1,675.3**
Indofood	289.2	1,712.0	(947.9)	**1,053.3**
MPIC	1,765.5	95.6	(578.8)	**1,282.3**
FPM Power(ii)	484.6	22.5	(41.7)	**465.4**
FP Natural Resources	107.0	96.1	(11.5)	**191.6**
Total	**4,119.6**	**2,242.3**	**(1,694.0)**	**4,667.9**

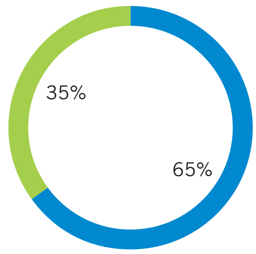
Associated Companies and Joint Venture

US$ millions	Fixed interest rate borrowings(i)	Variable interest rate borrowings(i)	Cash and cash equivalents(ii)	**Net debt**
PLDT	2,984.6	434.3	(987.2)	**2,431.7**
Goodman Fielder	142.4	293.2	(98.7)	**336.9**
Philex	133.0	70.5	(21.4)	**182.1**

(i) Reflects certain interest rate swap agreements which effectively changed variable interest rate borrowings to fixed interest rate borrowings at FPM Power, PLDT and Goodman Fielder

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

Interest Rate Profile



	US$ millions
Fixed	4,119.6
Variable	2,242.3
Total	**6,361.9**

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	316.1	3.2	**3.2**
Indofood	1,712.0	17.1	**6.4**
MPIC	95.6	1.0	**0.3**
FPM Power	22.5	0.2	**0.1**
FP Natural Resources	96.1	1.0	**0.2**
PLDT	434.3	4.3	**0.8**
Goodman Fielder	293.2	2.9	**1.0**
Philex	70.5	0.7	**0.2**
Total	**3,040.3**	**30.4**	**12.2**

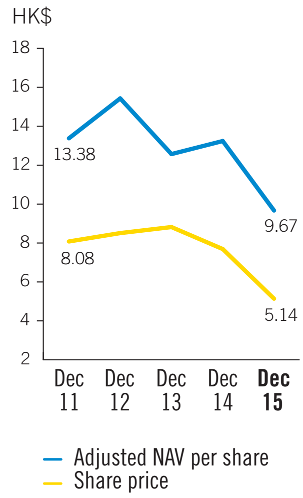
Adjusted NAV Per Share

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

At 31 December US$ millions	Basis	2015	2014
PLDT	(i)	**2,418.3**	3,589.9
Indofood	(i)	**1,649.1**	2,385.3
MPIC	(i)	**1,604.7**	1,493.9
FPW/Goodman Fielder	(ii)	**554.0**	100.8
Philex	(i)	**213.3**	390.3
Philex Petroleum	(i)	**5.5**	32.1
FPM Power	(iii)	**335.3**	335.3
FP Natural Resources	(iv)	**79.4**	63.4
Head Office – Other assets	(v)	**107.1**	112.7
– Net debt		**(1,675.3)**	(1,227.5)
Total Valuation		**5,291.4**	7,276.2
Number of Ordinary Shares in Issue (millions)		**4,268.5**	4,287.0
Value per share – U.S. dollars		**1.24**	1.70
– HK dollars		**9.67**	13.24
Company's closing share price (HK$)		**5.14**	7.69
Share price discount to HK$ value per share (%)		**46.8**	41.9

(i) Based on quoted share prices applied to the Group's economic interests
(ii) Represents investment costs in a 50.0% economic interest in Goodman Fielder at 31 December 2015 and based on quoted share price applied to the Group's 9.8% interest in Goodman Fielder at 31 December 2014
(iii) Represents investment costs in FPM Power
(iv) Mainly represents RHI (based on quoted share price applied to the Group's effective economic interest) and the Group's economic interest in other assets
(v) Represent investment costs in SMECI's convertible notes

Share Price vs Adjusted NAV Per Share



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

Contents

Statutory Reports

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 2015.

Principal Business Activities, Geographical Market Analysis of Operations and Business Review

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 pages 241 and 242.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group, an indication of likely future development in the Group's business and the Group's environmental policies and performance, can be found in the "Review of Operations", "Chairman's Letter", "Managing Director and Chief Executive Officer's Letter", "Corporate Social Responsibility Report" and "Corporate Governance Report" sections set out on pages 13 to 57 and pages 66 to 106 of this annual report. This discussion forms part of this Report of the Directors.

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 page 129 and page 236, respectively.

Purchase, Sale or Redemption of Listed Securities of the Company

During the year, the Company repurchased US$15.7 million of the US$400 million 4.5% Guaranteed Bonds due April 2023 issued by its subsidiary company, FPC Treasury Limited, and 18,778,000 of its shares on the SEHK. The repurchased bonds and shares were subsequently cancelled. Further details of these transactions are set out in Notes 27(B)(d) and 30(B) 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 2015 and the Group's financial position at that date are set out in the Consolidated Financial Statements on pages 126 to 236.

An interim dividend of HK8.00 cents (U.S. 1.03 cents) (2014: HK8.00 cents or U.S. 1.03 cents) per ordinary share, totaling HK$343.2 million (US$44.0 million) (2014: HK$344.8 million or US$44.2 million), was paid on 25 September 2015. The Directors recommended the payment of a final dividend of HK5.50 cents (U.S. 0.71 cents) (2014: HK 13.00 cents or U.S. 1.67 cents) per ordinary share, totaling HK$234.5 million (US$30.1 million) (2014: HK$557.7 million or US$71.5 million). The total dividends per ordinary share for 2015 equals to HK 13.50 cents (U.S. 1.74 cents) (2014: HK 21.00 cents or U.S. 2.70 cents), totaling HK$577.7 million (US$74.1 million) (2014: HK$902.5 million or US$115.7 million).

Charitable Contributions

The Group made charitable contributions totaling US$33.9 million in 2015 (2014: US$46.0 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 2015, 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$229.4 million (2014: US$309.4 million). The Company's share premium account, in the amount of US$1,779.7 million (2014: US$1,797.2 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 and biographical details of the Directors of the Company who held office at 31 December 2015 are set out on pages 58 to 61. Details of the remuneration policy and other details are provided in the Corporate Governance Report on page 106 and Note 38(A) to the Consolidated Financial Statements, respectively.

Interests of Directors in the Company and its Associated Corporations

As at 31 December 2015, 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)	45.11	–
Manuel V. Pangilinan	59,827,698(P)(ii)	1.40	28,224,972
Edward A. Tortorici	37,274,149(P)	0.87	20,573,666
Robert C. Nicholson	1,343,775(P)(iii)	0.03	27,632,368
Benny S. Santoso	–	–	3,594,812
Napoleon L. Nazareno	477,166(P)(iv)	0.01	4,502,055
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, 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 1,363,332 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 886,165 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(iv) It included Mr. Nazareno's interests in 190,867 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(v) It included Prof. Chen's interests in 190,867 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(vi) It included Mrs. Leung's interests in 143,150 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(vii) It included Mr. Fan's interests in 143,150 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, 231,033 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 included 15,000 stock grants) in Meralco, as well as 50,000 common shares(P) (less than 0.01%)* and 500,000 share options 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, 5,000,000 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 1,037,760,830 IndoAgri shares (74.34%)* 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 12,043 common shares(P) (less than 0.01%)* (which included 10,833 stock grants) 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 2015.

Save for those disclosed above, as at 31 December 2015, 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 2015 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 2015, representing approximately 26.60% of the Company's issued share capital at that date, by way of 502,058,994 ordinary shares of the Company held, representing approximately 11.76% of the Company's issued share capital at that date and also its 100% interest in First Pacific Investments (B.V.I.) Limited (FPIL-BVI). Anthoni Salim, Chairman of the Company, beneficially owns the entire issued share capital of Salerni and, accordingly, is taken to be interested in the shares owned by Salerni.

(b) Asian Capital Finance Limited (ACFL), which was incorporated in the British Virgin Islands, was interested in 790,229,364 ordinary shares of the Company at 31 December 2015, representing approximately 18.51% 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 2015, representing approximately 18.51% 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 respective proportions specified in note (i) of the table on page 121. 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 2015, representing approximately 14.83% of the Company's issued share capital at that date. Anthoni Salim, Chairman of the Company, indirectly owns the entire issued share capital of FPIL-BVI and, accordingly, is taken to be interested in the shares owned by FPIL-BVI.

(e) Lazard Asset Management LLC (Lazard), a United States incorporated company, notified the Company that it held 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 2015, 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 340,707,594 ordinary shares of the Company as at 20 November 2015, representing approximately 7.98% of the Company's issued share capital at that date. At 31 December 2015, the Company has not received any other notification from Brandes of any change to such holding.

(g) Modern Retail Holdings Limited (Modern Retail), a Cayman Islands incorporated company, disclosed as at 11 November 2015 its security interest over 258,000,000 ordinary shares of the Company held by FPIL-BVI, representing approximately 6.04% of the Company's issued share capital at that date. At 31 December 2015, the Company has not received any other notification from Modern Retail of any change to such holding.

(h) Mr. Ashish Jaiprakash Shastry disclosed his security interest over 258,000,000 ordinary shares of the Company as at 11 November 2015, representing approximately 6.04% of the Company's issued share capital at that date. Mr. Shastry, by way of his 100% control of Modern Retail, is taken to be interested in the security interest of Modern Retail. At 31 December 2015, the Company has not received any other notification from Mr. Shastry 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 2015 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.

Transactions, Arrangements or Contracts of Significance

Except for the continuing connected transactions and possible connected transaction set out in the Corporate Governance Report on pages 93 to 102, there were no transactions, arrangements or 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 nor a connected entity of a Director 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 2015, 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% (2014: 34%) of the total purchases for the year of which purchases from the largest supplier included therein accounted for 30% (2014: 31%) of the total purchases.

Continuing Connected Transactions and Possible Connected Transaction
Continuing connected transactions and possible connected transaction required to be disclosed in accordance with Chapter 14A of the Listing Rules, are disclosed in the Corporate Governance Report on pages 93 to 102.

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 number of issued shares were held by the public at both 31 December 2015 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
30 March 2016

Independent Auditors' Report

TO THE MEMBERS 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 set out on pages 126 to 236, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement 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 financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance 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

30 March 2016

Consolidated Financial Statements

Consolidated Income Statement

For the year ended 31 December US$ millions	Notes	2015	2014
Turnover	4	**6,437.0**	6,841.3
Cost of sales		**(4,615.3)**	(4,924.0)
Gross Profit		**1,821.7**	1,917.3
Selling and distribution expenses		**(513.6)**	(527.0)
Administrative expenses		**(493.0)**	(548.3)
Other operating expenses, net		**(142.2)**	(196.4)
Interest income		**78.2**	89.2
Finance costs	5	**(374.8)**	(356.8)
Share of profits less losses of associated companies and joint ventures		**229.7**	279.1
Profit Before Taxation	6	**606.0**	657.1
Taxation	7	**(193.8)**	(199.5)
Profit for the Year from Continuing Operations		**412.2**	457.6
Profit for the year from a discontinued operation	8(A)	**26.2**	63.2
Profit for the Year		**438.4**	520.8
Attributable to:			
Owners of the Parent	9		
– For profit from continuing operations		**74.2**	54.8
– For profit from a discontinued operation		**10.9**	26.2
– For Profit for the Year		**85.1**	81.0
Non-controlling Interests			
– For profit from continuing operations		**338.0**	402.8
– For profit from a discontinued operation		**15.3**	37.0
– For Profit for the Year		**353.3**	439.8
		438.4	520.8
Earnings Per Share Attributable to Owners of the Parent (U.S. cents)	10		
Basic			
– For profit from continuing operations		**1.74**	1.28
– For profit from a discontinued operation		**0.25**	0.61
– For Profit for the Year		**1.99**	1.89
Diluted			
– For profit from continuing operations		**1.73**	1.27
– For profit from a discontinued operation		**0.25**	0.60
– For Profit for the Year		**1.98**	1.87

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

The Notes on pages 132 to 236 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December US$ millions	**2015**	2014
Profit for the Year	**438.4**	520.8
Other Comprehensive (Loss)/Income		
Items that may be Reclassified Subsequently to Profit or Loss:		
Exchange differences on translating foreign operations	**(534.6)**	(138.2)
Unrealized gains/(losses) on available-for-sale assets	**50.9**	(25.2)
Realized gains on available-for-sale assets	**–**	(5.0)
Unrealized losses on cash flow hedges	**(20.0)**	(61.3)
Income tax related to cash flow hedges	**1.9**	9.8
Share of other comprehensive (loss)/income of associated companies and joint ventures	**(71.7)**	45.5
Items that will not be Reclassified to Profit or Loss:		
Actuarial gains on defined benefit pension plans	**21.8**	5.5
Share of other comprehensive loss of associated companies and joint ventures	**(12.2)**	(26.5)
Other Comprehensive Loss for the Year, Net of Tax	**(563.9)**	(195.4)
Total Comprehensive (Loss)/Income for the Year	**(125.5)**	325.4
Attributable to:		
Owners of the parent	**(179.9)**	(11.4)
Non-controlling interests	**54.4**	336.8
	(125.5)	325.4

Consolidated Statement of Financial Position

US$ millions	Notes	At 31 December 2015	At 31 December 2014
Non-current Assets			
Property, plant and equipment	12	**3,061.1**	2,731.8
Plantations	13	**1,151.1**	1,210.7
Associated companies and joint ventures	14	**4,360.5**	3,568.4
Goodwill	15	**1,023.8**	1,057.6
Other intangible assets	16	**3,151.2**	2,511.8
Investment properties	17	**9.7**	–
Accounts receivable, other receivables and prepayments	18	**8.8**	11.8
Available-for-sale assets	19	**44.1**	193.8
Deferred tax assets	20	**199.5**	200.2
Pledged deposits and restricted cash	21	**30.0**	30.9
Other non-current assets	22	**312.1**	385.9
		13,351.9	11,902.9
Current Assets			
Cash and cash equivalents and short-term deposits	23	**1,612.3**	2,265.9
Pledged deposits and restricted cash	21	**51.7**	53.2
Available-for-sale assets	19	**124.8**	59.2
Accounts receivable, other receivables and prepayments	18	**758.5**	661.2
Inventories	24	**631.0**	717.2
		3,178.3	3,756.7
Assets classified as held for sale	25	**1,062.6**	982.4
		4,240.9	4,739.1
Current Liabilities			
Accounts payable, other payables and accruals	26	**1,241.0**	1,192.4
Short-term borrowings	27	**998.6**	912.0
Provision for taxation	28	**44.7**	51.0
Current portion of deferred liabilities, provisions and payables	29	**348.1**	321.9
		2,632.4	2,477.3
Liabilities directly associated with the assets classified as held for sale	8(B)	**436.2**	335.9
		3,068.6	2,813.2
Net Current Assets		**1,172.3**	1,925.9
Total Assets Less Current Liabilities		**14,524.2**	13,828.8
Equity			
Issued share capital	30	**42.7**	42.9
Shares held for share award scheme	31	**(6.0)**	(8.7)
Retained earnings		**1,508.7**	1,540.1
Other components of equity	32	**1,603.5**	1,854.1
Equity attributable to owners of the parent		**3,148.9**	3,428.4
Non-controlling interests	33	**4,480.2**	4,288.6
Total Equity		**7,629.1**	7,717.0
Non-current Liabilities			
Long-term borrowings	27	**5,363.3**	4,893.9
Deferred liabilities, provisions and payables	29	**1,128.9**	850.0
Deferred tax liabilities	20	**402.9**	367.9
		6,895.1	6,111.8
		14,524.2	13,828.8

The Notes on pages 132 to 236 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

30 March 2016

Consolidated Statement of Changes in Equity

US$ millions	Notes	Equity attributable to owners of the parent											
		Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive (loss)/income (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
Balance at 1 January 2014		43.1	(9.6)	1,821.8	46.1	(285.2)	303.1	–	14.9	1,575.7	3,509.9	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		–	–	–	–	–	–	–	–	(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
Balance at 1 January 2015		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**
Profit for the year		–	–	–	–	–	–	–	–	85.1	85.1	353.3	**438.4**
Other comprehensive (loss)/income for the year		–	–	–	–	(273.0)	–	8.0	–	–	(265.0)	(298.9)	**(563.9)**
Total comprehensive (loss)/income for the year		–	–	–	–	(273.0)	–	8.0	–	85.1	(179.9)	54.4	**(125.5)**
Issue of shares upon the exercise of share options	30(A)	–	–	0.3	(0.1)	–	–	–	–	–	0.2	–	**0.2**
Repurchase and cancellation of shares	30(B)	(0.2)	–	(17.8)	–	–	–	–	–	–	(18.0)	–	**(18.0)**
Shares vested under share award scheme	31	–	2.7	–	(2.6)	–	–	–	–	(0.1)	–	–	**–**
Employee share-based compensation benefits		–	–	–	11.6	–	–	–	–	–	11.6	–	**11.6**
Acquisition and dilution of interests in subsidiary companies		–	–	–	(0.1)	(1.7)	23.8	–	0.1	–	22.1	136.9	**159.0**
Appropriation to statutory reserve funds		–	–	–	–	–	–	0.9	–	(0.9)	–	–	**–**
2014 final dividend	11	–	–	–	–	–	–	–	–	(71.5)	(71.5)	–	**(71.5)**
2015 interim dividend	11	–	–	–	–	–	–	–	–	(44.0)	(44.0)	–	**(44.0)**
Acquisition of subsidiary companies		–	–	–	–	–	–	–	–	–	–	93.4	**93.4**
Capital contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	83.4	**83.4**
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	(176.5)	**(176.5)**
Balance at 31 December 2015		**42.7**	**(6.0)**	**1,779.7**	**70.5**	**(653.8)**	**369.0**	**25.7**	**12.4**	**1,508.7**	**3,148.9**	**4,480.2**	**7,629.1**

The Notes on pages 132 to 236 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 December US$ millions	Notes	2015	2014
Profit Before Taxation			
From continuing operations		**606.0**	657.1
From a discontinued operation	8	**36.4**	79.5
Adjustments for:			
Finance costs		**392.0**	370.9
Depreciation		**243.0**	233.1
Impairment losses	6	**107.0**	196.9
Foreign exchange and derivative losses, net	6	**93.4**	12.7
Amortization of intangible assets	6	**92.9**	86.4
Employee share-based compensation benefit expenses	37(A)	**12.8**	20.4
Loss/(gain) on changes in fair value of plantations		**3.1**	(5.7)
Share of profits less losses of associated companies and joint ventures		**(229.7)**	(279.1)
Interest income		**(93.6)**	(103.8)
Preferred share dividend income from a joint venture	6	**(8.9)**	(9.1)
Gain on sale of property, plant and equipment	6	**(0.3)**	(0.7)
Gain on disposal of available-for-sale assets	6	**–**	(5.0)
Others		**(17.0)**	(17.1)
		1,237.1	1,236.5
Decrease/(increase) in inventories		**69.8**	(29.7)
Decrease in other non-current assets		**37.1**	36.8
(Decrease)/increase in accounts payable, other payables and accruals		**(127.7)**	41.5
(Increase)/decrease in accounts receivable, other receivables and prepayments		**(88.1)**	3.9
Net cash generated from operations		**1,128.2**	1,289.0
Interest received		**87.1**	94.3
Interest paid		**(352.0)**	(340.9)
Taxes paid	27	**(213.3)**	(206.6)
Net Cash Flows From Operating Activities		**650.0**	835.8
Dividends received from associated companies	14(B)	**232.1**	234.0
Deposits received for a proposed sale of a disposal group classified as held for sale		**29.4**	–
Preferred share dividends received from a joint venture		**8.9**	9.1
Proceeds from disposal of property, plant and equipment		**5.1**	6.6
Proceeds from disposal and divestment of interests in associated companies		**4.4**	6.1
Proceeds from disposal of available-for-sale assets		**3.3**	29.7
Dividends received from available-for-sale assets		**2.7**	3.2
Increased investments in associated companies	35(A)	**(516.6)**	(42.5)
Investments in intangible assets		**(471.1)**	(153.6)
Investments in joint ventures	35(B)	**(423.4)**	(2.3)
Purchases of property, plant and equipment		**(282.5)**	(378.2)
Increase in time deposits with original maturity of more than three months		**(163.5)**	(342.4)
Investments in associated companies	35(C)	**(107.7)**	(11.8)
Acquisitions of subsidiary companies	35(D)	**(104.5)**	(13.4)
Investments in plantations		**(77.2)**	(104.6)
Increased investments in joint ventures		**(14.1)**	–
Acquisitions of available-for-sale assets		**(2.4)**	(269.8)
Increase in pledged deposits and restricted cash		**(1.2)**	(27.4)
Purchases of investment properties		**(0.1)**	–
Repayment from an associated company, net		**–**	80.0
Proceeds from disposal of plantations		**–**	0.2
Investments in convertible notes		**–**	(117.5)
Acquisition of a business	35(D)	**–**	(44.3)
Net Cash Flows Used in Investing Activities		**(1,878.4)**	(1,138.9)

continued/...

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December US$ millions	Notes	2015	2014
Proceeds from new borrowings		**2,186.8**	1,745.7
Proceeds from shares issued to non-controlling shareholders by subsidiary companies		**192.6**	1.3
Capital contributions from non-controlling shareholders		**61.4**	35.1
Proceeds from the issue of shares under a long-term incentive plan		**0.2**	3.2
Borrowings repaid		**(1,384.9)**	(1,206.9)
Dividends paid to non-controlling shareholders by subsidiary companies		**(176.5)**	(139.6)
Dividends paid to shareholders		**(115.5)**	(115.9)
Payments for concession fees payable		**(24.0)**	(26.7)
Repurchase of shares		**(19.0)**	(28.0)
Increased investments in subsidiary companies		**(12.2)**	(71.2)
Repurchase of subsidiary companies' shares		**(11.3)**	(16.1)
Proceeds from divestment of interests in subsidiary companies		**–**	229.9
Payments for purchase and subscription of shares under a long-term incentive plan		**–**	(1.0)
Net Cash Flows From Financing Activities		**697.6**	409.8
Net (Decrease)/Increase in Cash and Cash Equivalents		**(530.8)**	106.7
Cash and cash equivalents at 1 January		**2,086.3**	2,002.8
Exchange translation		**(105.5)**	(23.2)
Cash and Cash Equivalents at 31 December		**1,450.0**	2,086.3
Representing			
Cash and cash equivalents and short-term deposits as stated in the consolidated statement of financial position		**1,612.3**	2,265.9
Add cash and cash equivalents and short-term deposits attributable to a discontinued operation	8(B)	**704.9**	595.6
Less short-term deposits and time deposits with original maturity of more than three months		**(858.9)**	(765.8)
Less bank overdrafts		**(8.3)**	(9.4)
Cash and Cash Equivalents at 31 December		**1,450.0**	2,086.3

The Notes on pages 132 to 236 form an integral part of the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1. Corporate and Group 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 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).

The Group comprises the Company and its subsidiary companies. 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 pages 241 and 242.

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, the Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance. The Consolidated Financial Statements have been prepared under the historical cost convention except for plantations, available-for-sale assets, investment properties 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 Revised HKFRSs and New Disclosure Requirements under the Hong Kong Companies Ordinance

During 2015, the Group has adopted the following revised HKFRSs effective for annual periods commencing on or after 1 July 2014 issued by the HKICPA:

HKAS 19 Amendments	"Defined Benefit Plans: Employee Contributions"
Improvements to HKFRSs	"Annual Improvements to HKFRSs 2010-2012"
Improvements to HKFRSs	"Annual Improvements to HKFRSs 2011-2013"

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 2015 and 31 December 2014 and the equity attributable to owners of the parent at 31 December 2015 and 31 December 2014.

In addition, the Company has adopted the amendments to the Listing Rules issued by SEHK relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the Consolidated Financial Statements.

(C) Issued But Not Yet Effective HKFRSs

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 27 (2011) Amendments	"Equity Method in Separate Financial Statements"(i)
HKFRS 9	"Financial Instruments"(ii)
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"(iii)
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"(ii)
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 January 2018
(iii) The original effective date of 1 January 2016 has been deferred and early application of the amendments continues to be permitted
(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

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". 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. 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".

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

HKFRS 9 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: Disclosures" 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 exemption 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 an investor that is not itself an investment entity, when applying the equity method, to retain the fair value measurement applied by its investment entity associate or joint venture to the interests in its 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 existing 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, 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 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 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 amendment also specifies 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" amendments clarify 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 amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are 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 in accordance with the guidance for continuing involvement in HKFRS 7 in order to assess whether the HKFRS 7 disclosures are required. The amendments clarify 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 2015. These new and revised HKFRSs are not expected to have a significant impact on the results of operations and financial position and presentation of the Consolidated Financial Statements, except for the following:

- The Group's adoption of HKAS 16 and HKAS 41 Amendments will change its accounting methods for plantations that meet the definition of bearer plants. The Group will apply the amendments retrospectively. After initial recognition, the Group's bearer plants will be measured under HKAS 16 at accumulated cost (before maturity) and using the cost model (after maturity). However, the agricultural produce growing on bearer plants will remain within the scope of HKAS 41 and measured at fair value less costs to sell. Based on the Group's preliminary assessment, the financial impacts to the Group's consolidated statement of financial position in respect of the change in the accounting methods for bearer plants as at 1 January 2016 upon the adoption of these amendments is estimated to a decrease to plantations and deferred tax liabilities of US$319.0 million and US$72.5 million, respectively, with a corresponding decrease of US$246.5 million in total equity. The Group is currently assessing the other impacts of adopting these amendments, including those arising from the fair value assessment of agricultural produce.

- The Group's adoption of HKFRS 9 will have an effect on the classification and measurement of its financial assets, but will have no impact on the classification and measurement of its financial liabilities. The adoption will also have an effect on its application of hedge accounting. The Group is currently assessing the impacts of adopting this standard.

- The Group's adoption of HKFRS 15 will have an effect on its accounting for future contracts with customers. The Group is currently assessing the impacts of adopting this standard.

(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 2015.

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. All significant intra-group transactions and balances within the Group are eliminated on consolidation. 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 is measured at fair value with changes in fair value recognized in profit or loss. 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.

If the initial accounting for business combination can be determined only provisionally by the end of the period in which the combination is effected because the fair values to be assigned to the acquiree's identifiable assets and liabilities can be determined only provisionally, the Group accounts for the combination using provisional amounts. During the measurement period, which is no longer than one year from the acquisition date, the provisional amounts recognized at acquisition date are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. Goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

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.

Where goodwill has been allocated to a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

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

For the purpose of the consolidated statement 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 maturities of more than three months but less than one year from the dates 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 receivable or an 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, sugar cane and timber 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, sugar cane and timber plantations are determined using the projected market prices of the estimated yields of FFB, cup lump, sugar cane and felled trees, respectively, net of maintenance and harvesting costs, and any costs required to bring the oil palm, rubber, sugar cane and timber plantations to maturity. The estimated yields of the oil palm, rubber, sugar cane and timber plantations are dependent on the age of the oil palm, rubber, sugar cane and timber trees, the location of the plantations, soil type and infrastructure. The projected market prices of FFB, rubber, sugar cane and felled trees are largely dependent on the prevailing market prices of CPO, PKO, RSS1 and other rubber products of the Group, sugar and logs, respectively.

Oil palm trees have an average life of 25 years, normally 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, normally 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.

Timber trees are ready for harvest in eight years since planting.

(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 as the Group's share of profits less losses of associated companies and joint ventures, and its share of post-acquisition other comprehensive income is recognized in the Group's consolidated other comprehensive income and when applicable in the consolidated statement of changes in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Unrealized 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 unrealized 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.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investments in associated companies and joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in an associated company or a joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company or joint venture and its carrying value, and then recognizes the loss as share of profits less losses of associated companies and joint ventures in the consolidated income statement.

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. 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.

(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 are 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 concession assets for the rail business are amortized using the straight-line basis. 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 an 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 a prospective basis. Intangible asset with an 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 lives 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) Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated income statement in the year of the retirement or disposal.

(j) 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.

(k) 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.

(l) 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 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.

(m) 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement. 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.

(n) 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.

(o) 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, principally the peso, the rupiah, A$ and S$). The Consolidated Financial Statements are presented in the currency of the United States dollar, which is the Company's functional 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 other than the United States dollar are translated into the United States dollar 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.

(p) 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 the 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.

(q) 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.

(r) 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 lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the consolidated income statement on the straight-line basis over the lease terms. 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.

(s) 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 in employee benefit expenses, 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.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vested conditions. Non-vesting conditions are reflected into fair value of an award and lead to an immediate expensing of an award unless there are also services and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether 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 nonvesting 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) 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.

(VII) 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.

(VIII) 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.

(t) 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 (principally the assets classified as property, plant and equipment, plantations and concession assets classified as intangible assets for the Group) 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.

(u) Financial assets and financial liabilities

(I) Classification, initial recognition and measurement

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 and financial liabilities at 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 loans and receivables, held-to-maturity investments, financial assets at fair value through profit or loss, and available-for-sale financial investments, 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. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39. 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 investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to liquidity requirements or in response to changes in the market conditions.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

A financial asset or financial liability may be designated as a financial asset or financial liability at fair value through profit or loss at initial recognition if any of the following criteria are met:

(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;

(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; or

(iii) financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets or financial liabilities are recognized initially at fair value including transaction costs that are attributable to the acquisition of the financial assets or recognition of financial liabilities except for financial instruments at fair value through profit or loss.

(II) Subsequent measurement

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) loans and borrowings. 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.

Financial assets and liabilities at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealized gains or losses recognized as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognized in the consolidated income statement as other income in accordance with the policies set out for "Turnover and revenue recognition" in Note 2(D)(p) to the Consolidated Financial Statements.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated income statement.

(III) Derecognition

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.

(IV) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(V) Impairment of financial assets

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. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. 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 judgment. In making this judgment, the Group evaluates, among other factors, the extent or duration to which the fair value of an investment is less than its cost.

(v) 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.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

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.

(w) 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 (net of transaction costs with the 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.

(x) Fair value measurement

The Group measures its plantations, investment properties, 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.

(y) 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.

(z) 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);
- (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); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

(aa) 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)(u) to the Consolidated Financial Statements.

(b) Service concession arrangements

In applying HK(IFRIC)-Int 12 to the service concession arrangements of the Group's water (Maynilad and Philippine Hydro (PH), Inc. (PHI)), toll road (MNTC, CIC and MPCALA) and rail (LRMC) businesses, 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.

(c) Power to exercise significant influence

Where the Group holds less than 20% of voting rights in an investee but the Group has the power to exercise significant influence, such an investment is treated as an associate. See Note 14 (D) to the Consolidated Financial Statements for application of the above judgment.

(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, period to reach maturity, yield per hectare, maintenance and harvesting costs 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 consolidated profit or loss 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 a 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, if the Group determines that no objective evidence of impairment exists for individually assessed trade receivables, 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. The characteristics chosen are relevant to the estimation of future cash flows for groups of such trade receivables by being indicative of the customers' ability to pay all amounts due. Future cash flows in a group of trade receivables that are collectively evaluated for impairment are estimated on the basis of historical loss experience for the trade receivables with credit risk characteristics similar to those in the group.

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 consolidated profit or loss and equity.

(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 judgment. In addition, the Group evaluates other factors, including normal volatility in share prices 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 have an impact on the estimated future cash flows of the financial asset. Evidence of loss events may include indication that the issuer is experiencing significant financial difficulty, default or delinquency in interest or principal payments, and 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.

The cost of LTIP is determined using the projected unit credit method based on prevailing discount rates and profit targets. While management's assumptions are believed to be reasonable and appropriate, significant differences in actual results or changes in assumptions may materially affect the Group's other long-term incentive benefits.

4. Turnover and Operating Segmental Information

US$ millions	**2015**	2014
Turnover		
Sale of goods	**4,917.0**	5,282.4
Sale of electricity	**663.5**	729.4
Rendering of services	**856.5**	829.5
Total	**6,437.0**	6,841.3

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, Australasia 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 pages 241 and 242.

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 2015 and 2014, and total assets and total liabilities at 31 December 2015 and 2014 regarding the Group's operating segments are as follows:

By Principal Business Activity – 2015

For the year ended/at 31 December US$ millions	Telecom- munications	Consumer Food Products	Infrastructure	Natural Resources	Head Office	**2015 Total**
Revenue						
Turnover	–	4,957.0	1,480.0	–	–	**6,437.0**
Results						
Recurring profit	180.7	139.8	107.5	4.9	(139.0)	**293.9**
Assets and Liabilities						
Non-current assets (other than financial instruments and deferred tax assets)						
– Associated companies and joint ventures	1,240.6	632.7	2,028.7	458.5	–	**4,360.5**
– Others	–	4,152.7	4,463.6	–	23.7	**8,640.0**
	1,240.6	4,785.4	6,492.3	458.5	23.7	**13,000.5**
Other assets	–	2,421.1	988.7	–	119.9	**3,529.7**
Segment assets	1,240.6	7,206.5	7,481.0	458.5	143.6	**16,530.2**
Assets classified as held for sale	–	1,031.2	31.4	–	–	**1,062.6**
Total assets	1,240.6	8,237.7	7,512.4	458.5	143.6	**17,592.8**
Borrowings	–	2,204.3	2,368.2	–	1,789.4	**6,361.9**
Other liabilities	–	1,234.4	1,701.3	–	229.9	**3,165.6**
Segment liabilities	–	3,438.7	4,069.5	–	2,019.3	**9,527.5**
Liabilities directly associated with the assets classified as held for sale	–	436.2	–	–	–	**436.2**
Total liabilities	–	3,874.9	4,069.5	–	2,019.3	**9,963.7**
Other Information – Continuing Operations						
Depreciation and amortization	–	(179.4)	(126.5)	–	(14.4)	**(320.3)**
Loss on changes in fair value of plantations	–	(1.5)	–	–	–	**(1.5)**
Impairment losses	–	(7.9)	–	(89.1)	–	**(97.0)**
Interest income	–	62.0	10.2	–	6.0	**78.2**
Finance costs	–	(137.2)	(137.4)	–	(100.2)	**(374.8)**
Share of profits less losses of associated companies and joint ventures	116.9	(8.5)	114.6	6.7	–	**229.7**
Taxation	–	(132.0)	(46.7)	–	(15.1)	**(193.8)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	–	1,200.3	1,176.1	–	0.2	**2,376.6**

By Geographical Market – 2015

For the year ended/at 31 December US$ millions	The Philippines	Indonesia	Australasia	Singapore	Others	**2015 Total**
Revenue						
Turnover	1,023.8	4,363.5	14.2	695.7	339.8	**6,437.0**
Assets						
Non-current assets (other than financial instruments and deferred tax assets)	7,624.9	3,563.7	517.9	1,211.0	83.0	**13,000.5**

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 – Continuing Operations						
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

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

US$ millions	2015	2014
Profit before taxation		
From continuing operations	**606.0**	657.1
From a discontinued operation (Note 8)	**36.4**	79.5
Exclusion of:		
– Foreign exchange and derivative losses, net (Note 9)	**107.7**	14.9
– Loss/(gain) on changes in fair value of plantations	**3.1**	(5.7)
– Non-recurring items	**167.3**	246.8
Deduction of attributable taxation and non-controlling interests	**(626.6)**	(668.7)
Recurring Profit	**293.9**	323.9

5. Finance Costs

US$ millions	2015	2014
Finance costs on bank loans and other loans	**411.1**	374.1
Less: Finance costs capitalized in		
– Intangible assets	**(24.4)**	(7.6)
– Plantations	**(10.3)**	(6.2)
– Property, plant and equipment	**(1.6)**	(3.5)
Total	**374.8**	356.8

The capitalization rate of borrowings costs for 2015 was 13.2% (2014: 6.1%).

6. Profit Before Taxation

US$ millions	Notes	**2015**	2014
Profit Before Taxation (from Continuing Operations) is Stated after (Charging)/Crediting			
Cost of inventories sold		**(2,704.1)**	(2,884.4)
Employees' remuneration		**(675.5)**	(686.3)
Cost of services rendered		**(269.0)**	(274.5)
Depreciation		**(214.6)**	(202.4)
Amortization of intangible assets[(iv)]	16	**(92.9)**	(86.4)
Foreign exchange and derivative losses, net		**(87.4)**	(12.7)
Impairment losses			
– Associated companies and joint ventures[(i)]		**(89.1)**	(188.0)
– Inventories[(ii)]		**(7.0)**	(5.5)
– Accounts receivable[(iii)]	18(C)	**(0.9)**	(1.1)
– Available-for-sale assets[(i)]		**–**	(2.3)
Operating lease rentals			
– Land and buildings		**(12.3)**	(18.0)
– Hire of plant and equipment		**(11.3)**	(15.0)
– Others		**(3.7)**	(5.9)
Auditors' remuneration			
– Audit services		**(3.8)**	(3.3)
– Non-audit services[(v)]		**(0.6)**	(0.8)
(Loss)/gain on changes in fair value of plantations		**(1.5)**	5.0
Preferred share dividend income from a joint venture		**8.9**	9.1
Gain on sale of property, plant and equipment		**0.3**	0.7
Gain on disposal of available-for-sale assets		**–**	5.0

(i) Included in other operating expenses, net
(ii) Included in cost of sales
(iii) Included in selling and distribution expenses
(iv) US$74.3 million (2014: US$66.6 million) included in cost of sales, US$14.5 million (2014: US$17.9 million) included in other operating expenses, net and US$4.1 million (2014: US$1.9 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

7. Taxation

No Hong Kong profits tax (2014: Nil) has been provided as the Group had no estimated assessable profits (2014: 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	**2015**	2014
Subsidiary Companies – Overseas		
Current taxation	**182.0**	208.9
Deferred taxation	**11.8**	(9.4)
Total	**193.8**	199.5

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$76.7 million (2014: US$108.9 million) which is analyzed as follows.

US$ millions	2015	2014
Associated Companies and Joint Ventures – Overseas		
Current taxation	**128.5**	117.4
Deferred taxation	**(51.8)**	(8.5)
Total	**76.7**	108.9

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.

US$ millions	2015	%	2014	%
Profit Before Taxation (from Continuing Operations)	**606.0**		657.1	
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**201.3**	**33.2**	217.5	33.1
Tax effect of:				
– Non-deductible expenses	**32.4**	**5.3**	62.2	9.5
– Income not subject to tax	**(30.3)**	**(5.0)**	(28.2)	(4.3)
– Share of profits less losses of associated companies and joint ventures	**(44.0)**	**(7.2)**	(45.7)	(6.9)
– Others	**34.4**	**5.7**	(6.3)	(1.0)
Taxation	**193.8**	**32.0**	199.5	30.4

8. A Discontinued Operation

On 31 December 2014, Indofood engaged in a discussion with CMZ BVI, a company beneficially owned by the management of CMZ, to divest a majority interest of approximately 52.9% in CMZ at a price of S$1.2 (US$0.85) per share, thereby reducing Indofood's interests in CMZ from 82.9% to approximately 30%. On 14 October 2015, Indofood and CMZ BVI entered into a binding MOU which sets out the terms upon which they will continue to discuss and work towards finalization of a definitive SPA for the proposed transaction. In consideration of Indofood entering into the MOU, CMZ BVI paid Indofood earnest sums of S$40 million (US$29.4 million) by 30 December 2015, which shall be treated as part of the consideration payable to Indofood upon the consummation of the proposed transaction. CMZ was classified as a disposal group held for sale at 31 December 2014 and 2015 and a discontinued operation in the Group's 2014 and 2015 annual consolidated financial statements. The potential divestment is expected to be completed during 2016. Prior to the classification as a discontinued operation, the operation of CMZ was reported as the cultivation and processed vegetables group of the Group's consumer food products business segment and the People's Republic of China geographical segment.

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

US$ millions	2015	2014
Turnover	**279.1**	385.8
Cost of sales	**(193.1)**	(266.1)
Gross Profit	**86.0**	119.7
Selling and distribution expenses	**(6.5)**	(18.8)
Administrative expenses	**(24.2)**	(27.4)
Other operating (expense)/income, net	**(17.1)**	5.5
Interest income	**15.4**	14.6
Finance costs	**(17.2)**	(14.1)
Profit Before Taxation from a Discontinued Operation (Note 4)	**36.4**	79.5
Taxation	**(10.2)**	(16.3)
Profit for the Year from a Discontinued Operation	**26.2**	63.2

(B) The Major Classes of Assets, Liabilities and Reserves Associated with CMZ Classified as Held for Sale at 31 December 2015 and 2014 are as follows:

US$ millions	2015	2014
Assets		
Property, plant and equipment	**212.4**	217.1
Plantations (Non-current)	**20.6**	24.1
Deferred tax assets	**0.7**	0.9
Other non-current assets	**30.7**	41.9
Cash and cash equivalents and short-term deposits	**704.9**	595.6
Accounts receivable, other receivables and prepayments (Current)	**52.9**	58.2
Inventories	**6.2**	10.9
Plantations (Current)	**2.8**	3.1
Assets of a Disposal Group Classified as Held for Sale (Note 25)	**1,031.2**	951.8
Liabilities		
Accounts payable, other payables and accruals	**152.1**	48.9
Short-term borrowings	**136.7**	120.8
Provision for taxation	**1.5**	0.6
Current portion of deferred liabilities, provisions and payables	**0.4**	0.5
Long-term borrowings	**128.7**	140.8
Deferred liabilities, provisions and payables	**4.5**	2.9
Deferred tax liabilities	**12.3**	21.4
Liabilities Directly Associated with the Assets Classified as Held for Sale	**436.2**	335.9
Net Assets Directly Associated with the Disposal Group	**595.0**	615.9
Reserves		
Exchange reserve	**25.0**	13.0
Unrealized (losses)/gains on cash flow hedges	**(3.4)**	0.6
Capital and other reserves	**4.1**	3.2
Reserves Directly Associated with the Disposal Group	**25.7**	16.8

The carrying amount of CMZ classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell, which is determined using the quoted price of CMZ adjusted with control premium (Level 2 fair value measurement).

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

US$ millions	2015	2014
Operating activities	**194.8**	180.3
Investing activities	**(170.2)**	(338.3)
Financing activities	**(35.4)**	62.6
Net Cash Outflow	**(10.8)**	(95.4)

9. Profit Attributable to Owners of the Parent

The profit attributable to owners of the parent includes US$48.5 million (2014: US$9.3 million) of net foreign exchange and derivative losses, which represent the foreign exchange translation differences on the Group's unhedged foreign currency denominated net borrowings and payables and the changes in the fair values of derivatives, US$1.7 million of loss (2014: US$0.7 million of gain) on changes in fair value of plantations and US$158.6 million (2014: US$234.3 million) of net non-recurring losses.

Analysis of Foreign Exchange and Derivative Losses, Net

US$ millions	2015	2014
Foreign exchange and derivative losses		
– Subsidiary companies	**(93.4)**	(12.7)
– Associated companies and joint ventures	**(14.3)**	(2.2)
Subtotal (Note 4)	**(107.7)**	(14.9)
Attributable to taxation and non-controlling interests	**59.2**	5.6
Total	**(48.5)**	(9.3)

The non-recurring losses for 2015 mainly represent the Group's impairment provision in respect of its investments in Philex (US$89.1 million), PLDT's impairment provisions for its fixed assets affected by network upgrade (US$32.7 million) and investment in Rocket Internet shares (US$28.7 million) and MPIC's project expenses (US$5.7 million). 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 fixed assets affected by network upgrade (US$17.6 million), Philex and MPIC's manpower rightsizing costs (US$4.9 million), MPIC's project expenses (US$3.0 million) and taxes incurred in hospital group reorganization (US$2.6 million).

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$85.1 million (2014: US$81.0 million) and the weighted average number of ordinary shares of 4,274.2 million (2014: 4,299.1 million) in issue less shares held for a share award scheme of 7.2 million (2014: 9.0 million) 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$85.1 million (2014: US$81.0 million) reduced by the dilutive impacts of US$0.1 million (2014: 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 4,274.2 million (2014: 4,299.1 million) in issue less shares held for a share award scheme of 7.2 million (2014: 9.0 million) during the year (as used in the basic earnings per share calculation) and the weighted average number of ordinary shares of 18.3 million (2014: 32.1 million) assumed to have been issued at no consideration on the deemed exercise of all dilutive share options of the Company during the year.

11. Ordinary Share Dividends

	U.S. cents per ordinary share		US$ millions	
	2015	2014	**2015**	2014
Interim	**1.03**	1.03	**44.0**	44.2
Proposed final	**0.71**	1.67	**30.1**	71.5
Total	**1.74**	2.70	**74.1**	115.7

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

US$ millions	Land and buildings	Machinery, equipment and vessels	Construction in progress	**Total**
Cost				
At 1 January 2015	1,168.6	2,354.9	184.3	**3,707.8**
Exchange translation	(124.6)	(158.4)	(20.9)	**(303.9)**
Additions	28.1	120.8	171.5	**320.4**
Acquisition of subsidiary companies and a business (Note 35(D))	177.0	243.8	10.4	**431.2**
Disposals	(8.2)	(11.4)	–	**(19.6)**
Reclassification[(i)]	25.1	85.3	(85.3)	**25.1**
At 31 December 2015	1,266.0	2,635.0	260.0	**4,161.0**
Accumulated Depreciation and Impairment				
At 1 January 2015	174.0	802.0	–	**976.0**
Exchange translation	(9.0)	(66.9)	–	**(75.9)**
Depreciation for the year (Note 6)	49.2	165.4	–	**214.6**
Disposals	(2.9)	(11.9)	–	**(14.8)**
At 31 December 2015	211.3	888.6	–	**1,099.9**
Net Carrying Amount at 31 December 2015	1,054.7	1,746.4	260.0	**3,061.1**

(i) Reclassification from other non-current assets

US$ millions	Land and buildings	Machinery, equipment and vessels	Construction in progress	Total
Cost				
At 1 January 2014	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 subsidiary companies and a business (Note 35(D))	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	(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	(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

(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) During the year, no (2014: US$0.2 million) employees' remuneration was capitalized within the Group's property, plant and equipment.

(C) Property, plant and equipment with a net carrying amount of US$1,130.5 million (2014: US$881.1 million) were pledged as security for certain of the Group's banking facilities (Note 27(C)).

13. Plantations

US$ millions	2015	2014
At 1 January	**1,210.7**	1,166.4
Exchange translation	**(120.4)**	(28.5)
Additions	**77.2**	105.7
Realization of deferred costs	**(13.1)**	(12.1)
Reclassification[(i)]	**(1.8)**	1.1
(Loss)/gain on changes in fair value of plantations, net	**(1.5)**	5.7
Disposal	**–**	(0.4)
Attributable to a discontinued operation	**–**	(27.2)
At 31 December	**1,151.1**	1,210.7

(i) (To)/from 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	2015	2014
Oil palm		
– Mature plantations	**187,400**	185,181
– Immature plantations	**58,959**	60,874
Rubber		
– Mature plantations	**17,393**	17,711
– Immature plantations	**3,945**	3,986
Sugar cane		
– Mature plantations	**6,422**	11,535
– Immature plantations	**6,936**	1,527
Timber		
– Mature plantations	**14,840**	14,840
– Immature plantations	**1,376**	1,537
Cocoa, tea and others		
– Mature plantations	**2,352**	2,319
– Immature plantations	**1,010**	540
Total	**300,633**	300,050

(A) The Group's plantations primarily comprise oil palm, rubber, sugar cane and timber plantations owned by Indofood. The fair values of plantations are determined by an independent valuer, KJPP Benedictus Darmapuspita dan Rekan, 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 (2014: five tonnes/hectare and 31 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 2015 was 14.0% (2014: 13.6%). 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$0.63/kg and US$0.70/kg (2014: US$0.81/kg and US$0.82/kg) are based on the forecast of the World Bank; and

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

During 2015, the Group's oil palm plantations produced approximately 3.4 million tonnes (2014: 3.3 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 2015 was 14.2% (2014: 13.3%). 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 19,822/kg and Rupiah 29,670/kg (US$1.44/kg and US$2.15/kg) (2014: Rupiah 22,119/kg and Rupiah 29,509/kg (US$1.78/kg and US$2.37/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 2015, the Group's rubber plantations produced approximately 17 thousand tonnes (2014: 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 2015 was 11.9% (2014: 12.1%). 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 between Rupiah 9,392/kg and Rupiah 10,140/kg (US$0.68/kg and US$0.74/kg) (2014: Rupiah 8,500/kg (US$0.68/kg)) over the projection period 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; and

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

During 2015, the Group's sugar cane plantations produced approximately 746 thousand tonnes (2014: 701 thousand tonnes) of sugar canes.

(E) Timber plantations – The expected future cash flows of the timber plantations are determined using the forecast market price of logs.

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

(a) timber tree are available for harvest only once about eight years from initial planting;

(b) the discount rate used in 2015 was 9.3% (2014: 8.8%). Such discount rate represents the asset specific rate for the Group's timber plantation operations which is applied in the discounted future cash flows calculation;

(c) the projected selling price of logs between Rupiah 529,687/m^3 and Rupiah 590,712/m^3 (US$38.4/$m^3$ and US$42.8/$m^3$) (2014: Rupiah 448,157/$m^3$ and Rupiah 471,434/m^3 (US$36.0/$m^3$ and US$37.9/$m^3$)) over the projection period are based on the extrapolation of domestic selling prices and the forecasted price trend from the World Bank; and

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

(F) 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 (2014: 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 the capital asset pricing model	Oil Palm: 14.0% Rubber: 14.2% Sugar cane: 11.9% Timber: 9.3%	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$0.63/kg – US$0.70/kg Rubber – RSS1: Rupiah 19,822/kg – Rupiah 29,670/kg (US$1.44/kg – US$2.15/kg) Sugar cane – sugar: Rupiah 9,392/kg – Rupiah 10,140/kg (US$0.68/kg – US$0.74/kg) Timber – logs: Rupiah 529,687/m^3 – Rupiah 590,712/m^3 (US$38.4/$m^3$ – US$42.8/$m^3$)	An increase/decrease in the projected prices would result in an increase/decrease in the fair value of plantations.
Estimated yield	Oil Palm – FFB: 5 tonnes/hectare – 31 tonnes/hectare Rubber – cup lump: 0.18 tonnes/hectare – 1.98 tonnes/hectare Sugar Cane – cane: 39 tonnes/hectare – 78 tonnes/hectare Timber – felled trees: 24 m^3/hectare – 176 m^3/hectare	An increase/decrease in yield would result in an increase/decrease in the fair value of plantations.
Exchange rate	Rupiah 13,500/US$1 – Rupiah 13,900/US$1	A depreciation/an appreciation in the exchange rate of the rupiah against the U.S. dollar would result in an increase/decrease in the fair value of plantations.
Inflation rate	3.5% – 4.7%	An increase/decrease in the inflation rate would result in a decrease/increase in the fair value of plantations.

14. Associated Companies and Joint Ventures

US$ millions	Associated companies 2015	2014	Joint ventures 2015	2014	Total 2015	2014
Shares, at cost						
– Listed	**3,703.4**	3,129.9	**–**	–	**3,703.4**	3,129.9
– Unlisted	**413.1**	279.4	**1,202.4**	636.6	**1,615.5**	916.0
Share of post-acquisition reserves (Note 32)	**(1,277.2)**	(938.1)	**(51.0)**	71.3	**(1,328.2)**	(866.8)
Preferred shares, at cost	**–**	–	**245.9**	258.8	**245.9**	258.8
Amounts due from associated companies and joint ventures	**107.8**	113.6	**16.1**	16.9	**123.9**	130.5
Total	**2,947.1**	2,584.8	**1,413.4**	983.6	**4,360.5**	3,568.4

(A) At 31 December 2015, both the listed and unlisted investments were located outside Hong Kong.

(B) At 31 December 2015, the market valuation of listed investments in associated companies was US$3,789.4 million (2014: US$4,406.5 million) based on quoted market prices. The net dividends received from associated companies and joint ventures during 2015 amounted to US$278.9 million (2014: US$334.2 million).

(C) Details of the Group's principal associated companies, PLDT and Philex, and joint venture, FPW, which, in the opinion of the Directors, materially affect the results or net assets of the Group, are set out on pages 241 and 242.

(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 each to BTF Holdings, Inc. (BTFHI), 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 57 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 2015, the Group has recognized an impairment loss of US$89.1 million (2014: 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 at the end of the reporting period has been determined based on its value in use (which is higher than its fair value less costs of disposals) by reference to discounted cash flow calculations (i.e., Level 3 fair value measurement) (2014: based on its fair value less costs of disposals (which is higher than its value in use by reference to discounted cash flow calculations) by reference to quoted price in the Philippine stock market (i.e., Level 1 fair value measurement)).

(F) 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) to hold the irrespective shareholdings in Maralco, 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%. During 2015, MPIC acquired a 10.0% interest in Meralco from Beacon Electric, which further reduced Beacon Electric's interest in Meralco from 44.96% to 34.96%.

Meralco is an associated company of the Group in view of the Group's 15.0% direct interest in Meralco acquired during 2014 and 2015 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.

(G) FPW was incorporated under the laws of Singapore on 27 June 2014, which became a 50%/50% joint venture owned by the Group and Wilmar since 17 February 2015. FPW's principal investment is a 100% interest in Goodman Fielder, following its acquisition of an additional 99.7% interest in Goodman Fielder on 17 March 2015. Goodman Fielder is primarily engaged in the manufacture, marketing and distribution of food ingredients and consumer branded food, beverage and related products, including packaged bread and other related goods, dairy products, flour, edible oils and meal components in Australasia.

(H) Amounts due from associated companies and joint ventures principally represent the Group's investment in SMECI's convertible notes of US$107.1 million (2014: US$112.7 million) and MPIC's advances to Beacon Electric of US$16.1 million (2014: US$16.9 million).

(I) At 31 December 2015, the Group's share of its joint ventures' own capital commitments amounted to US$5.2 million (2014: Nil), which principally relate to Goodman Fielder's purchase of property, plant and equipment.

(J) The Group's associated companies and joint ventures are involved in certain legal, contractual and regulatory matters arising from the ordinary course of business. The management of the associated companies and joint ventures, together with their legal counsels, reassess these matters regularly basis to consider any new relevant information and estimates.

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

	PLDT		Philex		Meralco	
For the year ended/At 31 December US$ millions	**2015**	2014	**2015**	2014	**2015**	2014
Statements of Comprehensive Income						
Turnover	**3,572.2**	3,715.3	**207.4**	266.5	**5,665.4**	5,994.5
Profit for the year	**484.0**	767.3	**17.0**	15.8	**420.7**	408.1
Other comprehensive (loss)/income	**(217.2)**	72.0	**4.1**	(1.8)	**(17.6)**	(2.4)
Total Comprehensive Income	**266.8**	839.3	**21.1**	14.0	**403.1**	405.7
Dividends Received	**177.9**	219.2	**0.9**	3.7	**35.6**	–
Statements of Financial Position						
Current assets	**1,943.1**	1,681.4	**112.0**	213.1	**2,025.0**	2,518.2
Non-current assets	**7,727.5**	8,074.7	**813.4**	785.1	**3,972.5**	3,498.2
Current liabilities	**(3,371.6)**	(3,194.3)	**(121.4)**	(168.2)	**(1,980.8)**	(1,867.8)
Non-current liabilities and provisions	**(3,878.7)**	(3,550.4)	**(224.2)**	(225.3)	**(2,298.4)**	(2,371.4)
Non-controlling interests	**(6.2)**	(6.8)	**(57.9)**	(77.0)	**(12.5)**	(7.2)
Net assets	**2,414.1**	3,004.6	**521.9**	527.7	**1,705.8**	1,770.0

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

	PLDT		Philex		Meralco	
At 31 December US$ millions	**2015**	2014	**2015**	2014	**2015**	2014
Net assets	**2,414.1**	3,004.6	**521.9**	527.7	**1,705.8**	1,770.0
Economic interest	**25.6%**	25.6%	**46.2%**	46.2%	**15.0%**	5.0%
Group's share of net assets	**618.0**	769.2	**241.1**	243.8	**255.9**	88.5
Purchase price allocation and other adjustments	**622.6**	632.2	**110.3**	201.3	**597.5**	211.5
Carrying amount of investment in SMECI's convertible notes	**–**	–	**107.1**	112.7	**–**	–
Carrying Amount of the Investment	**1,240.6**	1,401.4	**458.5**	557.8	**853.4**	300.0

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

For the year/period ended/at 31 December US$ millions	Beacon Electric **2015**	 2014	FPW[(i)] **2015**
Statements of Comprehensive Income			
Turnover	**–**	–	**1,116.7**
Share of profit of associated companies	**151.3**	184.6	**1.5**
Profit for the year	**143.4**	144.9	**24.7**
Other comprehensive (loss)/income	**(10.9)**	0.4	**(39.8)**
Total Comprehensive Income	**132.5**	145.3	**(15.1)**
Statements of Financial Position			
Current assets	**231.1**	240.9	**289.8**
Non-current assets	**1,866.4**	2,522.8	**1,440.3**
Current liabilities	**(26.2)**	(101.5)	**(1,173.2)**
Non-current liabilities	**(258.2)**	(782.7)	**(356.6)**
Non-controlling interests	**–**	–	**(12.6)**
Net Assets	**1,813.1**	1,879.5	**187.7**
Additional Information for Amounts Included in the Above Line Items			
Interest income	**10.0**	4.6	**0.5**
Depreciation and amortization	**–**	–	**(41.2)**
Finance costs	**(38.8)**	(53.1)	**(23.0)**
Taxation	**–**	–	**(9.1)**
Cash and cash equivalents and short-term investments	**48.2**	80.0	**99.1**
Current financial liabilities, excluding trade and other payables and provisions	**(23.0)**	(28.2)	**(959.8)**
Non-current financial liabilities, excluding trade and other payables and provisions	**(237.5)**	(758.8)	**(313.4)**

(i) Information in respect of FPW only relates to 17 February 2015 (the date when FPW became a joint venture of the Group) and after.

Reconciliation to Carrying Amounts of the Group's Interests in the Major Joint Ventures

At 31 December US$ millions	Beacon Electric 2015	Beacon Electric 2014	FPW 2015
Net assets	**1,813.1**	1,879.5	**187.7**
Equity attributable to preferred shareholders (including dividend in arrears)	**(560.7)**	(571.9)	**–**
Net assets attributable to common shareholders	**1,252.4**	1,307.6	**187.7**
Economic interest	**50.0%**	50.0%	**50.0%**
Group's share of net assets	**626.2**	653.8	**93.9**
Purchase price allocation and other adjustments	**(43.0)**	(29.7)	**37.7**
Carrying amount of the investment	**583.2**	624.1	**131.6**
Carrying amount of investments in Beacon Electric's preferred shares	**245.9**	258.8	**–**
Advances to Beacon Electric	**16.1**	16.9	**–**
Loan to FPW	**–**	–	**386.3**
Total	**845.2**	899.8	**517.9**

(M) 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.

For the year ended 31 December US$ millions	Associated companies 2015	Associated companies 2014	Joint ventures 2015	Joint ventures 2014
Share of profit/(loss) for the year	**9.4**	10.6	**(12.6)**	(1.2)
Share of other comprehensive (loss)/income	**(4.9)**	20.6	**(12.5)**	(2.7)
Share of Total Comprehensive Income/(Loss)	**4.5**	31.2	**(25.1)**	(3.9)
Aggregate Carrying Amount of the Group's Investments	**394.6**	325.6	**50.3**	83.8

15. Goodwill

US$ millions	2015	2014
Cost		
At 1 January	**1,067.9**	1,057.6
Exchange translation	**(62.6)**	(11.6)
Acquisition of subsidiary companies (Note 35(D))	**27.8**	0.6
Other movements	**–**	21.3
At 31 December	**1,033.1**	1,067.9
Accumulated Impairment		
At 1 January	**10.3**	10.5
Exchange translation	**(1.0)**	(0.2)
At 31 December	**9.3**	10.3
Net Book Amount at 31 December	**1,023.8**	1,057.6
Attributable to the Businesses of:		
Indofood – Plantations	**236.3**	262.1
– Dairy	**116.2**	128.8
MPIC – Water distribution	**109.9**	117.7
– Toll roads	**227.7**	239.6
FPM Power – Power	**265.7**	265.7
Others	**68.0**	43.7
Total	**1,023.8**	1,057.6

(A) Goodwill is allocated to the Group's cash-generating units identified according to the reportable segments. The goodwill amounts at 31 December 2015 and 31 December 2014 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 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) (2014: 5 years (for established plantations and the dairy companies) to 10 years (for the plantation estates in early development stage)) for Indofood's businesses, 20 to 22 years (2014: 21 to 23 years) of concession lives for MPIC's water distribution business, 18 to 30 years (2014: 19 to 31 years) of concession lives for MPIC's toll road business and 5 years (2014: 5 years) for PLP's power business. The discount rates applied to cash flow projections range from 7.9% to 13.5% (2014: 6.3% to 12.7%) for Indofood's businesses, 8.7% (2014: 8.7%) for MPIC's water distribution business, 8.2% (2014: 8.1%) for MPIC's toll road business and 6.8% (2014: 6.6%) 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; 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; 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; and, the projected prices of logs are based on extrapolation of historical selling prices published by the International Tropical Timber Organization and the forecasted price trend for the World Bank. The cash flows beyond the projection periods are extrapolated using an estimated terminal growth rate of 5.3% (2014: 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% (2014: 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 forecasted periods for MPIC's water distribution and toll road businesses are more than five years as management can reliably estimate the cash flows for their entire concession periods. The cash flows during the projection periods are derived using estimated average growth rates ranging from 2.0% to 2.5% (2014: 2.0% to 3.0%) for the water distribution business and from 1.6% to 3.4% (2014: 1.6% to 5.3%) 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% (2014: 2.2%) 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.

16. Other Intangible Assets

US$ millions	Concession assets – Water distribution	Concession assets – Toll roads	Concession assets – Rail	Brands – Dairy	Brands and networks – Water	Vesting contract	Software and others	**Total**
Cost								
At 1 January 2015	1,898.1	706.1	–	313.4	73.8	16.3	9.5	**3,017.2**
Acquisition of subsidiary companies (Note 35(D))	–	–	–	–	–	–	0.8	**0.8**
Additions	166.6	604.9	123.4	–	–	–	0.9	**895.8**
Exchange translation	(99.5)	(53.7)	(3.8)	(30.8)	(7.3)	(1.0)	(0.7)	**(196.8)**
At 31 December 2015	1,965.2	1,257.3	119.6	282.6	66.5	15.3	10.5	**3,717.0**
Accumulated Amortization								
At 1 January 2015	316.3	90.7	–	93.7	–	1.5	3.2	**505.4**
Charge for the year (Note 6)	55.3	17.4	–	16.2	–	1.6	2.4	**92.9**
Exchange translation	(17.4)	(5.0)	–	(9.6)	–	(0.2)	(0.3)	**(32.5)**
At 31 December 2015	354.2	103.1	–	100.3	–	2.9	5.3	**565.8**
Net Carrying Amount at 31 December 2015	1,611.0	1,154.2	119.6	182.3	66.5	12.4	5.2	**3,151.2**

US$ millions	Concession assets – Water distribution	Concession assets – Toll roads	Concession assets – Rail	Brands – Dairy	Brands and networks – Water	Vesting contract	Software and others	Total
Cost								
At 1 January 2014	1,822.1	654.7	–	310.9	–	17.1	6.3	2,811.1
Acquisition of subsidiary companies and a business (Note 35(D))	–	–	–	3.6	78.1	–	–	81.7
Additions	93.9	56.4	–	–	–	–	3.4	153.7
Exchange translation	(17.9)	(5.0)	–	(1.1)	(4.3)	(0.8)	(0.2)	(29.3)
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
Charge for the year (Note 6)	51.1	15.5	–	16.3	–	1.6	1.9	86.4
Exchange translation	(2.3)	(0.6)	–	(2.3)	–	(0.1)	–	(5.3)
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

(A) Concession assets – Water distribution represents the exclusive right granted by MWSS on behalf of the Philippine Government for Maynilad to provide water distribution and sewerage services and charge users for these services provided in the areas of West Metro Manila during its concession period.

Additions to the concession assets for water distribution include costs of rehabilitation, construction costs and concession fees paid and payable for expansion projects.

(a) Maynilad

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, MWSS refused to implement the final award notwithstanding Maynilad's repeated written demands for implementation.

Following the inaction of the Philippine Government represented by the Department of Finance (DOF) in response to Maynilad's request to compel MWSS to implement the final award, Maynilad, on 27 March 2015 served a notice of arbitration and statement of claim upon the Philippine Government and demanded that the Philippine government's failure or refusal to pay it the demanded revenue losses that it had sustained as a direct result of MWSS's refusal to implement its correct rebasing adjustment be referred to arbitration before a three-member panel appointed and conducting proceedings in Singapore. The arbitration panel was constituted in 2015 and the arbitration is expected to be heard in December 2016.

(b) PHI

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.

(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 NLEX) and SCTEX, (b) CIC in respect of CAVITEX and (c) MPCALA in respect of CALAX during their concession periods.

Additions to the concession assets for toll roads include civil works construction costs, fixed operating equipment design, supply and installation costs for the toll road collection system migration, and upfront fee and concession fees paid and payable for new projects.

(a) MNTC's NLEX
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.

(b) CIC's CAVITEX
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 these financial statements, MNTC and CIC continue 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 2015 for CAVITEX's originally built road, 1 January 2014 for CAVITEX's extension, and 1 January 2013 and 1 January 2015 for NLEX.

(c) MNTC's SCTEX
On 9 February 2015, MNTC received a notice of award from the Philippine Bases Conversion and Development Authority (BCDA) for the management, operation and maintenance of the 94-kilometer SCTEX subject to compliance with specific conditions. The notice of award was issued by the BCDA following the results of the price challenge held on 30 January 2015. On 26 February 2015, MNTC and the BCDA entered into a business agreement involving the assignment of the BCDA's rights and obligations relating to the management, operation and maintenance of SCTEX as provided in the SCTEX concession (Toll Operation Agreement or TOA). The assignment includes the exclusive right to use the SCTEX toll road facilities and the right to collect toll until 30 October 2043. On 22 May 2015, the Supplementary Toll Operation Agreement was executed by and among the Philippine Government and the BCDA and MNTC. At the end of the contract term, the SCTEX, as well as the as-built plans, specification and operation/repair/maintenance manuals relating to the same shall be turned over to the BCDA or its successor-in-interest. At a consideration of Pesos 3.5 billion (US$76.7 million) upfront cash payment, the operation and management of the SCTEX was officially turned over to MNTC on 27 October 2015. MNTC shall also pay the BCDA monthly concession fees amounting to 50% of the audited gross toll revenues of SCTEX for the relevant month from effective date of 27 October 2015 to 30 October 2043.

(d) MPCALA's CALAX
On 10 July 2015, MPCALA signed a concession agreement for the CALAX Project with the Department Public Works and Highways (DPWH) of the Philippines. Under the concession agreement, MPCALA is granted the concession to design, finance, construct, operate and maintain the CALAX, including the right to collect toll fees, over a 35-year concession period. The CALAX is a closed-system tolled expressway connecting the CAVITEX and the South Luzon Expressway. The CALAX Project was awarded to MPCALA following a competitive public bidding process where MPCALA was declared as the highest complying bidder with its offer to pay the Philippine Government concession fees amounting Pesos 27.3 billion (US$580.1 million). The CALAX is still at the pre-construction stage as of 31 December 2015.

(C) Concession assets – Rail represents concession comprising of the exclusive right during the concession period to operate and maintain the current LRT 1 system, collect farebox revenue and construct the LRT 1 Extension.

The DOTC and LRTA formally awarded the project to LRMC on 15 September 2014. On 2 October 2014, LRMC signed together with the Department of Transportation and Communications (DOTC) and the Light Rail Transit Authority (LRTA) a concession agreement for the Light Rail Transit Line 1 Cavite Extension and Operations & Maintenance Project (LRT 1 Project). Under the concession agreement, LRMC will operate and maintain the existing 20.7-kilometer LRT 1 and construct an 11.7-kilometer extension from the present end-point at Baclaran to the Niog area in Bacoor, Cavite. A total of eight new stations will be built along the extension, which traverses the cities of Parañaque and Las Piñas up to Bacoor, Cavite. The concession agreement is for a period of 32 years commencing from the effective date of 12 September 2015 when LRMC took over of the LRT 1 operations.

(D) Brands – Dairy represent the brands, with useful life of 20 years, held by Indolakto for its various milk-related products, which include Indomilk, Cap Enaak, Tiga Sapi, Crima, Kremer and Indoeskrim.

(E) 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.

(F) 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 November 2013 to November 2023.

(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
	– CALAX	Remaining concession life of 30 years since completion of its construction expected in 2020
	– SCTEX	Concession life of 28 years since acquisition in 2015
Concession assets – Rail		Remaining concession life of 30 years since completion of the rehabilitation works of its existing LRT 1 system expected in 2017
Brands – Dairy		20 years
Brands and networks – Water		Indefinite
Vesting contract		10 years
Software		3 to 5 years

17. Investment Properties

US$ millions	2015	2014
At 1 January	–	–
Acquisition of subsidiary companies (Note 35(D))	10.0	–
Exchange translation	(0.4)	–
Additions	0.1	–
At 31 December	**9.7**	–

The Group's investment properties comprise lands held under operating leases to earn rental income and a vacant land held for the purpose of capital appreciation.

The fair values of the investment properties are measured annually using the market approach based on gathered available market evidences, as determined by professionally qualified independent appraisers. The fair value measurement for land have been categorized as Level 2. There was no transfer between the fair value hierarchy during the year.

The lands are being leased for terms ranging from two to seven years. Rental income from the said investment properties amounted to US$0.1 million in 2015. Direct operating expenses amounted to US$20 thousand in 2015, which mainly pertain to real property taxes.

18. Accounts Receivable, Other Receivables and Prepayments

US$ millions	2015	2014
Accounts receivable	454.2	411.4
Other receivables	274.8	204.3
Prepayments	38.3	57.3
Total	**767.3**	673.0
Presented as:		
Non-current Portion	8.8	11.8
Current Portion	758.5	661.2
Total	**767.3**	673.0

(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$8.8 million (2014: US$11.7 million) which is determined based on cash flows discounted using a weighted average prevailing interest rate of 6.0% (2014: 7.8%). The weighted average effective interest rate of the non-current portion of accounts receivable and other receivables is 6.0% (2014: 6.0%).

(B) An ageing profile based on the invoice dates of accounts receivable, net of provisions, is analyzed below:

US$ millions	2015	2014
0 to 30 days	**389.7**	377.8
31 to 60 days	**17.2**	14.0
61 to 90 days	**15.0**	5.5
Over 90 days	**32.3**	14.1
Total	**454.2**	411.4

US$ millions	2015	2014
Neither past due nor impaired	**386.3**	374.4
Past due but not impaired		
– 0 to 30 days past due	**17.0**	16.3
– 31 to 60 days past due	**13.3**	5.8
– 61 to 90 days past due	**21.7**	10.9
– Over 90 days past due	**15.9**	4.0
Total	**454.2**	411.4

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.

(C) At 31 December 2015, accounts receivable of US$17.3 million (2014: US$18.4 million) were collectively impaired and fully provided for. Movements in the provision for impairment of accounts receivable were as follows:

US$ millions	2015	2014
At 1 January	**18.4**	21.0
Exchange translation	**(0.5)**	(0.2)
Amount written off as uncollectible	**(1.5)**	(3.5)
Charge for the year (Note 6)	**0.9**	1.1
At 31 December	**17.3**	18.4

(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 60 days of credit. MPIC (a) allows 14 days of credit for its water service customers, (b) collects toll fees by CIC, and through its associated company, TMC, by cash, by prepaid and reloadable electronic toll collection devices and by credit card payment, (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 and (d) collects rail fare through single journey tickets and usage of prepaid credits in stored value cards and allows 30 days of credit for its non-rail service customers, such as lessees and advertisers. PLP generally allows customers 30 days of credit. RHI generally allows customers 15 to 90 days of credit.

(F) Accounts receivable with a net carrying amount of US$59.9 million (2014: US$71.7 million) were pledged as security for certain of the Group's banking facilities (Note 27(C)).

19. Available-for-sale Assets

US$ millions	2015	2014
Listed investments, at fair value:		
– Equity investments – Overseas	**121.2**	198.0
– Debentures with a fixed interest rate of 1.6% to 6.0% (2014: 1.6% to 6.0%) and a maturity date of between 3 March 2016 and 15 August 2023 (2014: between 12 March 2015 and 15 August 2023) – Overseas	**36.2**	43.4
Unlisted investments, at cost less impairment provisions:		
– Equity investments – Overseas	**9.5**	9.5
Unlisted investments, at fair value:		
– Club debentures – Hong Kong	**2.0**	2.1
Total	**168.9**	253.0
Presented as:		
Non-Current Portion	**44.1**	193.8
Current Portion	**124.8**	59.2
Total	**168.9**	253.0

The fair values of the listed equity investments and debentures are based on quoted market prices. 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 the near future.

20. Deferred Tax

The movements in deferred tax assets and deferred tax liabilities during the year are as follows.

US$ millions	Tax losses carry forward	Allowance for doubtful accounts	Liabilities for employee retirement benefits	Others	Total
Deferred Tax Assets					
At 1 January 2014	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(D))	–	–	–	2.2	2.2
Credited to the consolidated income statement (Note 7)	19.4	4.7	12.8	2.3	39.2
Credited to the other comprehensive income	–	–	(1.9)	–	(1.9)
Attributable to a discontinued operation	–	–	–	(0.9)	(0.9)
At 31 December 2014	77.9	9.6	81.5	31.2	**200.2**
Exchange translation	(8.0)	(0.5)	(7.7)	(2.1)	**(18.3)**
Acquisition of subsidiary companies (Note 35(D))	0.5	0.5	0.5	1.8	**3.3**
Credited/(charged) to the consolidated income statement (Note 7)	8.0	(5.6)	7.5	2.5	**12.4**
Charged to the other comprehensive loss	–	–	–	1.9	**1.9**
At 31 December 2015	**78.4**	**4.0**	**81.8**	**35.3**	**199.5**

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 2014	(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	–	–	–	11.2	10.2	21.4
At 31 December 2014	(156.1)	(84.3)	(57.1)	(31.8)	(38.6)	**(367.9)**
Exchange translation	7.6	3.8	2.6	0.6	2.0	**16.6**
Acquisition of subsidiary companies (Note 35(D))	(25.5)	–	–	1.8	(12.4)	**(36.1)**
Charged to the consolidated income statement (Note 7)	–	(0.2)	–	(19.6)	(4.4)	**(24.2)**
Transfer to/(from) provision for taxation (Note 28)	–	–	–	17.3	(8.6)	**8.7**
At 31 December 2015	**(174.0)**	**(80.7)**	**(54.5)**	**(31.7)**	**(62.0)**	**(402.9)**

Pursuant to the income tax laws of the Philippines and Indonesia, withholding taxes of 10% to 15% are levied on dividends declared to foreign investors. Dividends paid by Australian resident companies are franked with an imputation credit to the extent that Australian corporate income tax has been paid by the company on the income being distributed. Such franked dividends are not subject to any further withholding tax for foreign shareholders. Further, Australian unfranked dividends paid from foreign sourced profits can be declared as conduit foreign income which is not subject to any further withholding tax for foreign shareholders. Dividends paid by New Zealand resident companies are franked with an imputation credit to the extent that New Zealand corporate income tax has been paid by the company on the income being distributed. New Zealand dividends paid to non-residents are generally subject to withholding tax. However, fully imputed dividends, or as allowed under tax treaties, are exempt from withholding tax where the foreign shareholder owns more than ten percent of the company. 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. 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 and Indonesia and subsidiary companies in Mainland China.

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. 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$65.7 million at 31 December 2015 (2014: US$69.7 million).

The Group has tax losses arising from Singapore of US$223.5 million (2014: US$216.6 million) and Indonesia of US$80.1 million (2014: US$76.7 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 2015, the Group had US$11.1 million (2014: US$11.1 million) of pledged bank deposits as security for certain bonds issued by the Group (Note 27(C)) and US$51.7 million (2014: US$53.1 million) of cash which was set aside to cover principal and interest payments of certain borrowings in compliance with loan agreements and US$18.9 million (2014: US$19.9 million) of cash held in an escrow account in relation to a construction contract which is restricted as to use.

22. Other Non-current Assets

US$ millions	**2015**	2014
Prepayments	**68.7**	105.3
Plasma receivables	**57.0**	49.7
Long-term deposits	**26.1**	34.0
Claims for tax refund	**19.0**	36.7
Deferred project costs	**18.6**	41.8
Deposits for acquisition of assets	**11.5**	30.1
Others	**111.2**	88.3
Total	**312.1**	385.9

(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 as the interest rates on these receivables approximate to the prevailing market rates.

(C) The long-term deposits mainly represent MPIC's deposits for repair and maintenance of its toll roads.

(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 deferred project costs comprise costs directly attributable to the acquisition of service concessions prior to the commencement of concession terms.

(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

US$ millions	**2015**	2014
Cash at banks and on hand	**496.2**	657.3
Short-term time deposits	**1,116.1**	1,608.6
Total	**1,612.3**	2,265.9

(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$56.8 million (2014: US$64.7 million) were charged to banks in accordance with the terms of certain of the Group's banking facilities (Note 27(C)).

24. Inventories

US$ millions	**2015**	2014
Raw materials	**360.6**	411.4
Finished goods	**260.0**	292.4
Work in progress	**10.4**	13.4
Total	**631.0**	717.2

(A) At 31 December 2015, inventories with a carrying amount of US$101.3 million (2014: US$112.3 million) were carried at net realizable value.

(B) At 31 December 2015, inventories with a carrying amount of US$21.9 million (2014: US$23.8 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	2015	2014
Assets of a disposal group classified as held for sale (Note 8(B))	**1,031.2**	951.8
Assets held for sale	**31.4**	30.6
Total	**1,062.6**	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 2015 and 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: (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 approximately 66% of the selling price of Landco's outstanding common shares in the event of a sale of Landco to a third party. While the expected disposal did not happen in 2015 due to delays outside of MPIC's control, MPIC is still committed to the plan to sell its interests in Landco and has initiated actions to locate a buyer. The carrying amounts of the Group's receivables from Landco and ABHC and investments in Landco's common shares were reclassified as assets held for sale at 31 December 2014 and 2015.

26. Accounts Payable, Other Payables and Accruals

US$ millions	2015	2014
Accounts payable	**391.3**	409.5
Accrued expenses	**309.5**	286.0
Other payables	**540.2**	496.9
Total	**1,241.0**	1,192.4

The ageing profile based on the invoice dates of accounts payable is analyzed as follows:

US$ millions	2015	2014
0 to 30 days	**303.5**	369.8
31 to 60 days	**22.4**	8.4
61 to 90 days	**6.2**	8.0
Over 90 days	**59.2**	23.3
Total	**391.3**	409.5

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	2015	2014
Short-term					
Bank loans	0.9 – 10.8 (2014: 1.7 – 11.0)	2016 (2014: 2015)		**995.5**	911.1
Other loans	8.9 – 18.0 (2014: 7.3 – 18.0)	2016 (2014: 2015)		**3.1**	0.9
Subtotal				**998.6**	912.0
Long-term					
Bank loans	0.9 – 10.8 (2014: 1.7 – 11.0)	2017 – 2040 (2014: 2015 – 2039)	(A)	**3,451.9**	2,931.2
Other loans	4.7 – 18.0 (2014: 4.7 – 18.0)	2017 – 2024 (2014: 2015 – 2024)	(B)	**1,911.4**	1,962.7
Subtotal				**5,363.3**	4,893.9
Total				**6,361.9**	5,805.9

The balance of short-term borrowings includes US$322.1 million (2014: US$168.4 million) of the current portion of long-term borrowings. The maturity profile of the Group's borrowings is as follows:

	Bank loans		Other loans		**Total**	
US$ millions	**2015**	2014	**2015**	2014	**2015**	2014
Not exceeding one year	**995.5**	911.1	**3.1**	0.9	**998.6**	912.0
More than one year but not exceeding two years	**274.9**	400.1	**299.2**	1.0	**574.1**	401.1
More than two years but not exceeding five years	**1,429.9**	1,171.4	**1,083.8**	1,015.3	**2,513.7**	2,186.7
More than five years	**1,747.1**	1,359.7	**528.4**	946.4	**2,275.5**	2,306.1
Total	**4,447.4**	3,842.3	**1,914.5**	1,963.6	**6,361.9**	5,805.9

The carrying amounts of the borrowings are denominated in the following currencies:

US$ millions	2015	2014
U.S. dollar	**2,332.6**	2,482.7
Peso	**1,955.6**	1,273.4
Rupiah	**1,182.8**	1,096.5
Singapore dollar	**789.9**	842.2
Others	**101.0**	111.1
Total	**6,361.9**	5,805.9

An analysis of the carrying amounts of borrowings into fixed and variable interest rates is as follows:

US$ millions	2015	2014
Fixed interest rate	**4,119.6**	3,463.4
Variable interest rate	**2,242.3**	2,342.5
Total	**6,361.9**	5,805.9

The carrying amounts and fair values of the non-current portion of long-term borrowings are as follows:

	Carrying amounts		Fair values	
US$ millions	**2015**	2014	**2015**	2014
Bank loans	**3,599.7**	2,931.2	**3,615.8**	2,931.5
Other loans	**1,763.6**	1,962.7	**1,861.1**	2,062.1
Total	**5,363.3**	4,893.9	**5,476.9**	4,993.6

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 0.9% to 18.0% (2014: 1.1% 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 approximate to their fair values. Details of the borrowings are set out below:

(A) Long-term Bank Loans

The balance includes US$316.1 million (with a face value of US$320.0 million) of an unsecured bank loan drawn in December 2015 (2014: Nil) for refinancing purpose by a wholly-owned subsidiary company of the Company, guaranteed by the Company, subject to a variable LIBOR-based interest rate, which is repayable in November 2018 (2014: Nil).

(B) Long-term Other Loans

The balance includes bonds issued by wholly-owned subsidiary companies of the Company and Indofood. Details are summarized as follows:

(a) US$298.4 million (with a face value of US$300 million) (2014: US$297.5 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 40.2% (2014: 43.0%) interest in MPIC common shares and (ii) an amount of cash of US$11.1 million (2014: US$11.1 million) to be used for the payment of the last installment interest of the bonds.

(b) US$397.2 million (with a face value of US$400 million) (2014: US$396.7 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% (2014: 6.9%) interest in PLDT.

(c) US$397.1 million (with a face value of US$400 million) (2014: US$396.4 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$380.6 million (with a face value of US$384.3 million) (2014: US$395.7 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.

During the year, the Company repurchased US$15.7 million of the US$400 million 4.5% Guaranteed Bonds due April 2023 and issued by its subsidiary company, FPC Treasury Limited, at an aggregate consideration of US$15.8 million. These bonds were subsequently cancelled.

(e) Rupiah 2.0 trillion (US$144.8 million) of unsecured Rupiah bonds (2014: US$160.4 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$144.4 million) of unsecured Rupiah bonds (2014: US$160.0 million) 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$92.9 million) of unsecured Peso bonds (2014: US$96.5 million) 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$54.9 million) of unsecured Peso bonds (2014: US$57.5 million) 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 2015, 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$1,280.2 million (2014: US$1,052.6 million), receipts from future toll collections and funds in the related accounts of CIC and the Group's interests of 6.9% (2014: 6.9%) in PLDT, 40.2% (2014: 43.0%) in MPIC, 100% (2014: 100%) in CIC, 100% (2014: 100%) in AIF Toll Road Holdings (Thailand) Limited, 25.9% (2014: 25.9%) in DMT, 45.1% (2014: Nil) in Hawaiian-Philippine Company, Inc. and 93.7% (2014: Nil) in SCBI.

28. Provision for Taxation

US$ millions	**2015**	2014
At 1 January	**51.0**	32.6
Exchange translation	**(4.3)**	(0.1)
Provision for taxation on estimated assessable profits for the year	**182.0**	225.2
Acquisition of a business and subsidiary companies (Note 35(D))	**4.2**	0.8
Transfer from/(to) deferred taxation (Note 20)	**8.7**	(0.3)
Taxes paid	**(196.9)**	(206.6)
Attributable to a discontinued operation	**–**	(0.6)
At 31 December	**44.7**	51.0

29. Deferred Liabilities, Provisions and Payables

US$ millions	Pension	Long-term liabilities	Loans from non-controlling shareholders	Others	**2015**	2014
At 1 January	389.8	210.9	263.9	307.3	**1,171.9**	1,066.4
Exchange translation	(38.2)	(22.3)	(8.3)	(15.5)	**(84.3)**	(15.9)
Additions	48.3	419.4	7.2	64.8	**539.7**	221.9
Payment and utilization	(41.6)	(44.7)	(13.8)	(55.6)	**(155.7)**	(97.1)
Acquisition of subsidiary companies (Note 35(D))	5.4	–	–	–	**5.4**	–
Attributable to a discontinued operation	–	–	–	–	**–**	(3.4)
At 31 December	363.7	563.3	249.0	301.0	**1,477.0**	1,171.9
Presented as:						
Non-current Portion	363.7	551.3	135.5	78.4	**1,128.9**	850.0
Current Portion	–	12.0	113.5	222.6	**348.1**	321.9
Total	363.7	563.3	249.0	301.0	**1,477.0**	1,171.9

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

The long-term liabilities mainly relate to (a) Maynilad's concession fees payable to MWSS, including a provision for certain additional concession fees payable and related interest amounts in dispute between Maynilad and MWSS, recognized by the Group upon its acquisition of Maynilad and (b) Maynilad's deferred credits (which represent foreign exchange gains and other payables which will be refunded to the customers and foreign exchange differences arising from retranslation of the portion of Maynilad's foreign currency denominated concession fees payable and loans), (c) MPCALA's concession fees payable to the Philippine Government in respect of CALAX and (d) LRMC's concession fees payable to the Philippine Government in respect of LRT 1. In respect of the disputed amounts between Maynilad and MWSS, no final resolution has been reached at 31 December 2015.

The loans from non-controlling shareholders represent unsecured loans provided by non-controlling shareholders of FPM Power, PLP and Indofood's subsidiary companies (IndoAgri and PT Indofood Asahi Sukses Beverage).

The others mainly represent (a) Maynilad's real property tax payables on certain common purpose facilities; (b) 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; (c) provision for certain business tax payables; (d) provisions for various claims and potential claims against the Group and (e) derivative liabilities arising from forward contracts, interest rate swaps and fuel swaps.

30. Share Capital

US$ millions	**2015**	2014
Authorized		
6,000,000,000 (2014: 6,000,000,000) ordinary shares of U.S. 1 cent each	**60.0**	60.0
Issued and fully paid		
At 1 January	**42.9**	43.1
Issue of shares upon the exercise of share options	**–**	0.1
Repurchase and cancellation of shares	**(0.2)**	(0.3)
At 31 December		
4,268,465,603 (2014: 4,286,993,603) ordinary shares of U.S. 1 cent each	**42.7**	42.9

(A) During the year, 250,000 (2014: 4,792,493) share options were exercised at the exercise price of HK$5.1932 per share (2014: between HK$1.6331 per share and HK$5.1932 per share), resulting in the issue of 250,000 (2014: 4,792,493) new ordinary shares of U.S. 1 cent each for a total cash consideration of HK$1.3 million (US$0.2 million) (2014: HK$16.8 million or US$2.2 million). Details of the Company's share option scheme are set out in Note 38(D)(a) to the Consolidated Financial Statements.

(B) During the year, the Company repurchased 18,778,000 (2014: 28,330,000) ordinary shares on SEHK at an aggregate consideration of HK$139.1 million (US$18.0 million) (2014: HK$225.3 million or US$29.0 million). These shares have been subsequently cancelled. 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. 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 2015	**2,926,000**	7.96	7.67	**22.8**	**3.0**
April 2015	**2,894,000**	7.52	7.39	**21.6**	**2.8**
May 2015	**12,958,000**	7.46	7.17	**94.7**	**12.2**
Total	**18,778,000**			**139.1**	**18.0**

Since March 2012, the Company has adopted a policy of allocating up to 10% of its recurring profits for repurchasing its own shares, subject to market conditions and the availability of investment opportunities.

In view of continuing market volatility and challenges to the Group, the Company's Directors have decided to take a prudent approach to preserve financial resources for liability management or investment initiatives, rather than pursuing further share repurchases under current conditions. The Company's Directors will continue to monitor market conditions and the Group's performance in consideration of reactivating any share buyback initiatives.

31. Shares Held for Share Award Scheme

	Number of allocated shares held for Purchase Awards	Subscription Awards	Number of unallocated shares held for Subscription Awards	Shares held for Share Award Scheme US$m
Balance at 1 January 2014	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)**
Vested and transferred	(2,164,041)	(244,781)	–	**2.7**
Forfeited	–	(132,000)	132,000	**–**
Balance at 31 December 2015	**4,060,666**	**1,173,571**	**132,000**	**(6.0)**

During 2015, the independent trustee managing the Company's share award scheme has not subscribed any ordinary shares of the Company (2014: subscribed 860,000 new shares issued by the Company at an aggregate consideration of HK$7.9 million (US$1.0 million)) and had not (2014: Nil) purchased any ordinary shares of the Company.

At 31 December 2015, 132,000 forfeited and unallocated shares (31 December 2014: Nil) were held by the Subscription Award Scheme due to the resignation of a beneficiary, which can be granted to eligible employees in future.

Particulars of the share awards of the Company granted to the Directors and senior executives of the Company at 31 December 2015 are set out below.

(a) Particulars of the Company's Purchase Awards

	Unvested shares held at 1 January 2015	Shares vested and transferred during the year	**Unvested shares held at 31 December 2015**	Grant date	Fully vested by
Executive Directors					
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	2,044,996	(681,664)	**1,363,332**	12 July 2013	September 2017
Robert C. Nicholson	1,329,247	(443,082)	**886,165**	12 July 2013	September 2017
Non-executive Director					
Napoleon L. Nazareno	286,300	(95,433)	**190,867**	12 July 2013	September 2017
Independent Non-executive Directors					
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	286,300	(95,433)	**190,867**	12 July 2013	September 2017
Margaret Leung Ko May Yee, *SBS, JP*	238,582	(95,432)	**143,150**	12 July 2013	March 2018
Philip Fan Yan Hok	238,582	(95,432)	**143,150**	12 July 2013	March 2018
Senior Executives	940,700	(313,565)	**627,135**	12 July 2013	September 2017
	860,000	(344,000)	**516,000**	12 July 2013	July 2018
Total	6,224,707	(2,164,041)	**4,060,666**		

	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		

(b) Particulars of the Company's Subscription Awards

	Unvested shares held at 1 January 2015	Shares vested and transferred during the year	Shares forfeited during the year	**Unvested shares held at 31 December 2015**	Grant date	Fully vested by
Senior Executives	470,352	(156,781)	–	**313,571**	29 August 2013	September 2017
	220,000	(88,000)	(132,000)	**–**	–	–
	860,000	–	–	**860,000**	15 July 2014	February 2019
Total	1,550,352	(244,781)	(132,000)	**1,173,571**		

	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		

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 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 amortization of costs of share options and awarded shares granted 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) over the vesting period. 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.

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.

The 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 Group's share of equity component of convertible notes issued by an associated company.

An analysis of the Group's exchange reserve, by principal operating company, is set out below.

US$ millions	**2015**	2014
PLDT	**(49.5)**	(15.0)
Indofood	**(411.0)**	(318.0)
MPIC	**(59.2)**	6.3
Philex	**4.1**	16.9
Others	**(26.7)**	2.1
Total	**(542.3)**	(307.7)

An analysis of the accumulated reserves of associated companies and joint ventures, included within consolidated reserves, is set out below.

	Associated Companies		Joint Ventures		**Total**	
US$ millions	**2015**	2014	**2015**	2014	**2015**	2014
Associated Companies and Joint Ventures						
Revenue reserve	**(1,123.9)**	(887.7)	**(31.2)**	70.8	**(1,155.1)**	(816.9)
Exchange reserve	**(46.5)**	0.4	**(20.6)**	0.5	**(67.1)**	0.9
Unrealized (losses)/gains on available-for-sale assets	**(1.0)**	45.9	**–**	–	**(1.0)**	45.9
Unrealized gains on cash flow hedges, net of tax	**3.1**	2.9	**0.8**	–	**3.9**	2.9
Actuarial losses on defined benefit pension plans	**(123.8)**	(114.5)	**–**	–	**(123.8)**	(114.5)
Capital and other reserves	**14.9**	14.9	**–**	–	**14.9**	14.9
Total (Note 14)	**(1,277.2)**	(938.1)	**(51.0)**	71.3	**(1,328.2)**	(866.8)

33. Non-controlling Interests

Details of the Group's subsidiary companies that have material non-controlling interests are set out below.

	2015	2014
Percentage of equity interest held by non-controlling interests		
– Indofood	**49.9%**	49.9%
– MPIC	**47.9%**	44.2%
– FPM Power	**31.4%**	31.6%
– FP Natural Resources	**20.6%**	20.8%

US$ millions	2015	2014
Profit/(loss) for the year allocated to non-controlling interests		
– Indofood	**161.9**	276.5
– MPIC	**219.5**	188.0
– FPM Power	**(28.3)**	(25.5)
– FP Natural Resources	**0.2**	–
Dividends paid to non-controlling interests		
– Indofood	**119.9**	93.4
– MPIC	**55.1**	46.2
– FPM Power	**–**	–
– FP Natural Resources	**1.5**	–
Accumulated balances of non-controlling interests at 31 December		
– Indofood	**2,428.8**	2,575.9
– MPIC	**1,885.4**	1,615.0
– FPM Power	**36.7**	67.4
– FP Natural Resources	**129.3**	30.3

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		FP Natural Resources	
For the year ended/At 31 December US$ millions	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Statements of Comprehensive Income								
Turnover	**4,763.4**	5,350.4	**816.5**	761.5	**663.5**	729.4	**193.6**	–
Profit/(loss) for the year	**245.4**	376.7	**330.5**	283.0	**(55.1)**	(50.0)	**(4.1)**	(9.4)
Other comprehensive income/(loss)	**86.1**	(8.2)	**(7.8)**	(1.7)	**(5.7)**	(58.3)	**(10.4)**	1.8
Total Comprehensive Income/(Loss)	**331.5**	368.5	**322.7**	281.3	**(60.8)**	(108.3)	**(14.5)**	(7.6)
Statements of Financial Position								
Non-current assets	**4,077.5**	4,230.5	**5,648.8**	4,433.0	**1,023.3**	1,087.6	**402.2**	94.6
Current assets	**3,072.3**	3,269.2	**772.3**	799.8	**141.6**	158.9	**146.7**	6.0
Non-current liabilities	**(1,843.5)**	(2,018.1)	**(2,496.6)**	(1,682.5)	**(603.4)**	(634.5)	**(124.8)**	(2.4)
Current liabilities	**(1,817.9)**	(1,824.3)	**(720.6)**	(652.9)	**(448.1)**	(439.5)	**(209.1)**	(6.2)
Net Assets	**3,488.4**	3,657.3	**3,203.9**	2,897.4	**113.4**	172.5	**215.0**	92.0
Statements of Cash Flows								
Net cash from/(used in) operating activities	**483.2**	779.9	**319.3**	252.7	**(6.2)**	(42.1)	**(7.5)**	(4.2)
Net cash used in investing activities	**(549.6)**	(855.0)	**(1,046.5)**	(411.8)	**(3.0)**	(30.6)	**(64.0)**	(42.5)
Net cash (used in)/from financing activities	**(26.9)**	118.0	**699.7**	296.2	**1.5**	56.4	**36.3**	48.6
Net (Decrease)/Increase in Cash and Cash Equivalents	**(93.3)**	42.9	**(27.5)**	137.1	**(7.7)**	(16.3)	**(35.2)**	1.9

Effects of Transactions with Non-controlling Interests

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 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) at 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.

In 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 was reduced from 55.8% to 52.1%. The Group recorded a net credit amount of US$20.1 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of this transaction.

From March to May 2015, IndoAgri repurchased 21.4 million of its own shares at a total cost of Rupiah 152 billion (US$11.3 million). The Group recorded a credit balance of US$1.4 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of this transaction.

In June 2015, Indofood purchased 19.6 million shares of IndoAgri at a total cost of Rupiah 136 billion (US$10.1 million). The Group recorded a credit balance of US$2.4 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of this transaction.

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

US$ millions	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 (losses)/gains on defined benefit pension plans	Share of other comprehensive (loss)/income of associated companies and joint ventures	**Total**
Balance at 1 January 2014	(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	(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)**
Other comprehensive (loss)/income for the year	(233.6)	37.4	(4.6)	0.9	10.9	(84.0)	**(273.0)**
Acquisition and dilution of interests in subsidiary companies	(1.0)	–	–	–	–	(0.7)	**(1.7)**
Balance at 31 December 2015	**(542.3)**	**52.3**	**(32.6)**	**5.0**	**(17.5)**	**(118.7)**	**(653.8)**

35. Notes to the Consolidated Statement of Cash Flows

(A) Increased Investments in Associated Companies

2015's cash outflow of US$516.6 million principally relates to MPIC's partial payments to Beacon Electric for its acquisition of an additional 10% direct interest in Meralco in April 2015 and final payment for its acquisition of a 5% direct interest in Meralco in June 2014 (US$506.8 million). 2014's cash outflow of US$42.5 million principally related to MPIC's partial payment to Beacon Electric for its acquisition of a 5% direct interest in Meralco (US$35.1 million) and Indofood's additional investments in AIBM (US$7.4 million).

(B) Investments in Joint Ventures

2015's cash outflow of US$423.4 million relates to the Group's additional investments to increase its effective interest in Goodman Fielder by 40.2% to 50.0%.

(C) Investments in Associated Companies

2015's cash outflow of US$107.7 million principally relates to MPIC's acquisition of a 44.9% interest in CIIB&R (US$90.4 million), a 20.0% interest in MMSI (US$8.1 million) and a 25.0% interest in Indra (US$7.2 million), an information technology management and consultancy company.

(D) Acquisition of Subsidiary Companies and a Business

US$ millions	FP Natural Resources and FAHC's acquisition of RHI	RHI's acquisition of SCBI	Indofood's acquisition of AAM	**2015 Total**	2014 Total
	Fair value recognized on acquisition[i]				
Consideration					
Cash and cash equivalents	43.9	39.0	78.0	**160.9**	67.1
Associated companies and joint ventures[ii]	49.1	–	–	**49.1**	–
Other non-current assets[iii]	–	–	–	**–**	54.7
Prepayments (Current)	–	–	–	**–**	9.7
Total	93.0	39.0	78.0	**210.0**	131.5
Net Assets					
Property, plant and equipment (Note 12)	299.5	60.6	71.1	**431.2**	44.0
Associated companies and joint ventures	13.9	–	–	**13.9**	–
Other intangible assets (Note 16)	0.8	–	–	**0.8**	81.7
Investment properties (Note 17)	4.7	2.2	3.1	**10.0**	–
Deferred tax assets (Note 20)	3.3	–	–	**3.3**	2.2
Other non-current assets	3.1	0.5	–	**3.6**	2.5
Cash and cash equivalents	46.8	0.2	9.4	**56.4**	9.4
Time deposits with original maturity of more than three months	–	–	–	**–**	0.2
Accounts receivable, other receivables and prepayments (Current)	34.8	7.1	0.6	**42.5**	1.7
Inventories	48.2	3.1	–	**51.3**	4.8
Accounts payable, other payables and accruals	(81.1)	(16.4)	(1.2)	**(98.7)**	(14.8)
Short-term borrowings	(37.7)	(3.3)	–	**(41.0)**	–
Provision for taxation (Note 28)	(4.0)	–	(0.2)	**(4.2)**	(0.8)
Long-term borrowings	(113.7)	(38.3)	–	**(152.0)**	–
Deferred liabilities, provisions and payables (Note 29)	(4.0)	(0.9)	(0.5)	**(5.4)**	–
Deferred tax liabilities (Note 20)	(30.8)	(1.0)	(4.3)	**(36.1)**	–
Total Net Assets Acquired	183.8	13.8	78.0	**275.6**	130.9
Non-controlling interests in net assets acquired	(90.8)	(2.6)	–	**(93.4)**	–
Total Share of Net Assets Acquired	93.0	11.2	78.0	**182.2**	130.9
Goodwill (Note 15)	–	27.8	–	**27.8**	0.6
Net Cash Inflow/(Outflow) per the Consolidated Statement of Cash Flows					
– Acquisition of subsidiary companies	2.9	(38.8)	(68.6)	**(104.5)**	(13.4)
– Acquisition of a business	–	–	–	**–**	(44.3)
Total	2.9	(38.8)	(68.6)	**(104.5)**	(57.7)

(i) Provisional amounts for SCBI and AAM determined based on management's best estimates of the fair values of the identifiable assets acquired, liabilities and contingent liabilities assumed, and subject to revision upon their further assessment
(ii) Represents the fair value of a 34.0% equity interest in RHI previously held by the Group
(iii) Represents deposits made in 2013

On 27 February 2015, FAHC, a Philippine affiliate of FP Natural Resources, acquired 241.8 million of RHI's treasury shares and 35.0 million of RHI's common shares at a price of Pesos 7.0 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 had started to consolidate RHI's financial results and financial position since then. The transaction costs of US$0.8 million incurred by FAHC for this business combination have been recognized as administrative expenses in the consolidated income statement.

During March to May 2015, RHI through its wholly-owned subsidiary, Roxas Pacific Bioenergy Corporation (RPBC), acquired in aggregate a 93.7% interest in SCBI at a total consideration of Pesos 1.7 billion (US$39.0 million). SCBI is an ethanol manufacturing company in the Philippines, which operates an integrated fuel bioethanol distillery and power co-generation facility at the San Carlos Agro-Industrial Economic Zone on the Eastern coast of Negros Occidental. The transaction costs of US$0.3 million incurred by RPBC for this business combination have been recognized as administrative expenses in the consolidated income statement.

On 24 June 2015, Indofood's subsidiary company, ICBP and Lonsum each purchased a 50% interest in AAM, a company based in Singapore which has a 100% interest in PT Aston Inti Makmur (AIM). AIM principally engages in property business and operates its own office building, Ariobimo Sentral Building located in Jakarta, Indonesia. The total consideration is US$78.0 million and is shared equally between ICBP and Lonsum. The transaction costs of US$2 thousand incurred by ICBP and Lonsum for this business combination have been recognized as administrative expenses in the consolidated income statement.

The net assets of SCBI and AAM recognized in the Group's 2015 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 2015 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 RHI's acquisition of SCBI pertains, but is not limited to, the expected synergies in the Group arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

Since the dates of acquisition, the above acquired subsidiary companies recorded in aggregate a turnover of US$194.1 million and profit for the year of US$2.0 million which are included in the consolidated income statement of the Group. If the acquisitions had taken place on 1 January 2015, the turnover and profit for the year ended 31 December 2015 of the Group would have been US$6,459.1 million and US$435.0 million, respectively.

2014's net cash outflow of US$57.7 million mainly relates to Indofood's acquisition of a packaged drinking water business and PT Madusari Lampung Indah, a sugar cane cultivation company, and PT Indokuat Sukses Makmur, a producer of liquid milk products.

(E) Major Non-cash Transaction

On 26 June 2014, MPIC acquired a 5% interest in Meralco from Beacon Electric at an aggregate consideration of Pesos 13.2 billion (US$297.1 million), of which Pesos 1.45 billion (US$32.6 million), Pesos 3.0 billion (US$67.5 million) and the remaining outstanding payable to Beacon Electric of Pesos 2.1 billion (US$46.0 million) were offset against Beacon Electric's common share dividends declared in June 2014, November 2014 and February 2015, respectively.

36. Commitments and Contingent Liabilities

(A) Capital Expenditure

US$ millions	2015	2014
Commitments in respect of subsidiary companies:		
Authorized, but not contracted for	**1,353.6**	1,309.5
Contracted, but not provided for	**207.5**	681.2
Total	**1,561.1**	1,990.7

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

(B) Leasing Commitments

At 31 December 2015, the Group had total future minimum lease payments under non-cancelable operating leases falling due as follows:

US$ millions	2015	2014
Land and Buildings		
– Within one year	**8.0**	8.7
– Between two and five years, inclusive	**30.1**	29.7
– After five years	**42.6**	51.1
Subtotal	**80.7**	89.5
Plant and Equipment		
– Within one year	**1.5**	1.7
– Between two and five years, inclusive	**2.4**	0.9
Subtotal	**3.9**	2.6
Total	**84.6**	92.1

(C) Contingent Liabilities

(a) At 31 December 2015, except for US$73.4 million (2014: US$91.0 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 (2014: Nil).

(b) On 29 June 2011, the Supreme Court of the Philippines, or the Court, promulgated a Decision in the case of Wilson P. Gamboa vs. Finance Secretary Margarito B. Teves, et. al. (G.R. No. 176579) (the "Gamboa Case"), holding that "the term 'capital' in Section 11, Article XII of the 1987 Constitution refers only to shares of stock entitled to vote in the election of directors and thus only to voting common shares, and not to the total outstanding capital stock (common and non-voting preferred shares)". This decision 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).

Although PLDT is not a party to the Gamboa Case, in its decision, the Court directed the Philippine SEC "to apply this definition of the term 'capital' in determining the extent of allowable foreign ownership in PLDT, and if there is a violation of Section 11, Article XII of the 1987 Constitution, to impose the appropriate sanctions under the law". Although the parties to the Gamboa Case filed Motions for Reconsideration of the decision and argued their positions before the Court, the Court ultimately denied the motions on 9 October 2012.

Meanwhile, on 5 July 2011, the Board of Directors of PLDT approved the amendments to the Seventh Article of Amended Articles of Incorporation of PLDT, or the Amendments to the Articles, which subclassified its authorized preferred capital into preferred shares with full voting rights, or Voting Preferred Shares, and serial preferred shares without voting rights. The Amendments to the Articles were subsequently approved by the stockholders of PLDT and the Philippine SEC.

On 15 October 2012, PLDT and BTFHI, a Filipino corporation and a wholly-owned company of The Board of Trustees for the Account of the Beneficial Trust Fund created pursuant to the PLDT's Benefit Plan, entered into a Subscription Agreement, pursuant to which PLDT issued 150 million Voting Preferred Shares to BTFHI at Peso 1 per share reducing the percentage of PLDT's voting stock held by foreigners from 56.62% (based on Voting Common Shares) as at 15 October 2012 to 18.37% (based on Voting Common and Preferred Shares) as at 15 April 2013.

On 20 May 2013, the Philippine SEC issued SEC Memorandum Circular No. 8, Series of 2013, or the Philippine SEC Guidelines, which PLDT believes was intended to fulfill the Court's directive to the Philippine SEC in the Gamboa Case. The Philippine SEC Guidelines provided that "the required percentage of Filipino ownership shall be applied to BOTH: (a) the total number of outstanding shares of stock entitled to vote in the election of directors; AND (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors". PLDT believes it was, and continues to be, compliant with the Philippine SEC Guidelines. As at 14 March 2016, PLDT's foreign ownership was 30.03% of its outstanding shares entitled to vote (Common and Voting Preferred Shares), and 16.51% of its total outstanding capital stock. Therefore, PLDT believes that as at 16 March 2016, PLDT is in compliance with the requirement of Section 11, Article XII of the 1987 Constitution.

On 10 June 2013, Jose M. Roy III filed a petition for certiorari with the Supreme Court against the Philippine SEC, Philippine SEC Chairperson Teresita Herbosa and PLDT, claiming: (1) that the Philippine SEC Guidelines violate the Court's decision in the Gamboa Case (on the basis that (a) the 60-40 ownership requirement be imposed on "each class of shares" and (b) Filipinos must have full beneficial ownership of 60% of the outstanding capital stock of corporations subject to the foreign ownership requirements); and (2) that the PLDT Beneficial Trust Fund is not a Filipino-owned entity and consequently, the corporations owned by PLDT Beneficial Trust Fund, including BTFHI, cannot be considered Filipino-owned corporations.

PLDT raised several procedural and substantive arguments against the petition, including in particular, that (a) the Philippine SEC Guidelines merely implemented the dispositive portion of the decision in the Gamboa Case, and that the dispositive portion of the Gamboa Case that defines 'capital' is properly reflected in the Philippine SEC Guidelines, and (b) the fundamental requirements which need to be satisfied in order for PLDT Beneficial Trust Fund and BTFHI to be considered Filipino (for PLDT Beneficial Trust Fund's Trustees to be Filipinos and for 60% of the Fund to accrue to the benefit of Philippine nationals) are satisfied with respect to the PLDT Beneficial Trust Fund, and therefore, PLDT Beneficial Trust Fund and BTFHI are Filipino shareholders for the purpose of classifying their 150 million Voting Preferred Shares in PLDT. As a result, more than 60% of PLDT's total voting stock is Filipino-owned and PLDT is compliant with the Constitutional ownership requirements.

In 2013, the Philippine SEC and Chairperson Teresita Herbosa also raised a number of arguments for dismissal of the petition for being procedurally flawed and for lack of merit.

In May 2014, the petitioner filed a consolidated reply and a motion for the issuance of a temporary restraining order to prevent PLDT from holding its 2014 annual stockholders meeting. The temporary restraining order was denied and PLDT held its 2014 annual stockholders meeting on 10 June 2014 as scheduled.

On 10 February 2015, PLDT filed a consolidated memorandum setting forth its arguments against the petition.

As at 16 March 2016, the resolution of the petition remained pending with the Supreme Court.

37. Employees' Benefits

(A) Remuneration

US$ millions	**2015**	2014
Basic salaries	**432.9**	428.9
Bonuses	**111.5**	110.0
Benefits in kind	**89.1**	86.2
Pension contributions	**48.3**	68.8
Retirement and severance allowances	**12.8**	21.8
Employee share-based compensation benefit expenses	**12.8**	20.4
Total	**707.4**	736.1
Average Number of Employees	**97,460**	95,046

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 made based on a percentage of the employees' basic salaries and 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 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 seven (2014: seven) defined contribution schemes covering approximately 17,050 (2014: 18,382) 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 20% (2014: 0% to 20%). Under the terms of the schemes, the Group cannot be requested to make additional payments over and above these levels of contributions. In three (2014: three) of the schemes, forfeited contributions may be used to reduce the existing levels of employer contributions and, in 2015, no amount (2014: Nil) was used for this purpose. At 31 December 2015, the forfeited contributions had been fully utilized.

The Group's Indonesian and Singapore 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 eighteen (2014: thirteen) defined benefit schemes covering approximately 8,111 (2014: 6,706) employees. Four (2014: three) of the plans are unfunded where the Group meets the benefit payment obligations as they fall due while fourteen (2014: 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 on an annual basis. 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 2015, the Group's level of funding in respect of its defined benefit schemes was 68.1% (2014: 76.5%).

The Group's plan assets mainly comprise equities, debt securities, properties, receivables, 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 and the estimated liabilities decline, 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 good quality instruments as recommended by the trust managers, investing in reputable 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.

(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	Total **2015**	2014
Present value of defined benefit obligations	(50.3)	(346.3)	**(396.6)**	(420.1)
Fair value of plan assets	32.8	–	**32.8**	30.3
Liability in the Statement of Financial Position	(17.5)	(346.3)	**(363.8)**	(389.8)

(II) The changes in the present value of the obligations under 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	Total **2015**	2014
At 1 January	(40.2)	(379.9)	**(420.1)**	(379.3)
Exchange translation	2.6	36.9	**39.5**	10.9
Current service cost	(5.3)	(22.3)	**(27.6)**	(30.2)
Interest cost on obligation	(1.9)	(28.3)	**(30.2)**	(33.3)
Actuarial losses arising from changes in demographic assumptions	(0.1)	–	**(0.1)**	–
Actuarial gains arising from changes in financial assumptions	2.3	29.5	**31.8**	3.1
Experience adjustments	(1.2)	1.9	**0.7**	0.1
Acquisition of subsidiary companies	(8.5)	–	**(8.5)**	–
Benefits paid	2.0	15.9	**17.9**	8.6
At 31 December	(50.3)	(346.3)	**(396.6)**	(420.1)

(III) The changes in the fair value of plan assets under the defined benefit schemes during the year are as follows:

US$ millions	**2015**	2014
At 1 January	**30.3**	33.7
Exchange translation	**(2.3)**	(0.3)
Interest income included in net interest cost	**0.9**	1.6
Return on plan assets (excluding amount included in net interest cost)	**(0.9)**	(5.9)
Contributions by employers	**1.8**	1.4
Acquisition of subsidiary companies	**4.2**	–
Benefits paid	**(1.2)**	(0.2)
At 31 December	**32.8**	30.3

(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:

	2015	2014
Philippine debt equities	**32%**	36%
Philippine equities	**26%**	25%
Indonesian debt securities	**4%**	6%
Indonesian equities	**1%**	3%
Properties	**3%**	1%
Receivables	**3%**	–
Cash in banks	**16%**	13%
Time deposits	**4%**	5%
Unit trust funds and others	**11%**	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	**Total 2015**	2014
Current service cost[i]	5.3	22.3	**27.6**	30.2
Interest cost on obligation[i]	1.9	28.3	**30.2**	33.3
Interest income on plan assets[i]	(0.9)	–	**(0.9)**	(1.6)
Actuarial losses arising from changes in demographic assumptions	0.1	–	**0.1**	–
Actuarial gains arising from changes in financial assumptions[ii]	(2.3)	(29.5)	**(31.8)**	(3.1)
Experience adjustments[ii]	1.2	(1.9)	**(0.7)**	(0.1)
Return on plan assets (excluding amount included in net interest cost)	0.9	–	**0.9**	5.9
Total[i]	6.2	19.2	**25.4**	64.6
Actual Return on Plan Assets			**2%**	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:

	2015	2014
Discount rate	**8%**	8%
Future annual salary increases	**9%**	9%
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 2015**	Increase/ (decrease)	(Decrease)/ increase At 31 December 2014
Annual discount rate (%)	1.0	**(29.8)**	1.0	(31.2)
	(1.0)	**34.1**	(1.0)	37.3
Future annual salary increases (%)	1.0	**35.2**	1.0	38.5
	(1.0)	**(30.6)**	(1.0)	(34.3)

(VIII) The following table provides the maturity analysis of the undiscounted benefit payments as at 31 December 2015.

US$ millions	**2015**	2014
Less than one year	**15.4**	13.1
One year to five years	**248.0**	147.8
More than five years	**3,815.8**	3,549.3
Total expected benefit payments	**4,079.2**	3,710.2

The weighted average duration of the defined benefit obligation is 14 years (2014: 15 years).

(IX) The Group expects to contribute US$9.1 million (2014: US$4.6 million) to its defined benefit pension plans in the next year.

(C) Loans to Officers

During 2015 and 2014, there were no loans made by the Group to officers which require disclosure pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation.

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, section 383 (1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

Directors' Remuneration – 2015

	Non-performance based								
US$'000	Salaries	Other benefits	Pension contributions	Performance based payments[i]	Employee share-based compensation benefit expenses	Fees[ii]	Retirement benefits payment	Emoluments[iii]	**2015 Total**
Chairman									
Anthoni Salim	2,855	–	–	–	–	25	–	–	**2,880**
Executive Directors									
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	3,510	502	177	860	2,467	–	–	–	**7,516**
Edward A. Tortorici	883	142	473	–	1,339	–	–	–	**2,837**
Robert C. Nicholson	1,150	230	2	420	1,364	–	–	–	**3,166**
Non-executive Directors									
Tedy Djuhar	–	–	–	–	–	20	–	–	**20**
Benny S. Santoso	–	–	–	–	156	134	–	–	**290**
Napoleon L. Nazareno	839	–	–	2,737	158	35	5,698	–	**9,467**
Independent Non-executive Directors									
Graham L. Pickles[iv]	–	–	–	–	79	35	–	150	**264**
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	–	–	–	–	159	89	–	–	**248**
Margaret Leung Ko May Yee, *SBS, JP*	–	–	–	–	203	75	–	–	**278**
Philip Fan Yan Hok	–	–	–	–	203	65	–	–	**268**
Madeleine Lee Suh Shin[v]	–	–	–	–	–	25	–	–	**25**
Total	9,237	874	652	4,017	6,128	503	5,698	150	**27,259**

(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 Goodman Fielder
(iv) Mr. Graham L. Pickles retired from the Board of Directors with effect from 3 June 2015.
(v) Ms. Madeleine Lee Suh Shin was appointed as Independent Non-executive Director of the Company with effect from 2 September 2015.

Directors' Remuneration – 2014

US$'000	Salaries	Other benefits	Pension contributions	Performance based payments(i)	Employee share-based compensation benefit expenses	Fees(ii)	Emoluments(iii)	2014 Total
	Non-performance based							
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

Included within the total Directors' remuneration is an amount of US$0.9 million (2014: US$1.3 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 2015 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 2015 and 2014.

(C) Key Management Personnel Compensation

US$ millions	2015	2014
Non-performance based		
– Salaries and benefits	**65.1**	65.4
– Pension contributions	**6.0**	6.2
Performance based		
– Bonuses and long-term monetary incentive awards	**47.8**	41.1
Employee share-based compensation benefit expenses	**12.8**	20.4
Fees	**1.9**	0.8
Total	**133.6**	133.9

(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 2015 are set out below:

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

	Share options held at 1 January 2015	Share options exercised during the year	Share options cancelled during the year	Reclassification[ii]	**Share options held at 31 December 2015**	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	18,000,000	–	–	–	**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[ii]	1,431,496	–	–	(1,431,496)	**–**	10.2299	10.4450	22 March 2013	September 2017	–	–
	1,097,139	–	–	(1,097,139)	**–**	10.2729	9.7213	4 June 2013	September 2017	–	–
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	36,803,889	–	–	–	**36,803,889**	4.9457	4.9363	5 September 2007	September 2012	September 2008	September 2017
	3,792,137	(250,000)	–	–	**3,542,137**	5.1932	5.2127	18 June 2010	June 2015	June 2012	June 2020
	15,644,206	–	–	1,431,496	**17,075,702**	10.2299	10.4450	22 March 2013	September 2017	September 2013	March 2023
	31,922,364	–	–	1,097,139	**33,019,503**	10.2729	9.7213	4 June 2013	September 2017	September 2013	June 2023
	17,178,000	–	(2,540,000)	–	**14,638,000**	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	208,063,668	(250,000)[iii]	(2,540,000)	–	**205,273,668**[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. Graham L. Pickles retired from the Board of Directors with effect from 3 June 2015 and his outstanding share options were reclassified under "Senior Executives".

(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$7.66 and HK$7.73, respectively.

(iv) The number of outstanding share options vested and exercisable at 31 December 2015 was 146,959,674. These share options have a weighted average exercise price of HK$7.37.

	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	–	–
	359,830	(359,830)	–	–	3.0389	3.0898	7 June 2006	December 2010	–	–
	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.

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 for a certain period 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. After the adoption of the new share option scheme in 2012, 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, based on the binomial model, was HK$2.596 each 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, based on the binomial model, was HK$1.935 each 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

(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

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.

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 each 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 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.

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.

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 for a certain period 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 each 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 each 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 each 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 each 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 each 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 204,273,668 share options outstanding under the schemes, which represented approximately 4.8% 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)(s)(III) to the Consolidated Financial Statements.

(b) Particulars of MPIC's Share Option Scheme

	Share options held at 1 January 2015	Share options exercised during the year	Share options expired during the year	**Share options held at 31 December 2015**	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	–	–
	5,000,000	–	–	**5,000,000**	4.60	4.59	14 October 2013	October 2015	October 2014	October 2018
Senior Executives	18,060,000	(12,825,000)	(5,235,000)	**–**	2.73	2.65	2 July 2010	July 2013	–	–
	3,500,000	(3,500,000)	–	**–**	3.50	3.47	21 December 2010	August 2013	–	–
	778,000	(778,000)	–	**–**	3.66	3.66	14 April 2011	April 2013	–	–
	102,750,000	–	–	**102,750,000**	4.60	4.59	14 October 2013	October 2015	October 2014	October 2018
Total	151,338,000	(27,103,000)(i)	(5,235,000)	**119,000,000**(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 4.94 and Pesos 4.88, respectively.

(ii) The number of outstanding share options vested and exercisable at 31 December 2015 was 119,000,000. These share options have a weighted average exercise price of Pesos 4.60.

	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	–	–
	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.

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 at 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 each 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 bonds)	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 each 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 bonds)	2.73% 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 each 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 bonds)	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 each 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 bonds)	1.53% per annum

(c) Particulars of RHI's Share Option Scheme

	Share options held at 27 February 2015 (the date of acquisition)	Share options exercised during the period	Share options forfeited during the period	**Share options held at 31 December 2015**	Share option exercise price per share (Peso)	Market price per share immediately before the date of grant (Peso)	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Director										
Manuel V. Pangilinan	500,000	–	–	**500,000**	5.32	7.09	30 April 2014	April 2019	April 2015	April 2019
Senior Executives	21,846,906	(162,951)	(765,238)	**20,918,717**	2.49	2.66	29 July 2013	July 2018	July 2014	July 2018
	2,646,729	–	–	**2,646,729**	2.49	5.31	2 January 2014	January 2019	January 2015	January 2019
	38,308,567	–	(3,818,293)	**34,490,274**	5.32	7.09	30 April 2014	April 2019	April 2015	April 2019
Total	63,302,202	(162,951)(i)	(4,583,531)	**58,555,720**(ii)						

(i) The weighted average closing prices of RHI's shares immediately before and at the dates on which these share options were exercised are Pesos 5.39 and Pesos 5.39, respectively.
(ii) The number of outstanding share options vested and exercisable at 31 December 2015 was 16,102,067. The share options have a weighted average exercise price of Pesos 4.18.

The RHI employee share option schemes were approved on 8 May 2013 and 16 January 2014 as long-term incentive plans for the employees of RHI and its subsidiary companies based on individual performance.

On 29 July 2013, 24,621,494 share options under RHI's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes-Merton formula, was Peso 0.90 each or an aggregate value of Pesos 22.2 million (US$0.5 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 2.80 per share
Exercise price	Pesos 2.49 per share
Expected volatility (based on historical volatility of RHI's shares commensurate with the average expected life of the options granted)	39%
Option life	5 years
Expected dividend yield	1.97%
Average risk-free interest rate (based on the Philippine Government zero coupon bonds)	3.23% per annum

On 2 January 2014, 2,646,729 share options under RHI's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes-Merton formula, was Pesos 3.70 each or an aggregate value of Pesos 9.8 million (US$0.2 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 5.60 per share
Exercise price	Pesos 2.49 per share
Expected volatility (based on historical volatility of RHI's shares commensurate with the average expected life of the options granted)	39%
Option life	5 years
Expected dividend yield	1.97%
Average risk-free interest rate (based on the Philippine Government zero coupon bonds)	3.23% per annum

On 30 April 2014, 38,808,567 share options under RHI's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes-Merton formula, was Pesos 3.00 each or an aggregate value of Pesos 116.4 million (US$2.6 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 6.90 per share
Exercise price	Pesos 5.32 per share
Expected volatility (based on historical volatility of RHI's shares commensurate with the average expected life of the options granted)	38%
Option life	5 years
Expected dividend yield	0.00%
Average risk-free interest rate (based on the Philippine Government zero coupon bonds)	3.22% per annum

(d) Particulars of CMZ's Share Option Scheme

	Share options held at 1 January 2015	Share options expired during the year	**Share options held at 31 December 2015**	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	2,678,000	(2,678,000)	**–**	0.74	0.71	4 September 2012	September 2013	–	–

	Share options held at 4 September 2013 (the date of acquisition) and 1 January 2014	Share options expired 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	–	–
	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. These share options had a weighted average exercise price of S$0.74.

The CMZ employee share option scheme 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, 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 expired on 23 February 2016 and was renewed for a period of four years to 23 February 2018. The agreement provides for payments of technical service fees equivalent to 0.4% (reduced from 0.5% to 0.4% since 1 February 2014) (2014: 0.4%) of the consolidated net revenue of Smart.

For the year ended 31 December 2015, the fees under the above arrangement amounted to Pesos 203 million (US$4.5 million) (2014: Pesos 222 million or US$5.0 million). At 31 December 2015, the outstanding technical service fee payable amounted to Pesos 46 million (US$1.0 million) (2014: Pesos 297 million or US$6.6 million).

(B) 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$107.1 million) (out of the total Pesos 7.2 billion (US$153.0 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 interest at 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, retroactively from the issue date and compounded semi-annually, will apply if SMECI exercises the redemption option or upon the maturity of the convertible notes. SMECI did not exercise the one-time redemption option on 18 December 2015. During 2015, ALBV accrued interest income of US$4.7 million (2014: US$0.2 million) on these notes.

(C) In October 2015, MPIC purchased a 24.95% interest in Indra from Meralco at a total consideration of Pesos 327 million (US$7.2 million), which reduced Meralco's interest in Indra from 49.9% to 24.95%.

(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, MPG Asia Limited 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 (2014: US$113.5 million) remained outstanding at 31 December 2015 and are included in the current portion of deferred liabilities, provisions and payables (Note 29).

(E) At 31 December 2015, Petronas Power Sdn. Bhd. (Petronas), the 30% shareholder of PLP, has outstanding loans due from PLP of approximately US$110.5 million (2014: US$107.7 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 2015, PLP accrued interest expenses of US$7.2 million (2014: US$6.3 million) to Petronas, which were compounded as part of the outstanding loans from Petronas. None (2014: US$0.3 million) of the interest expenses have been capitalized as part of the carrying amount of PLP's property, plant and equipment during the year ended 31 December 2015. At 31 December 2015, PLP has approximately US$22,512 (2014: US$19,403) of outstanding interest payable due to Petronas which has been included in accounts payable, other payables and accruals.

(F) At 31 December 2015, Mr. Robert C. Nicholson, a Director of the Company, owned US$400,000 (2014: US$400,000) of bonds due 2017 issued by FPMH Finance Limited, US$200,000 (2014: US$200,000) of bonds due 2020 issued by FPT Finance Limited and US$600,000 (2014: 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 2015, Mr. Nicholson received interest income of US$78,250 (2014: US$78,250) on these bonds.

(G) At 31 December 2015, Mr. Edward A. Tortorici, a Director of the Company, owned US$600,000 (2014: 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 2015, Mr. Tortorici received interest income of US$36,000 (2014: 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

For the year ended 31 December US$ millions	**2015**	2014
Income Statement Items		
Sales of finished goods		
– to associated companies and joint ventures	**50.9**	47.1
– to affiliated companies	**96.7**	97.6
Purchases of raw materials		
– from associated companies and joint ventures	**163.0**	234.3
Management and technical services fee income and royalty income		
– from associated companies and joint ventures	**2.5**	2.7
– from affiliated companies	**15.1**	17.5
Insurance expenses		
– to affiliated companies	**7.6**	5.2
Rental expenses		
– to affiliated companies	**3.2**	2.9
Transportation, pump services and employee expenses		
– to affiliated companies	**0.6**	0.7

Approximately 3% (2014: 3%) of Indofood's sales and 5% (2014: 6%) of its purchases were transacted with these related parties.

Nature of Balances

At 31 December US$ millions	**2015**	2014
Statement of Financial Position Items		
Accounts receivable – trade		
– from associated companies and joint ventures	**5.0**	2.5
– from affiliated companies	**12.2**	10.5
Accounts receivable – non-trade		
– from associated companies and joint ventures	**3.1**	2.8
– from affiliated companies	**23.2**	15.8
Accounts payable – trade		
– to associated companies and joint ventures	**16.9**	20.3
– to affiliated companies	**1.0**	0.4
Accounts payable – non-trade		
– to associated companies and joint ventures	**0.2**	–
– to affiliated companies	**24.6**	47.4

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 95 to 100.

(I) In January 2015, MPIC's subsidiary company, Maynilad renewed (i) the framework agreement with Consunji, a subsidiary company of DMCI (a 27.2% shareholder of MWHC, Maynilad's parent company) for the period from 13 January 2015 to 31 December 2017 on substantially the same terms as the previous framework agreement in relation to the provision of engineering, procurement and construction services by Consunji to Maynilad and (ii) the lease agreement with 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 2015 to 31 January 2018. For the year ended 31 December 2015, 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 pages 101 and 102.

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

Nature of Transactions

For the year ended 31 December US$ millions	**2015**	2014
Capital Expenditure Items		
Construction services for water infrastructure	**36.8**	53.3
Income Statement Items		
Rental expenses	**0.1**	0.1

(J) For the year ended 31 December 2015, Maynilad, earned revenue from the Group's associated companies for the supply of water.

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

Nature of Transactions

For the year ended 31 December US$ millions	**2015**	2014
Income Statement Items		
Water supply revenue	**0.3**	0.2

Nature of Balances

For the year ended 31 December US$ millions	**2015**	2014
Statement of Financial Position Items		
Accounts receivable – trade		
– from associated companies	**0.0**	0.0

(K) For the year ended 31 December 2015, 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

For the year ended 31 December US$ millions	**2015**	2014
Income Statement Items		
Operator's fees	**38.2**	38.5
Management income	**1.2**	1.3

Nature of Balances

At 31 December US$ millions	**2015**	2014
Statement of Financial Position Items		
Accounts receivable – trade	**2.3**	2.4
Accounts payable – trade	**10.2**	9.8

(L) For the year ended 31 December 2015, 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

For the year ended 31 December US$ millions	**2015**	2014
Income Statement Items		
Electricity expenses	**21.5**	22.7

Nature of Balances

At 31 December US$ millions	**2015**	2014
Statement of Financial Position Items		
Accounts receivable – trade	**0.6**	0.3
Accounts payable – trade	**0.3**	0.4

(M) For the year ended 31 December 2015, 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$170.2 million) for Beacon Electric's preferred shares and extended non-interest-bearing cash advances to Beacon Electric of Pesos 756 million (US$16.1 million). In June 2012, MPIC acquired approximately Pesos 3.6 billion (US$75.7 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, of which Pesos 5.1 billion (US$113.8 million) was settled in cash and Pesos 2.1 billion (US$46.9 million) was offset against Beacon Electric's common share divdends declared on 26 February 2015.

On 17 April 2015, MPIC acquired an additional 10% interest in Meralco from Beacon Electric at an aggregation consideration of Pesos 26.5 billion (US$581.0 million), of which Pesos 18.0 billion (US$394.7 million) was settled in cash in April and June 2015. The outstanding payable of Pesos 8.5 billion (US$179.6 million) was included in the accounts payable, other payables and accruals in the consolidated statement of financial position at 31 December 2015.

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

For the year ended 31 December US$ millions	**2015**	2014
Income Statement Items		
Preferred share dividend income	**8.9**	9.1

Nature of Balances

At 31 December US$ millions	**2015**	2014
Statement of Financial Position Items		
Associated companies and joint ventures		
– Preferred shares, at cost	**245.9**	258.8
– Amounts due from associated companies and joint ventures	**16.1**	16.9
– Accounts payable, other payables and accruals	**179.6**	160.7

(N) For the year ended 31 December 2015, MPIC and its subsidiary companies had the following transactions with PLDT, an associated company of the Group.

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

Nature of Transactions

For the year ended 31 December US$ millions	**2015**	2014
Income Statement Items		
Income from advertising	**1.6**	1.8
Voice and data service expenses	**1.6**	1.6

Nature of Balances

At 31 December US$ millions	**2015**	2014
Statement of Financial Position Items		
Accounts receivable – trade	**0.6**	1.3
Accounts payable – trade	**1.6**	1.7

(O) For the year ended 31 December 2015, MNTC had 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

For the year ended 31 December US$ millions	**2015**	2014
Income Statement Items		
Service expenses	**1.6**	1.2

Nature of Balances

At 31 December US$ millions	**2015**	2014
Statement of Financial Position Items		
Accounts receivable – trade	**4.9**	9.0
Accounts payable – trade	**1.3**	1.0

(P) For the year ended 31 December 2015, MPIC and its subsidiary companies had the following transactions with Indra, an associated company of the Group.

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

Nature of Transactions

For the year ended 31 December US$ millions	**2015**	2014
Income Statement Items		
Service expenses	**7.3**	–

Nature of Balances

At 31 December US$ millions	**2015**	2014
Statement of Financial Position Items		
Accounts payable – trade	**0.4**	–

(Q) First Pacific Management Services Limited (FPMSL), a wholly-owned subsidiary company of the Company, has a service agreement with Goodman Fielder for FPMSL to provide Goodman Fielder with management, advisory and financial services with effect from 17 March 2015 and subject to an annual review on the terms and conditions by the end of each reporting period between the parties.

For the year ended 31 December 2015, the fees under the above arrangement amounted to A$0.9 million (US$0.6 million) (2014: Nil). At 31 December 2015, FPMSL has approximately A$0.1 million (US$0.1 million) (2014: Nil) of outstanding service fees receivable from Goodman Fielder which has been included in accounts receivable, other receivables and prepayments.

40. Financial Instruments by Category and Fair Value Hierarchy

(A) Financial Instruments by Category

(a) Financial Assets

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

US$ millions	2015 Loans and receivables	2015 Available-for-sale financial assets	2015 Financial assets at fair value	2015 Total	2014 Loans and receivables	2014 Available-for-sale financial assets	2014 Financial assets at fair value	2014 Total
Accounts and other receivables (Non-current)	**125.7**[i]	**–**	**7.0**	**132.7**	139.7[i]	–	2.6	142.3
Available-for-sale assets (Non-current)	**–**	**290.0**[ii]	**–**	**290.0**	–	452.6[ii]	–	452.6
Pledged deposits and restricted cash (Non-current)	**30.0**	**–**	**–**	**30.0**	30.9	–	–	30.9
Other non-current assets	**57.0**	**–**	**–**	**57.0**	49.7	–	–	49.7
Cash and cash equivalents and short-term deposits	**1,612.3**	**–**	**–**	**1,612.3**	2,265.9	–	–	2,265.9
Pledges deposits and restricted cash (Current)	**51.7**	**–**	**–**	**51.7**	53.2	–	–	53.2
Available-for-sale assets (Current)	**–**	**124.8**	**–**	**124.8**	–	59.2	–	59.2
Accounts and other receivables (Current)	**702.2**	**–**	**18.0**	**720.2**	592.0	–	11.9	603.9
Total	**2,578.9**	**414.8**	**25.0**[iii]	**3,018.7**	3,131.4	511.8	14.5[iii]	3,657.7

(i) Includes amounts due from associated companies and joint ventures of US$123.9 million (2014: US$130.5 million)
(ii) Includes preferred shares issued by Beacon Electric of US$245.9 million (2014: US$258.8 million)
(iii) Represents derivative assets designated as hedge items

(b) Financial Liabilities

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

US$ millions	2015 Financial liabilities at amortized cost	2015 Financial liabilities at fair value	2015 Total	2014 Financial liabilities at amortized cost	2014 Financial liabilities at fair value	2014 Total
Accounts payable, other payables and accruals	**1,031.6**	**–**	**1,031.6**	989.3	–	989.3
Short-term borrowings	**998.6**	**–**	**998.6**	912.0	–	912.0
Current portion of deferred liabilities, provisions and payables	**13.3**	**68.9**	**82.2**	11.2	54.3	65.5
Long-term borrowings	**5,363.3**	**–**	**5,363.3**	4,893.9	–	4,893.9
Deferred liabilities, provisions and payables	**579.9**	**6.6**	**586.5**	270.3	8.3	278.6
Total	**7,986.7**	**75.5**[iv]	**8,062.2**	7,076.7	62.6[iv]	7,139.3

(iv) Represents derivative liabilities designated as hedge items

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 the expected future cash flows using the interest rates that are specific to the tenor of the instruments' cash flows.
- Fair value of available-for-sale assets is derived from quoted market prices in active markets, if available. If such information is not available, the carrying amounts of available-for-sale assets are measured at cost less impairment provisions.
- Fair value of unquoted available-for-sale assets is measured by reference to the most recent transaction prices or carried at cost less any accumulated impairment losses.
- Long-term borrowings with fixed interest rates and other non-current financial liabilities are evaluated based on the discounted value of the expected future cash flows using the prevailing market rates for similar types of liabilities. Fair values of long-term borrowings with variable interest rates approximate to their carrying amounts because of regular repricing based on market conditions. Fair values of listed bonds are derived from quoted market prices in active markets.
- Derivative assets/liabilities in respect of derivative financial instruments, such as fuel swaps, foreign exchange forward contracts and interest rate swaps, are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include the use of present value calculations of future cash flows by reference to currents forward fuel prices and exchange rates for contracts with similar maturity profiles and market values for similar instruments with similar maturity profiles.

The following table shows a comparison between the carrying amounts and fair values of the Group's financial instruments with carrying amounts not equal or reasonably approximating to their fair values at 31 December 2015. 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 2015 are not included in this table.

	At 31 December 2015		At 31 December 2014	
US$ millions	**Carrying amount**	**Fair Value**	Carrying amount	Fair value
Financial Liabilities				
Long-term borrowings	**5,363.3**	**5,434.6**	4,893.9	5,185.2
Deferred liabilities, provisions and payables (Non-current)	**657.6**	**691.1**	270.3	308.5
Total	**6,020.9**	**6,125.7**	5,164.2	5,493.7

(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:

	2015				2014			
US$ million	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
– Listed equity investments	**121.2**	**–**	**–**	**121.2**	198.0	–	–	198.0
– Listed debentures	**36.2**	**–**	**–**	**36.2**	43.4	–	–	43.4
– Unlisted investments	**–**	**2.0**	**–**	**2.0**	–	2.1	–	2.1
Derivative assets(i)	**–**	**25.0**	**–**	**25.0**	–	14.5	–	14.5
Derivative liabilities(ii)	**–**	**(75.5)**	**–**	**(75.5)**	–	(62.6)	–	(62.6)
Net Amount	**157.4**	**(48.5)**	**–**	**108.9**	241.4	(46.0)	–	195.4

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

The fair values of unlisted investments, derivative assets and derivative liabilities in Level 2 are measured by reference to the most recent transaction prices and using the 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.

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 2015 and 31 December 2014.

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 short-term deposits and pledged deposits and restricted cash. The total equity includes equity attributable to owners of the parent and non-controlling interests.

US$ millions	2015	2014
Short-term borrowings	**998.6**	912.0
Long-term borrowings	**5,363.3**	4,893.9
Less: Cash and cash equivalents and short-term deposits	**(1,612.3)**	(2,265.9)
Less: Pledged deposits and restricted cash	**(81.7)**	(84.1)
Net debt	**4,667.9**	3,455.9
Equity attributable to owners of the parent	**3,148.9**	3,428.4
Non-controlling interests	**4,480.2**	4,288.6
Total equity	**7,629.1**	7,717.0
Gearing ratio (times)	**0.61**	0.45

(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 fuel swaps, foreign currency swaps, foreign currency forwards and interest rate 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 Group applies hedge accounting for these contracts which qualify as effective hedges. 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.

	2015		2014	
US$ millions	**Assets**	**Liabilities**	Assets	Liabilities
Cash flow hedges				
– Fuel swaps	**6.6**	**75.4**	–	62.5
– Foreign currency forwards	**13.3**	**0.1**	14.5	–
– Interest rate swaps	**5.1**	**–**	–	0.1
Total	**25.0**	**75.5**	14.5	62.6
Represented by:				
Non-current portion	**7.0**	**6.6**	2.6	8.3
Current portion	**18.0**	**68.9**	11.9	54.3
Total	**25.0**	**75.5**	14.5	62.6

The movements of the Group's unrealized (losses)/gains on cash flow hedges attributable to owners of the parent in relation to its derivative financial instruments are as follows:

Analysis of Unrealized (Losses)/Gains on Cash Flow Hedges Attributable to Owners of the Parent, Net of Tax

US$ millions	**2015**	2014
At 1 January	**(23.9)**	2.5
Net loss during the year	**(4.6)**	(30.4)
Attributable to taxation	**0.9**	4.6
Attributable to a discontinued operation	**–**	(0.6)
At 31 December	**(27.6)**	(23.9)

The Group's accounting policies in relation to derivatives are set out in Note 2(D)(v) 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.

The following table summarizes 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 S$ used by the Group's subsidiary companies in the Philippines, Indonesia and Singapore.

US$ millions	**2015**	2014
Accounts receivable and other receivables	**0.8**	64.4
Cash and cash equivalents and short-term deposits	**329.9**	388.6
Short-term borrowings and long-term borrowings	**(659.1)**	(746.8)
Accounts payable, other payables and accruals	**(97.7)**	(144.2)
Deferred liabilities, provisions and payables	**(46.0)**	(43.1)
Net Amount	**(472.1)**	(481.1)

The following table demonstrates the sensitivity arising from the Group'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 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 equity.

	2015		2014	
US$ millions	**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/ (decrease) in profit attributable to owners of the parent and retained earnings
Peso	**(2.9)**	**(0.5)**	0.5	0.1
Rupiah	**(4.9)**	**(6.6)**	(1.3)	(1.8)
S$	**(2.8)**	**(0.9)**	(1.0)	(0.3)

(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 consumer food 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. For the year ended 31 December 2015 and 2014, no hedging in the said commodity price risk have been undertaken.

The Group has entered into fuel swap contracts that for its power business oblige it to make payments for fuel at fixed prices on an agreed notional purchase quantity and receive payments for fuel at floating prices on the same amounts.

At 31 December 2015, if the fuel price increased/decreased by 10%, the Group's unrealized cash flow hedge reserve and equity attributable to owners of the parent would have been US$4.4 million (2014: US$4.3 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 sets credit limits for all customers, extends credit only to reputable entities and regularly review the credit exposures and credit worthiness of counterparties. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts. For the rail business, the Group collects rail fare through single journey tickets and usage of prepaid credits in stored value cards and sets credit limit for its non-rail service customers, such as lessees and advertisers. For the electricity generation business, the Group allows 30 days of credit to its customers and requires deposits and guarantees from creditworthy financial institutions to secure substantial obligations of its customers.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable are disclosed in Note 17 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 and short-term deposits, 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. 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 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:

US$ millions	Accounts payable, other payables and accruals 2015	2014	Borrowings 2015	2014	Deferred liabilities and provisions 2015	2014	Guarantees for plantation farmers' loan facilities 2015	2014	Total 2015	2014
Not exceeding one year	**1,031.6**	989.3	**1,418.8**	1,178.8	**67.0**	84.7	**6.4**	7.9	**2,523.8**	2,260.7
More than one year but not exceeding two years	**–**	–	**863.4**	618.7	**28.0**	35.5	**8.6**	10.6	**900.0**	664.8
More than two years but not exceeding five years	**–**	–	**2,876.8**	2,609.0	**61.7**	50.4	**37.2**	46.2	**2,975.7**	2,705.6
More than five years	**–**	–	**2,780.7**	2,565.0	**1,050.0**	464.8	**21.2**	26.3	**3,851.9**	3,056.1
Total	**1,031.6**	989.3	**7,939.7**	6,971.5	**1,206.7**	635.4	**73.4**	91.0	**10,251.4**	8,687.2

(d) Fair Value and Cash Flow Interest Rate Risks

The Group's interest rate risk arises from interest-bearing borrowings, cash and cash equivalents and short-term deposits, 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 with fixed interest rate terms expose the Group to fair value interest rate risk. At 31 December 2015, 64.8% (2014: 59.7%) of the Group's borrowings were effectively at fixed rates.

The following table demonstrates the sensitivity arising from the Group'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 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 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, especially the Philippines, Indonesian and Singaporean rates, over the period until the ending date of the next annual reporting period.

US$ millions	2015 Increase/ (decrease) (Basis points)	2015 (Decrease)/ increase in profit attributable to owners of the parent and retained earnings	2014 Increase/ (decrease) (Basis points)	2014 (Decrease)/ increase in profit attributable to owners of the parent and retained earnings
Interest rates for				
– U.S. dollar	**50**	**(1.7)**	25	(0.1)
– Rupiah	**(25)**	**1.1**	(25)	0.3
– Peso	**(25)**	**0.2**	25	(0.5)
– S$	**60**	**(2.1)**	25	(1.5)

42. Events after the Reporting Period

On 5 January 2016, MPTDC, an indirect subsidiary company of MPIC, received notices of award from the City of Cebu and the Municipality of Cordova in the Philippines for the financing, design, construction, implementation, operation and maintenance of the 8.25-kilometer Cebu-Cordova Bridge Project, subject to compliance with conditions precedent, for a concession period of 35 years (including the construction period) from January 2016.

The Cebu-Cordova Bridge Project, which will be implemented through an unincorporated joint venture among MPTDC, the City of Cebu and the Municipality of Cordova, includes the construction of the connections to Cebu City and Cordova, the main bridge structure, viaduct, causeway, roadway and toll facilities. The project is estimated to cost no more than Pesos 27.9 billion (US$592.9 million). Funding will be sourced from a combination of loans from local banks and equity contribution. The construction of the project is targeted to start sometime in 2017 and is estimated to be completed by 2020.

43. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

At 31 December US$ millions	**2015**	2014
Non-current Assets		
Subsidiary companies	**965.0**	1,035.0
	965.0	1,035.0
Current Assets		
Cash and cash equivalents	**93.5**	463.1
Amounts due from subsidiary companies	**3,902.1**	3,505.3
Other receivables and prepayments	**1.0**	0.3
	3,996.6	3,968.7
Current Liabilities		
Amounts due to subsidiary companies	**1,085.7**	1,096.9
Other payables and accruals	**1.8**	2.2
	1,087.5	1,099.1
Net Current Assets	**2,909.1**	2,869.6
Total Assets Less Current Liabilities	**3,874.1**	3,904.6
Equity		
Issued share capital	**42.7**	42.9
Shares held for share award scheme	**(6.0)**	(8.7)
Retained earnings	**55.6**	135.6
Other components of equity	**2,020.3**	2,029.0
Equity attributable to owners of the parent	**2,112.6**	2,198.8
Non-current Liabilities		
Loans from subsidiary companies	**1,757.1**	1,702.9
Other payables	**4.4**	2.9
	1,761.5	1,705.8
	3,874.1	3,904.6

The Company's statement of changes in equity is as follows:

US$ millions	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 2014	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	0.1	–	3.1	(1.0)	–	–	–	2.2
Repurchase and cancellation of shares	(0.3)	–	(28.7)	–	–	–	–	(29.0)
Issue of shares under share award scheme	–	(1.0)	1.0	–	–	–	–	–
Shares vested under share award scheme	–	1.9	–	(1.9)	–	–	–	–
Employee share-based compensation benefits	–	–	–	17.6	–	–	–	17.6
Reclassification	–	–	–	–	(2.0)	–	2.0	–
2013 final dividend	–	–	–	–	–	–	(71.7)	(71.7)
2014 interim dividend	–	–	–	–	–	–	(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**
Profit for the year	–	–	–	–	–	–	35.6	**35.6**
Issue of shares upon the exercise of share options	–	–	0.3	(0.1)	–	–	–	**0.2**
Repurchase and cancellation of shares	(0.2)	–	(17.8)	–	–	–	–	**(18.0)**
Shares vested under share award scheme	–	2.7	–	(2.6)	–	–	(0.1)	**–**
Employee share-based compensation benefits	–	–	–	11.5	–	–	–	**11.5**
2014 final dividend	–	–	–	–	–	–	(71.5)	**(71.5)**
2015 interim dividend	–	–	–	–	–	–	(44.0)	**(44.0)**
Balance at 31 December 2015	**42.7**	**(6.0)**	**1,779.7**	**66.8**	**–**	**173.8**	**55.6**	**2,112.6**

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 amortization of costs of share options and awarded shares granted under the share option schemes and the share award scheme adopted by the Company over the vesting period. 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.

The US$173.8 million (2014: 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.

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 30 March 2016.

Glossary of Terms

Financial Terms

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

EBITDA Earnings Before Interest, Tax, Depreciation and Amortization

GAV Gross Asset Value, which represents the total market value of listed investments and cost of unlisted investments of First Pacific Head Office

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 Current assets less current liabilities

NET DEBT Total of short-term and long-term borrowings, net of cash and cash equivalents and short-term deposits and pledged deposits and restricted cash

NON-RECURRING ITEMS Certain items, through occurrence or size, are not considered usual operating items

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

TOTAL EQUITY Equity attributable to owners of the parent and non-controlling interests

Financial Ratios

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

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

EBIT MARGIN EBIT divided by turnover

EBITDA MARGIN EBITDA divided by turnover

GEARING RATIO Net debt divided by total equity

GROSS MARGIN Gross profit divided by turnover

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 PER ORDINARY SHARE 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

AUSTRALASIA A region of Oceania, comprises Australia, New Zealand, the island of New Guinea, and neighbouring islands in the Pacific Ocean

CPO Crude Palm Oil

FFB Fresh Fruit Bunches

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 2015 results	30 March 2016
Annual report posted to shareholders	29 April 2016
Annual General Meeting	6 June 2016
Last day to register for final dividend	10 June 2016
Payment of final dividend	24 June 2016
Preliminary announcement of 2016 interim results	30 August 2016*
Interim report posted to shareholders	30 September 2016*
Financial year-end	31 December 2016
Preliminary announcement of 2016 results	28 March 2017*

* Subject to confirmation

Head Office

24th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong SAR
Telephone : +852 2842 4388
Fax : +852 2845 9243
Email : info@firstpacific.com

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12, Bermuda
Telephone : +1 441 295 2244
Fax : +1 441 295 8666

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: 4,268,465,603

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
Email : hkinfo@computershare.com.hk

Transfer Office
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong SAR

A Chinese Version of this Report, or Additional Information

Available at:
www.firstpacific.com

Or contact:
Sara Cheung
Vice President
Group Corporate Communications
First Pacific Company Limited
24th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong SAR
Telephone : +852 2842 4317
Email : info@firstpacific.com

Auditors

Ernst & Young
22nd Floor, CITIC Tower
1 Tim Mei Avenue, Central, Hong Kong SAR

Solicitors

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

Principal Bankers

Bank of America NA
Mizuho Corporate Bank, Ltd.
Sumitomo Mitsui Banking Corporation
The Hongkong & Shanghai Banking Corporation
Bank of Philippine Islands
China Banking Corporation

Summary of Principal Investments

As at 31 December 2015

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 – fixed line and wireless – PLDT offers a wide range of telecommunications services across the Philippines' most extensive fiber optic backbone and fixed line, and cellular network.

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 Perusahaan Perkebunan 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, snack foods, food seasonings, nutrition and special foods, and non-alcoholic beverages), 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	:	27.9 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic/voting interest	:	52.1%/59.4%

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

FPW Singapore Holdings Pte. Ltd

FPW controls Goodman Fielder Pty Limited.

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

Goodman Fielder Pty Limited

Goodman Fielder is headquartered in Sydney, Australia and has over 40 manufacturing plants in Australia, New Zealand, Papua New Guinea, Fiji and New Caledonia. It is the leading food company in Australasia offering packaged baked products, dairy products, spreads, sauces, dressings, condiments, bulk and packaged edible oils and fats and flour products. Goodman Fielder's corporate history spans over 100 years, and has developed iconic brands such as MeadowLea, White Wings, Edmonds, Meadow Fresh, Helgas, Wonder White,Vogels and Freyas.

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

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

Philex Mining Corporation

Philex (PSE: PX) is 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 interest 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.

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	:	68.6%(2)/60.0%

(2) Includes an 8.6% effective economic interest in FPM Power held by First Pacific through its indirect interests in Meralco.

PacificLight Power Pte. Ltd.

PLP is the operator of one of Singapore's most efficient gas-fired power plants, 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	:	Singapore
Issued number of shares	:	112.8 million
Particulars of issued shares held	:	Ordinary shares with no par value
Economic/voting interests	:	48.0%(3)/42.0%

(3) Includes a 6.0% effective economic interest in PLP held by First Pacific through its indirect interests in Meralco.

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

FP Natural Resources Limited

FP Natural Resources together with its Philippine affiliate, First Agri Holdings Corporation, hold interests in Roxas Holdings, Inc. and First Coconut Manufacturing Inc.

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

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

Roxas Holdings, Inc.

RHI (PSE: ROX) is one of the largest raw sugar producers and sugar refiners, and the largest ethanol producer in the Philippines.

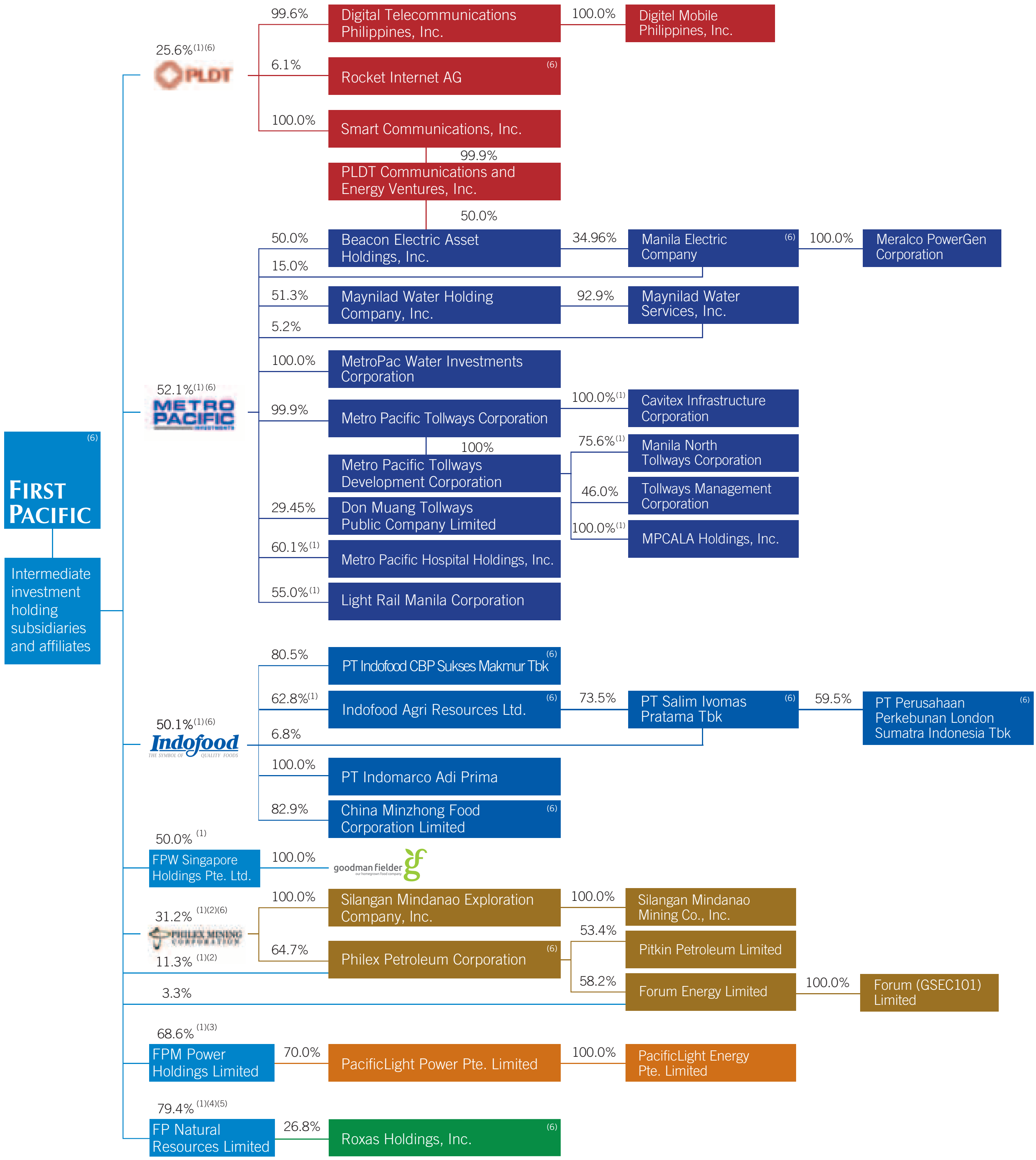
Sector	:	Consumer Food Products
Place of incorporation/business area	:	The Philippines
Outstanding number of shares	:	1,151.8 million
Particulars of outstanding shares held	:	Common shares of Peso 1 par value
Economic/voting interests	:	21.3%(5)/26.9%(6)

(5) Includes a 2.5% effective economic interest in RHI held by First Pacific through its indirect interests in IndoAgri.
(6) First Agri Holdings Corporation, a Philippine affiliate of FP Natural Resources, holds an additional 24.0% economic and voting interests in RHI.

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

Corporate Structure

As at 30 March 2016



(1) Economic interest
(2) Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, holds additional 15.0% and 0.3% economic interests in Philex and Philex Petroleum, respectively.
(3) Includes an 8.6% effective economic interest in FPM Power held by First Pacific through its indirect interests in Manila Electric Company.
(4) Includes a 9.4% effective economic interest in FP Natural Resources held by First Pacific through its indirect interests in Indofood Agri Resources Ltd.
(5) First Agri Holdings Corporation, a Philippine affiliate of FP Natural Resources, holds an additional 24.0% economic interest in RHI and a 100.0% economic interest in First Coconut Manufacturing Inc.
(6) Listed companies

FIRST PACIFIC

First Pacific Company Limited

(Incorporated with limited liability under the laws of Bermuda)

24th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong SAR
Telephone: +852 2842 4388
Fax: +852 2845 9243
Email: info@firstpacific.com
Website: **www.firstpacific.com**

A Chinese version of this annual report is available at www.firstpacific.com or from the Company on request.
本年報之中文版可瀏覽 www.firstpacific.com 或向本公司索取。

♻ This report is printed on environmentally friendly paper.
Concept and design: Sedgwick Richardson

MIX
Paper from responsible sources
FSC
www.fsc.org
FSC™ C019368