First Pacific Company Limited

Stock Code: 00142

Annual Report 2013

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. Our principal business interests relate to telecommunications, infrastructure, consumer food products and natural resources.

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

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

Our **investment criteria** are clear:

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

Our **strategies** are three-fold:

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

As currently constituted, the First Pacific portfolio has a balance of more mature assets in PLDT and Indofood which deliver strong dividend flows and investments for growth in MPIC, Philex, PLP, DMT and RHI. PLDT is the dominant telecommunications provider in the Philippines and Indofood is the largest vertically integrated food company in Indonesia. MPIC is the Philippines' largest infrastructure investment management and holding company with investments in the Philippines' largest electricity distributor, toll road operator, water distributor and hospital group. Philex is the largest metal mining company in the Philippines, producing gold, copper and silver. PLP is the operator of Singapore's newest gas-fired power plant. DMT operates a 21.9-kilometer six-lane elevated toll road in central Bangkok and RHI runs the largest integrated sugar business in the Philippines.

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

As at 25 March 2014, First Pacific's economic interest in PLDT is 25.6%, in MPIC 55.8%, in Indofood 50.1%, in Philex 31.2%[1], in FPM Power 68.1%[2], in FPM Infrastructure 89.0%[3] and in FP Natural Resources 79.1%[4].

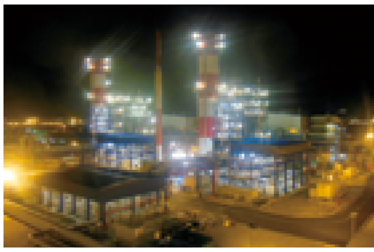
(1) Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, holds an additional 15.0% economic interest in Philex.
(2) Includes an 8.1% effective economic interest in FPM Power Holdings Limited ("FPM Power") held by First Pacific through its indirect interests in Meralco. FPM Power holds a 70.0% interest in PLP.
(3) Includes a 14.0% effective economic interest in FPM Infrastructure Holdings Limited ("FPM Infrastructure") held by First Pacific through its indirect interests in MPIC. FPM Infrastructure holds a 29.45% interest in DMT.
(4) Includes a 9.1% effective economic interest in FP Natural Resources Limited ("FP Natural Resources") held by First Pacific through its indirect interests in IndoAgri. FP Natural Resources holds a 34.0% interest in RHI.

First Pacific's principal investments are summarized on the inside back cover.

Contents







Ten-year Statistical Summary

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Results (US$ millions)										
Turnover	**6,206.3**	5,990.8	5,684.1	4,640.2	3,925.6	4,105.3	3,040.8	2,474.8	1,986.1	2,054.6
Profit for the year	**620.9**	834.9	1,097.4	785.3	680.6	326.8	673.5	233.6	138.3	150.3
Profit attributable to owners of the parent	**235.3**	353.3	574.0	403.0	410.9	202.2	496.6	176.6	102.6	107.2
Contribution from operations	**467.2**	460.8	511.8	474.0	335.2	304.4	244.8	173.5	142.1	125.8
Recurring profit	**327.1**	358.0	423.0	402.1	286.6	239.2	186.7	134.2	103.5	99.6
Ordinary share dividends	**115.9**	103.8	109.8	99.4	56.1	37.0	41.1	22.4	12.3	–
Per Ordinary Share Data (U.S. cents)										
Basic earnings	**5.66**	9.01	14.49	10.16	11.72	5.82	14.35	5.13	2.99	3.12
Basic recurring earnings	**7.87**	9.13	10.68	10.13	8.18	6.89	5.39	3.90	3.01	2.90
Dividends	**2.70**	2.70	2.85	2.55	1.54	1.15	1.28	0.70	0.39	–
Equity attributable to owners of the parent	**81.44**	84.65	78.50	65.99	49.64	35.17	35.09	18.18	12.00	7.14
Total assets	**361.58**	362.80	327.55	279.68	243.43	224.03	161.94	89.97	73.60	68.07
Net tangible assets	**281.90**	281.45	251.57	208.51	178.58	155.13	151.17	88.89	72.58	66.92
Net cash flows from operating activities	**17.41**	25.54	16.22	20.66	1.69	4.76	3.78	3.69	2.63	3.66
Financial Ratios										
Gross margin (%)	**29.47**	31.08	31.21	35.50	30.20	24.41	23.68	23.63	23.27	25.15
Recurring return on average net assets (%)	**10.15**	11.83	15.01	16.11	15.20	18.88	18.96	20.90	21.13	28.87
Recurring return on average equity										
attributable to owners of the parent (%)	**9.69**	11.43	15.11	17.91	18.82	21.16	21.79	27.80	33.92	71.53
Dividend payout ratio (%)	**35.43**	28.99	25.96	24.72	19.57	15.47	22.01	16.69	11.88	–
Dividend cover (times)	**2.82**	3.45	3.85	4.05	5.11	6.46	4.54	5.99	8.41	–
Interest cover (times)	**5.00**	6.29	7.18	5.02	3.67	4.76	3.89	3.35	2.64	2.75
Current ratio (times)	**1.71**	1.78	1.57	1.85	1.37	0.87	0.94	1.21	1.45	1.42
Gearing ratio (times)										
– Consolidated	**0.42**	0.30	0.26	0.33	0.67	1.06	0.68	0.83	1.12	1.45
– Company	**0.51**	0.67	0.71	0.46	0.36	0.47	0.35	0.16	0.11	0.10

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Consolidated Statement of Financial Position Data (US$ millions)										
Capital expenditure	**899.7**	701.6	561.7	513.7	389.8	300.5	106.3	46.3	56.6	105.1
Total assets	**15,582.8**	13,886.7	12,611.8	10,914.1	9,397.3	7,199.0	5,221.1	2,883.5	2,347.1	2,168.7
Net debt	**3,182.5**	2,145.8	1,764.8	1,847.0	2,719.5	2,520.8	1,443.8	857.2	788.5	854.3
Total liabilities	**8,064.6**	6,636.0	5,732.6	5,302.0	5,358.2	4,823.8	3,098.1	1,850.7	1,640.4	1,577.6
Net current assets/(liabilities)	**1,647.6**	1,613.9	1,193.0	1,278.4	594.3	(264.7)	(86.9)	175.0	292.8	251.9
Total assets less current liabilities	**13,252.1**	11,817.1	10,508.8	9,409.3	7,797.0	5,123.3	3,665.1	2,034.8	1,697.0	1,571.2
Equity attributable to owners of the parent	**3,509.9**	3,240.0	3,022.7	2,575.2	1,916.2	1,130.1	1,131.3	582.7	382.8	227.4
Total equity	**7,518.2**	7,250.7	6,879.2	5,612.1	4,039.1	2,375.2	2,123.0	1,032.8	706.7	591.1
Other Information (at 31 December)										
Company's net debt (US$ millions)(i)	**1,160.3**	1,133.8	1,170.3	816.9	651.7	731.3	532.4	237.9	152.6	103.3
Number of shares in issue (millions)	**4,309.7**	3,827.6	3,850.4	3,902.4	3,860.3	3,213.4	3,224.1	3,204.8	3,188.8	3,186.0
Weighted average number of shares in issue during the year (millions)	**4,157.4**	3,922.7	3,961.8	3,967.7	3,505.6	3,474.1	3,461.1	3,441.2	3,434.4	3,433.7
Share price (HK$)										
– After rights issue	**8.82**	8.323	7.902	6.846	4.636	2.496	5.614	3.749	2.784	1.925
– Before rights issue	**N/A**	8.510	8.080	7.000	4.740	2.690	6.050	4.040	3.000	2.075
Adjusted NAV per share (HK$)										
– After rights issue	**12.57**	15.09	13.09	12.63	10.14	5.54	10.63	6.34	3.87	2.89
– Before rights issue	**N/A**	15.43	13.38	12.91	10.37	5.97	11.46	6.83	4.17	3.12
Share price discount to adjusted NAV per share (%)	**29.8**	44.8	39.6	45.8	54.3	54.9	47.2	40.8	28.1	33.3
Market capitalization (US$ millions)	**4,873.3**	4,176.0	3,988.6	3,502.2	2,345.9	1,108.2	2,500.7	1,659.9	1,226.5	847.6
Dividend yield (%)	**2.38**	2.49	2.75	2.84	2.39	3.34	1.64	1.35	1.00	–
Number of shareholders	**4,884**	4,606	4,503	4,608	6,202	4,983	4,736	4,989	5,167	5,321
Number of employees	**91,874**	80,941	73,582	70,525	68,416	66,452	62,395	50,087	46,693	49,165

N/A: Not applicable
(i) Includes the net debt of certain wholly-owned financing and holding companies

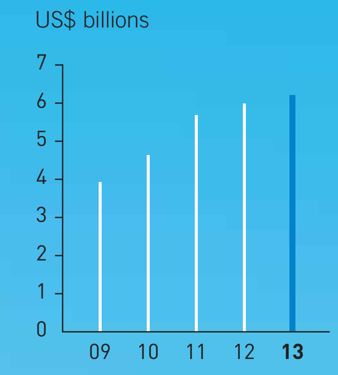
See pages 217 and 219 for a glossary of terms

Note: In 2013, the Group has adopted HKAS 19 (2011) which resulted in changes in its accounting policies for the accounting treatments for defined benefit pension plans and other employee benefits. Details regarding the changes are provided in Note 2(B) to the Consolidated Financial Statements. Accordingly, the comparative amounts of (i) profit for the year, (ii) profit attributable to owners of the parent, (iii) contribution from operations, (iv) recurring profit, (v) basic earnings per share, (vi) basic recurring earnings per share, (vii) equity attributable to owners of the parent per share, (viii) total assets per share, (ix) net tangible assets per share, (x) recurring return on average net assets, (xi) recurring return on average equity attributable to owners of the parent, (xii) dividend payout ratio, (xiii) dividend cover, (xiv) interest cover, (xv) total assets, (xvi) total assets less current liabilities, (xvii) equity attributable to owners of the parent and (xviii) total equity for 2012 have been restated to reflect such changes. 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 2004 to 2012 have been restated to reflect the effects of these rights issue in order to provide a more meaningful comparison.

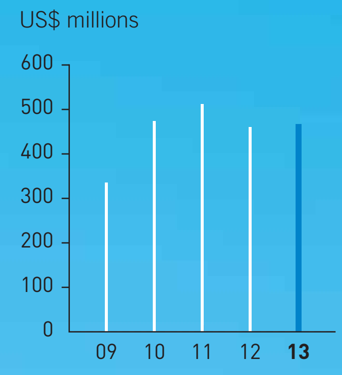
Financial Highlights

- Turnover up 3.6% to US$6,206.3 million
- Contribution from operations up 1.4% to US$467.2 million
- Recurring profit down 8.6% to US$327.1 million
- Reported net profit down 33.4% to US$235.3 million
- Head Office dividend and fee income from operating companies down 4.7% to US$305.8 million
- Dividend payout in cash terms up 11.7% to US$115.9 million
- Dividend payout of 35% of recurring profit

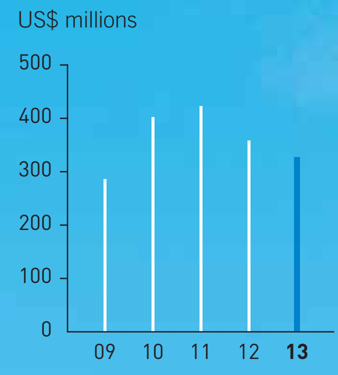
Turnover



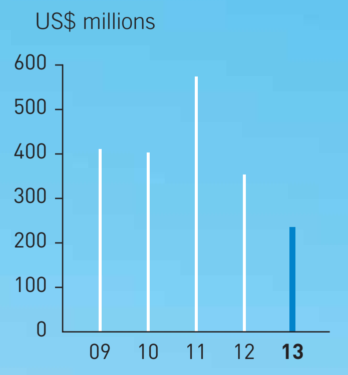
Contribution from Operations



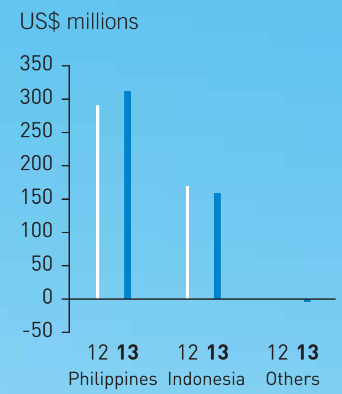
Recurring Profit



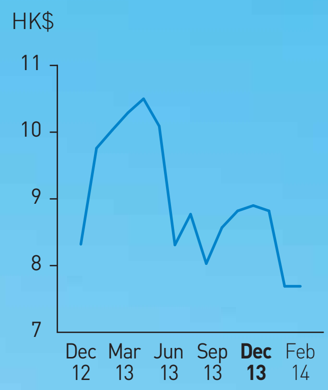
Profit Attributable to Owners of the Parent



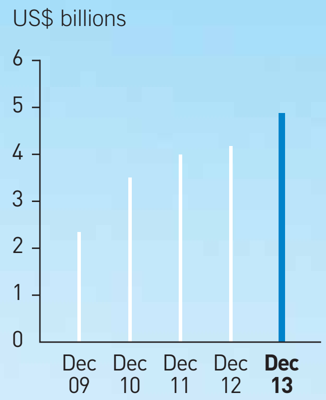
Contribution by Country



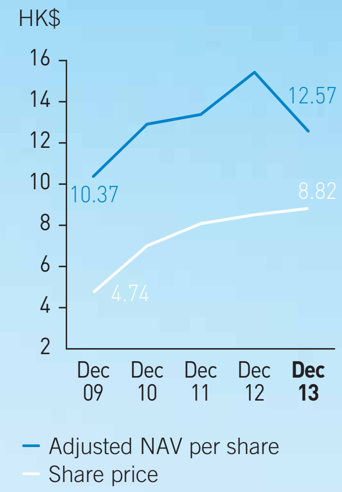
Share Price Performance



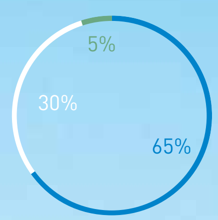
Market Capitalization



Share Price vs Adjusted NAV Per Share



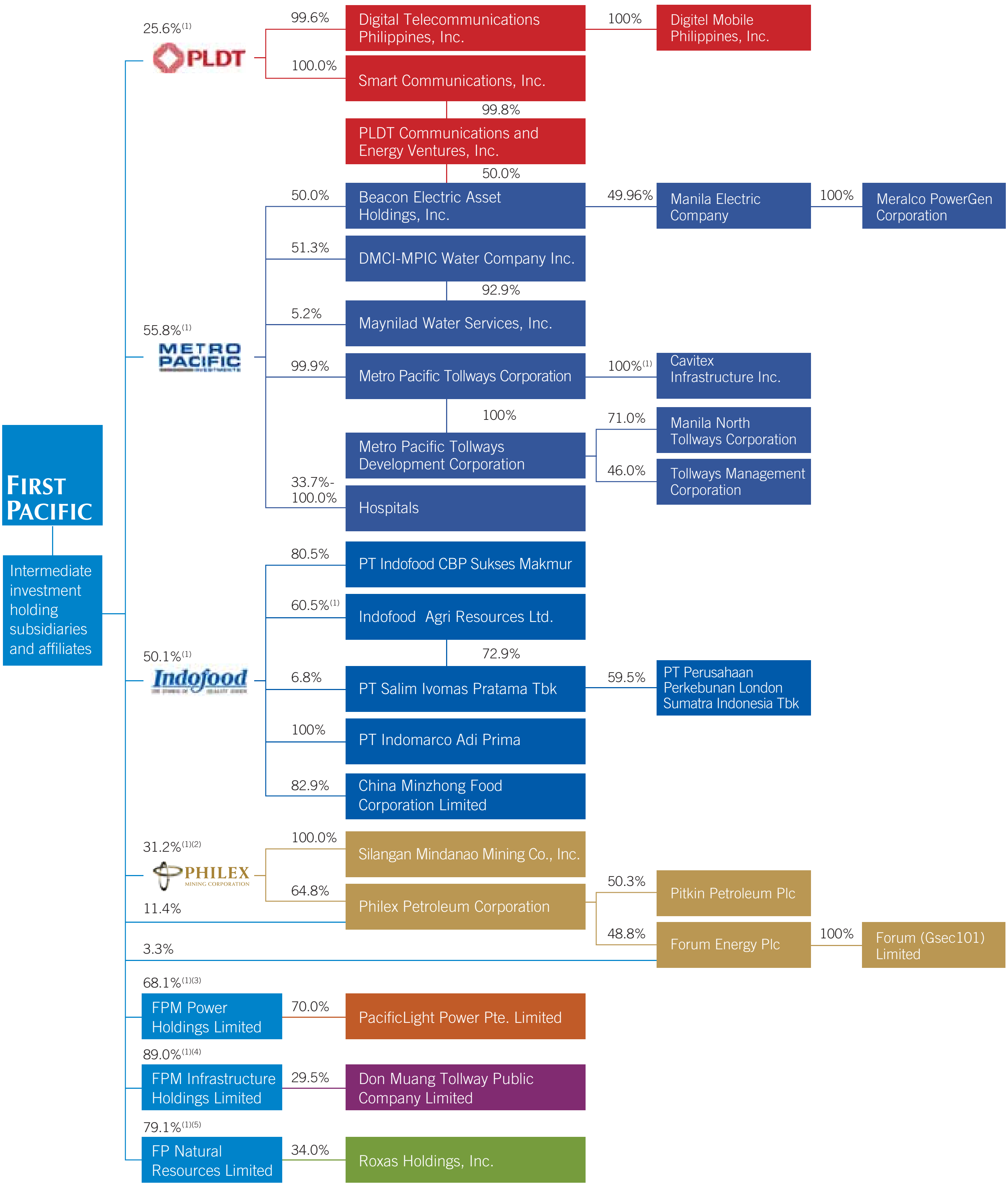
Adjusted NAV by Country - 31 December 2013



	US$ millions
Philippines	5,213.0
Indonesia	2,380.4
Others	431.3
Total	**8,024.7**

Corporate Structure

As at 25 March 2014



(1) Economic interest

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

(3) Includes an 8.1% effective economic interest in FPM Power held by First Pacific through its indirect interests in Meralco. FPM Power holds a 70% interest in PLP.

(4) Includes a 14.0% effective economic interest in FPM Infrastructure held by First Pacific through its indirect interests in MPIC. FPM Infrastructure holds a 29.45% interest in DMT.

(5) Includes a 9.1% effective economic interest in FP Natural Resources held by First Pacific through its indirect interests in IndoAgri. FP Natural Resources holds a 34% interest in RHI.

Goals

FIRST PACIFIC

Review of 2013 Goals

Goal	Achievement
Bring PacificLight Power Pte. Limited ("PLP") on-line in December 2013 for contribution to Group earnings and cash flow in 2014	**Achieved** PLP began selling electricity in July 2013 and launched commercial operations of the power plant on 1 February 2014.
Continue to explore investment opportunities in existing core businesses areas across the region	**Achieved and ongoing** First Pacific partnered with Meralco PowerGen Corporation ("Meralco PowerGen"), MPIC and Indofood Agri Resources Ltd. ("IndoAgri") to invest in PacificLight Power Pte Ltd. ("PLP") in Singapore, Don Muang Tollway Public Company Limited ("DMT") in Thailand and Roxas Holdings, Inc. ("RHI") in the Philippines, respectively. Senior management continue to search for potential merger and acquisition, and investment targets in emerging Asia in the sectors of telecommunications, infrastructure, consumer food products and natural resources.
Expand sources of production at Philex from just one mine, Padcal, to others, through organic growth and/or via acquisition	**Ongoing** Development of the Silangan project continues towards first ore production beginning in late 2017/early 2018, as well as working towards an extension of the Padcal mine life.
Continue to develop the infrastructure portfolio	**Achieved and ongoing** First Pacific partnered with MPIC to invest in DMT, and teamed with Meralco PowerGen to invest in PLP. MPIC subsidiary Metro Pacific Tollways Corporation ("MPTC") expanded its toll road portfolio with an agreement to manage Manila-Cavitex Toll Expressway ("CAVITEX").

Goals for 2014

- Utilizing funds raised in 2013, conclude an acquisition offering a strong return
- Guide all investee companies to continued earnings growth
- Fully integrate new investments into the Group's portfolio
- Support Philex to obtain a permanent lifting of the suspension order on Padcal mine and identify additional resources for Padcal and the surrounding area

PLDT

Review of 2013 Goals

Goal	Achievement
Maintain double-digit growth in broadband subscribers and revenues	**Mostly achieved and ongoing** Combined broadband subscriber base at 3.4 million (2012: 3.2 million) of which 2.5 million were wireless broadband subscribers and about 962,000 were Digital Subscriber Line ("DSL") subscribers. To encourage usage, a wide range of packages, including offers bundled with engaging and compelling content have been launched and delivered through PLDT's unrivalled fixed and wireless networks. Broadband service revenues increased 16% to Pesos 26.6 billion (US$623.8 million).
Return to earnings growth in 2013	**Achieved** Core net income reached Pesos 38.7 billion (US$908.0 million), outperforming 2012 core income of Pesos 36.9 billion (US$877.1 million) and guidance of Pesos 38.3 billion (US$898.2 million) for full-year 2013.
Fortify network advantage with capital expenditure of Pesos 29 billion	**Achieved** Capital expenditure for 2013 was Pesos 28.8 billion (US$675.4 million), representing about 18% of service revenues, down from 23% in 2012. PLDT is on track to expand its 3G coverage to 100% of the Philippine population and further increase LTE coverage by year-end 2014. It is also expanding its fiber footprint to 90,000 kilometers to broaden the geography of its multi-media content strategy.
Continue initiatives for the further integration of Digitel/Sun into the PLDT group to realize greater operating synergies	**Achieved and ongoing** EBITDA up 3% to Pesos 77.6 billion (US$1.8 billion) and EBITDA margin stable at 47%. The integration of PLDT/Smart/Sun and Digitel, particularly in the areas of network and organization, resulted in operating and cost efficiencies. These helped reduce operating expenses and relieved downward pressure on margins resulting from evolution in the revenue mix. In addition, the integration of Digitel/Sun has allowed PLDT to offer cross-network marketing and promotional offers unmatched by any other domestic telecommunications provider, helping stabilize cellular ARPUs.
Complete the divestment of SPi business process outsourcing ("BPO") business	**Achieved** On 30 April 2013, PLDT completed the disposal of 100% interest in SPi Global to Asia Outsourcing Gamma Ltd. ("AOGL"), a company controlled by CVC Capital Partners. PLDT reinvested in 20% of AOGL. The net proceeds from the disposal and the reinvestment were approximately US$320 million. PLDT booked a net gain of Pesos 2.2 billion (US$51.6 million) from the sale.

Goals for 2014

- Sustain 3% consolidated service revenues growth, including an underlying double digit growth in broadband and data revenues
- Maintain earnings growth momentum with core income guided at Pesos 39.5 billion
- Capital expenditure of Pesos 31-32 billion, or under 20% of service revenues, to protect network advantage
- Follow through on initiatives to further integrate Digitel/Sun into the PLDT Group to extract additional operating synergies

Review of 2013 Goals

Goal	Achievement
Participate in further development of the country's infrastructure, such as airports or Manila's light rail systems	**Partly achieved** A consortium of which MPIC is a member was awarded the Automated Fare Collection System Project to provide a unified ticketing system for Manila's Metro Rail Transit System. MPIC's conditional bid for Manila's Light Rail Transit System Line 1 South Extension ("LRT1 extension") project submitted in September 2013 was not accepted by the regulator and the Government re-launched the Manila LRT1 extension project with modified bid terms. Bidding for the LRT1 extension project is expected in the 2nd quarter of 2014. MPIC's consortium was out-bid on the project to redevelop the Mactan-Cebu Airport.
Continue to grow the hospital network through investing in hospitals across the Philippines	**Achieved and ongoing** MPIC completed the acquisition of a 51.0% interest each in De Los Santos Medical Center Inc. ("DLSMC") and Central Luzon Doctors' Hospital ("CLDH"). As at year end 2013, the hospital division comprised eight hospitals with approximately 2,150 beds (2012: 1,700 beds) and remains on track for its 3,000 beds target by 2015.
Continuous expansion of the toll road portfolio	**Achieved and ongoing** Construction of NLEX Harbour Link's first phase (Segment 9) started in May 2013 with approximately 38% complete and will be operational by third quarter of 2014; construction of the second phase (Segment 10) is expected to commence this year. Manila North Tollways Corporation signed a Joint Venture Agreement with Philippine National Construction Corporation to build an elevated expressway to connect the Northern and Southern toll road systems (the "Metro Expressway Link"). This project will connect the Harbour Link to Southern Luzon via a four-lane elevated expressway across Central Manila. The expansion plan for CAVITEX will be submitted to the Toll Regulatory Board in April of this year while the integration of Subic Clark Tarlac Expressway ("SCTEX") with North Luzon Expressway ("NLEX") has been submitted to the Bases Conversion Development Authority as early as July 2011.
Continued expansion of the water business outside Metro Manila and successful resolution of rate rebasing at Maynilad Water Services, Inc. ("Maynilad")	**Achieved and ongoing** In March 2013, Maynilad acquired a 10% interest in Subic Water and Sewerage Co., Inc. ("Subic Water") which serves 40,000 customers in Olongapo City and the Subic Bay Freeport Zone. MetroPac Water Investments Corporation, a wholly-owned subsidiary of MPIC, acquired an effective interest of 20% in Cebu Manila Water Development, Inc. ("CMWD"). CMWD signed a 20-year Water Purchase Agreement with the Metropolitan Cebu Water District ("MCWD") for the supply of 18 million liters per day rising to 35 million liters after one year. Maynilad submitted its business plan for the period 2013 to 2017 to the Metropolitan Waterworks and Sewerage System ("MWSS"), its regulator. On 12 September 2013, MWSS denied Maynilad's application for an upward adjustment in its tariff and instead proposed a negative adjustment of 4.82% (or Pesos 1.46 per cubic meter) in what Maynilad views as a violation of its concession agreement. On 4 October 2013, Maynilad filed a notice of dispute with the Secretariat of the International Chamber of Commerce ("ICC") International Court of Arbitration for resolution. The arbitration panel will be chaired by Professor Bernard Hanotiau, a respected member of the Brussels and Paris bars. Hearings are expected to commence once the rest of the panel is formed.
Support Manila Electric Company's ("Meralco") entry into power generation and participation in Open Access as a retail electricity supplier	**Achieved and ongoing** Through their investments in FPM Power Holdings Limited ("FPM Power"), First Pacific and Meralco PowerGen acquired a 70% interest in PLP. Meralco PowerGen Corporation ("Meralco PowerGen") signed a joint development agreement with a wholly-owned subsidiary of Electricity Generating Company of Thailand to develop a new 460 megawatts (net) coal-fired power plant in Mauban, Quezon. Meralco PowerGen also acquired a 20% interest in Global Business Power Corporation. When Retail Competition and Open Access for electricity commenced on 26 June 2013, Meralco's Retail Electricity Supply unit ("MPower") successfully signed 167 out of the 287 contestable customers who have switched to retail electricity.

Goals for 2014

- Complete arbitration process for the regulatory period covering 2013 to 2017 for Maynilad
- Resolve differences with the Philippine Government over the SCTEX franchise and toll rate increases
- Expand the Hospitals business
- Participate in the bidding for the Philippine Government's public – private partnership ("PPP") projects
- Prepare Meralco for 2015 rate rebasing and support further investment in power generation

Review of 2013 Goals

Goal	Achievement
Accelerate growth by increasing new product innovation and expanding business categories	**Achieved and ongoing** Twenty new products were launched in 2013, among which were three new premium varieties under the brand Indomie Taste of Asia, four flavors for pack noodles under the brand names of Sarimi and Supermi, jumbo cup noodles, convenient pre-mixed flour, growing up milk, milk with calcium for young women, soy bean chips with hot chili, instant seasoning, cereal snacks, cereal drinks and ICHI OCHA ready-to-drink green tea. Indofood also refreshed its packaging for cooking oil, margarine and dairy products. The joint venture with Asahi acquired PT Prima Cahaya Indobeverages ("PCIB"), formerly known as PT Pepsi Cola Indobeverages, the exclusive manufacturer of non-alcoholic beverage products in Indonesia under PepsiCo brands such as Pepsi, 7Up and Tropicana Twister. In January 2014, the joint venture with Asahi completed the acquisition of water assets under the brand name CLUB, Indonesia's number two brand in the packaged water industry. Indofood is also in the process of building beverages manufacturing facilities which are expected to commence operations in the second half of 2014.
Further enhance supply chain	**Achieved and ongoing** Acquired a majority share in China Minzhong Food Corporation Limited ("CMFC") listed on the Singapore Stock Exchange. CMFC is an integrated vegetable processor company located in the People's Republic of China ("PRC") with operations ranging from cultivation to processing vegetables.
Further improve services	**Achieved and ongoing** Indofood launched Indofood Customer Service to provide product information, promote sales and marketing programs to customers, and respond to customers inquiries through toll free phone and email services.

Goals for 2014

- Continue to accelerate growth by increasing new product innovation and expanding business categories
- Enhance the organization to adapt to market developments and the company's growth
- Improve the performance of all profit centers

PHILEX
MINING CORPORATION

Review of 2013 Goals

Goal	Achievement
Resumption of permanent operations at the Padcal mine	**Ongoing** Operations at the Padcal mine resumed on 8 March 2013 following the temporary lifting of a mining suspension order by the Philippine Government's Mines and Geosciences Bureau ("MGB"). Mining operations continue while consultations continue between Philex and the relevant government agencies on a permanent lifting of the order.
Continue development of the Silangan project	**Ongoing** Declaration of Mining Project Feasibility covering the Boyongan ore body was filed with the MGB in February 2013. Exploration and development work continue and plan to commence commercial production late 2017/early 2018.
Fulfill the Company's obligations under the Kalayaan joint venture agreement with Manila Mining Corporation	**Ongoing** Work is ongoing in the preparation of the feasibility study.
Continue to enhance the public's perception of the benefits of mining to the Philippines	**Ongoing** The strengthened Corporate Affairs Department continue to work closely with all stakeholders in the mining industry (including government agencies, non-government organizations, the MGB, private institutions and the public) to improve the reputation of the mining industry and promote the benefits of mining to the Philippine economy.
Complete a capital raising exercise to enhance Philex's financial position	**Ongoing** In March 2013, Philex's board approved a rights offering of common shares to raise approximately Pesos 12.3 billion (US$277.0 million) mainly for the purposes of repaying loans from First Pacific and funding the development of the Silangan project. The 2013 rights offering was cancelled due to unfavorable market conditions. Philex is reviewing all financing and funding options.

Goals for 2014

- Complete the pre-feasibility study of Silangan project
- Declare additional resources for Padcal and the surrounding area
- Declare additional reserves for selected other properties

Goals for 2014

FPM Power / PacificLight

- Sell 70% of PLP's generation through retail and vesting contracts
- Maintain high levels of operational reliability, safety and efficiency

FPM Infrastructure / TOLLWAY

- Examine traffic volumes and study resolution of traffic congestion for potential opportunities in new toll road projects
- Improve traffic management and install electronic systems for enhancing operations and traffic flow

FP Natural Resources / RHi ROXAS HOLDINGS, INC.

- Leverage RHI new relationship with the First Pacific Group to seek joint venture opportunities in bioethanol and export in the sugar industries
- Increase raw sugar extraction rate, drive efficiency and capacity utilization at all mills to drive margin growth and to prepare for the reduction in the sugar import tariff to 5% in 2015
- Evolve the ethanol unit Roxol Bioenergy ("Roxol") from start-up status to profit contributor for fiscal 2014 earnings

Review of Operations

FIRST PACIFIC

Below is an analysis of results by individual company.

Contribution Summary

For the year ended 31 December US$ millions	Turnover **2013**	 2012	Contribution to Group profit[i] **2013**	 2012 (Restated)[ii]
PLDT[iii]	**–**	–	**209.9**	190.5
MPIC	**724.1**	660.8	**94.5**	86.6
Indofood	**5,476.3**	5,330.0	**159.6**	170.1
Philex[iii]	**–**	–	**7.3**	13.6
FPM Power	**5.9**	–	**(4.8)**	–
FPM Infrastructure	**–**	–	**0.5**	–
FP Natural Resources	**–**	–	**0.2**	–
Contribution from Operations[iv]	**6,206.3**	5,990.8	**467.2**	460.8
Head Office items:				
– Corporate overhead			**(32.5)**	(23.7)
– Net interest expense			**(86.2)**	(77.7)
– Other expenses			**(21.4)**	(1.4)
Recurring Profit[v]			**327.1**	358.0
Foreign exchange and derivative (losses)/gains[vi]			**(56.3)**	1.8
Loss on changes in fair value of plantations			**(1.0)**	(0.1)
Non-recurring items[vii]			**(34.5)**	(6.4)
Profit Attributable to Owners of the Parent			**235.3**	353.3

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

(ii) The Group has restated its 2012 contribution from operations to US$460.8 million from US$463.1 million and non-recurring losses to US$6.4 million from US$13.2 million reflecting its adoption of the revised HKAS 19 "Employee Benefits" with effect from 1 January 2013. Accordingly, the Group's 2012 recurring profit has been restated to US$358.0 million from US$360.3 million and its 2012 profit attributable to owners of the parent has been restated to US$353.3 million from US$348.8 million.

(iii) Associated companies

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

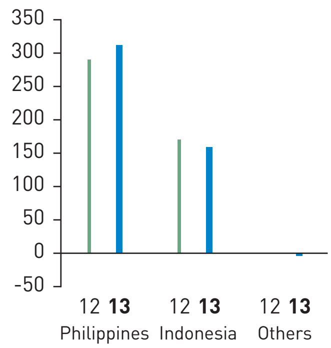
(v) Recurring profit represents the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative losses/gains, loss on changes in fair value of plantations and non-recurring items.

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

(vii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. The non-recurring losses for 2013 of US$34.5 million mainly represent the Group's debt refinancing costs (US$17.8 million), PLDT's impairment provisions for cellular network equipment and site facilities (US$12.9 million), Philex's impairment provisions for investments (US$10.9 million) and PLDT's manpower reduction costs (US$6.6 million), partly offset by PLDT's gain on disposal of business process outsourcing business (US$13.0 million). 2012's non-recurring losses of US$6.4 million mainly represent PLDT's impairment provisions for Digitel's cell sites (US$17.6 million) and Philex's provisions for fees and penalties in respect of an accidental discharge of water and tailings from its tailings pond No. 3 (US$9.9 million), partly offset by the Group's gain on dilution of a 0.2% interest in PLDT as a result of PLDT's issuance of new shares upon its tender offer for Digitel's shares in January 2012 (US$14.5 million).

Contribution by Country

US$ millions



Turnover up 4% to US$6,206.3 million from US$5,990.8 million	■ owing to strong sales growth at Indofood delivering a 2% increase in the Group's turnover, followed by a 10% increase in MPIC's sales ■ partly offset by the depreciation of rupiah and peso average exchange rates against U.S. dollars
Recurring profit down 9% to US$327.1 million from US$358.0 million	■ due to an 11% increase in net interest expense to US$86.2 million as a result of higher average debt balance for the year and higher interest rates on debts with a longer average maturity ■ higher corporate overhead and other expenses ■ partly offset by increase in contribution from operations
Non-recurring losses up to US$34.5 million from US$6.4 million	■ mainly representing the Group's debt refinancing costs, PLDT's impairment provisions for cellular network equipment and site facilities, Philex's impairment provisions for investments and PLDT's manpower reduction costs ■ partly offset by PLDT's gain on disposal of business process outsourcing business
Reported profit down 33% to US$235.3 million from US$353.3 million	■ reflecting higher foreign exchange and derivative losses due to the depreciation of rupiah and peso exchange rates against U.S. dollars ■ lower recurring profit ■ higher non-recurring losses

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

Exchange rates against the U.S. dollar At 31 December	**2013**	2012	One year change
Closing			
Peso	**44.40**	41.05	–7.5%
Rupiah	**12,189**	9,670	–20.7%
S$	**1.263**	1.222	–3.2%
Baht	**32.71**	30.59	–6.5%

Exchange rates against the U.S. dollar For the year ended 31 December	**2013**	2012	One year change
Average			
Peso	**42.64**	42.08	–1.3%
Rupiah	**10,522**	9,392	–10.7%
S$	**1.254**	1.245	–0.7%
Baht	**30.84**	31.00	+0.5%

During 2013, the Group recorded net foreign exchange and derivative losses of US$56.3 million (2012: gains of US$1.8 million), which can be further analyzed as follows:

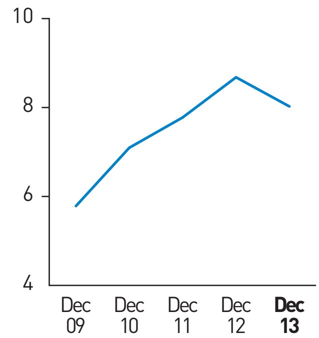
US$ millions	2013	2012
Head Office	**(3.6)**	(2.5)
PLDT	**(9.0)**	6.7
MPIC	**0.9**	(0.9)
Indofood	**(41.0)**	(0.3)
Philex	**(1.4)**	(1.2)
FPM Power	**(2.2)**	–
Total	**(56.3)**	1.8

Rights Issue

On 10 July 2013, First Pacific completed a rights offering on the basis of one rights share for every eight existing shares at a price of HK$8.1 (US$1.04) per rights share. The offering raised over US$500 million (before expenses) to finance potential acquisitions and strategic investments, and for any residual balance for general corporate purpose.

Value of Assets

US$ billions



Additional Investments

Infrastructure

On 28 March 2013, First Pacific and Meralco's wholly-owned subsidiary Meralco PowerGen completed the acquisition of 70% of PLP, a company with a power plant located on Jurong Island, Singapore, for a total investment cost of approximately US$550 million. First Pacific holds 60% of the investment vehicle FPM Power and Meralco PowerGen owns the remaining 40%. PLP's combined cycle combustion turbine power project consists of two 400 megawatt natural gas-fired turbines.

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

Natural Resources

On 29 November 2013, First Pacific and its indirect agribusiness subsidiary IndoAgri, through a 70%/30%-owned entity FP Natural Resources, acquired a 34.0% interest in RHI for a consideration of Pesos 2.5 billion (US$56.6 million).

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

Capital Management

Dividend

First Pacific's Board of Directors ("the Board") recommended a final dividend of HK 13.00 cents (U.S. 1.67 cents) per share, unchanged from the 2012 final dividend and bringing the regular dividend to HK 21 cents (U.S. 2.70 cents) per share, unchanged since 2011. The regular dividend represents a payout of 35% of recurring profit to shareholders, meeting a commitment made three years ago to return a minimum of 25% of recurring profit to shareholders.

The Board has confirmed that capital allocation will remain as a combination of dividends and share repurchases taking into consideration economic conditions in the markets of the Group's operating companies and Head Office finances and investment plans. Full-year dividend payments will be at least 25% of recurring profit while the approved share repurchases budget will be up to 10% of recurring profit.

Share Repurchase Program

As part of the focus on shareholder returns, First Pacific repurchased and cancelled a total of 25.0 million shares at an average price of HK$8.9 (US$1.1) per share during 2013 at a total cost of approximately HK$221.3 million (US$28.5 million). The share repurchases were limited by the blackout of the Company's corporate activities during the year.

Debt Profile

At 31 December 2013, net debt at the Head Office stood at US$1.2 billion while gross debt stood at US$1.7 billion with an average maturity of approximately 6.1 years. Approximately 14% of the Head Office's borrowings were floating rate bank loans while fixed rate bonds comprised the remainder. Unsecured debts accounted for approximately 60% of Head Office borrowings. The blended interest rate was approximately 5.5% per annum.

Net interest expense increased 11% in 2013 to US$86.2 million as a result of a higher average debt level and higher interest rates on debts with a longer average maturity.

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

Interest Cover

For 2013, Head Office recurring operating cash inflow before interest expenses was approximately US$275.6 million and net cash interest payments were approximately US$81.6 million. For the 12 months ended 31 December 2013, the cash interest cover was approximately 3.4 times.

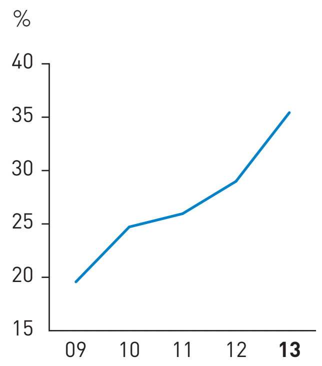
Foreign Currency Hedging

The Company actively reviews the potential benefits of hedging based on forecast dividend flows and enters into hedging arrangements (including the use of forward exchange contracts) for managing its foreign currency exposure in respect of dividend income and payments in foreign currencies on a transactional basis. There is no hedging arrangement for the balance sheet.

2014 Outlook

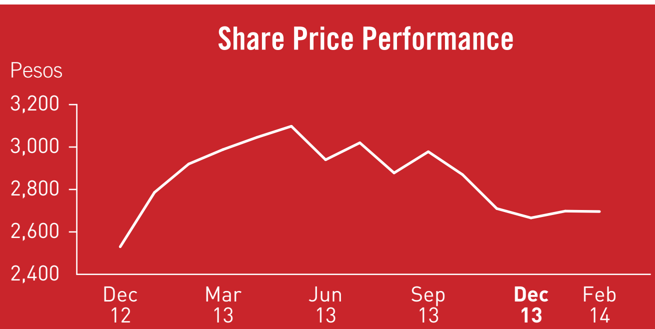
All main operating companies expect to deliver earnings growth in 2014 as a result of steady economic growth and consumer spending in the jurisdictions where they operate. First Pacific management expect to expand the portfolio during 2014 with new investments delivering immediate cash returns to enhance earnings growth and dividend income.

Dividend Payout Ratio



PLDT

Contribution US$209.9 million

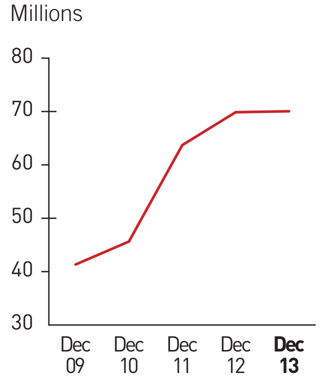


An analysis of PLDT's contribution to the First Pacific Group, adjusted for Hong Kong GAAP and translated into U.S. dollars, follows.

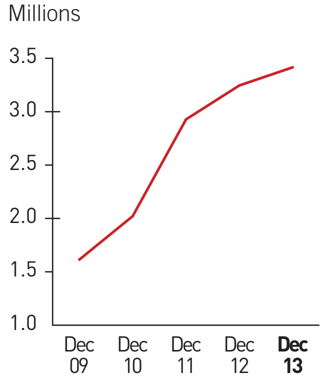
US$ millions	Turnover 2013	Turnover 2012 (Restated)(i)	Turnover % change	Profit 2013	Profit 2012 (Restated)(i)	Profit % change
Wireless	**2,736.4**	2,703.9	+1.2	**859.6**	872.9	–1.5
Fixed Line	**1,451.0**	1,403.8	+3.4	**327.4**	172.1	+90.2
Others	**–**	–	–	**4.5**	80.2	–94.4
Inter-segment elimination	**(340.0)**	(311.6)	+9.1	**–**	–	–
Total	**3,847.4**	3,796.1	+1.4			
Segment Result				**1,191.5**	1,125.2	+5.9
Net finance costs				**(123.7)**	(121.2)	+2.1
Share of profits less losses of associated companies and joint ventures				**62.9**	26.0	+141.9
Profit Before Taxation				**1,130.7**	1,030.0	+9.8
Taxation				**(305.2)**	(294.5)	+3.6
Profit for the Year				**825.5**	735.5	+12.2
(Loss)/profit from discontinued operations				**(2.3)**	12.9	–
Non-controlling interests				**(0.8)**	1.2	–
Profit Attributable to Equity Holders				**822.4**	749.6	+9.7
Preference dividends				**(1.6)**	(4.4)	–63.6
Profit Attributable to Common Shareholders				**820.8**	745.2	+10.1
Average shareholding (%)				**25.6**	25.6	–
Contribution to Group Profit				**209.9**	190.5	+10.2

(i) 2012's comparative figures have been restated reflecting the adoption of the revised HKAS 19 "Employee Benefits" and certain presentational adjustments to conform with the current year's presentation of business segments.

Cellular Subscriber Numbers



Boardband Subscriber Numbers



PLDT contributed profit of US$209.9 million to the Group (2012 restated: US$190.5 million), representing approximately 45% (2012: 41%) of First Pacific's aggregate contribution derived from the operations of subsidiary and associated companies for the year. The 10.2% improvement in profit contribution principally reflected higher core net income. Broadband service revenues increased 16% in 2013 to account for 16% of PLDT's total service revenues, up from 14% of the total in 2012.

Following the divestment of SPi, PLDT's service revenues for 2012 are restated to reflect the exclusion of the BPO business.

Consolidated core net income up 5% to Pesos 38.7 billion (US$908.0 million) from Pesos 36.9 billion (US$877.1 million)	■ principally reflecting higher wireless and fixed line service revenues, lower cash operating expenses, and lower depreciation ■ partly offset by higher handset subsidies, lower gain from asset sales and income tax provision
Reported net income down 2% to Pesos 35.4 billion (US$830.7 million) from Pesos 36.1 billion (US$859.0 million)	■ due to higher net foreign exchange and derivatives losses, adoption of Revised PAS 19, and losses from Typhoon Yolanda ■ partly offset by increase in core net income, gain from the sale of the BPO business, and lower asset impairment provision
Consolidated service revenues up 3% to Pesos 164.1 billion (US$3.8 billion) from Pesos 159.7 billion (US$3.8 billion)	■ growth in data and broadband revenues overtook the pace of decline in revenues from national long distance, fixed line and cellular international voice
EBITDA up 3% to Pesos 77.6 billion (US$1.8 billion) from Pesos 75.4 billion (US$1.8 billion)	■ higher service revenues and lower cash operating costs ■ partly offset by higher handset subsidies
EBITDA margin stable at 47%	
Consolidated free cash flow up 12% to Pesos 42.0 billion (US$985.0 million) from Pesos 37.6 billion (US$893.5 million)	■ reflecting lower capital expenditures and a net increase in working capital ■ partly offset by higher income taxes paid

Capital Expenditure

Following the completion of its two-year network transformation program in 2012, PLDT's capital expenditure in 2013 declined to Pesos 28.8 billion (US$675.4 million) and accounted for 18% of service revenues, down from 23% in 2012. Capital expenditure for 2014 is projected at less than 20% of service revenues or in the range of Pesos 31-32 billion.

PLDT is on track to expand its 3G coverage to 100% of the Philippine population and increase the number of its LTE sites by year end 2014, while expanding its fiber optic network footprint to 90,000 kilometers to implement its multi-media content strategy. Network expansion and enhancement plans include investing in a new international cable system, strengthening communication facilities capable of withstanding severe weather conditions, increasing service delivery platforms and enhancing network intelligence.

Debt Profile

As at 31 December 2013, PLDT recorded consolidated net debt of US$1.6 billion, down from US$1.9 billion as at 31 December 2012, reflecting gross debt declined by US$0.5 billion to US$2.4 billion, of which 61% is due in and after 2017. Of the total, 57% was denominated in U.S. dollars. Separately, 41% of the total debt is unhedged after taking into account hedges and U.S. dollar cash on hand. Fixed-rate loans accounted for 54% and the average pre-tax interest cost was 4.33%, down from 5.18% in 2012.

Capital Management

Dividend

For the seventh consecutive year, PLDT paid out 100% of its core net income as dividends. PLDT's Board of Directors declared a final regular dividend of Pesos 62 (US$1.5) per share, fulfilling PLDT's commitment to pay out 70% of core net income. In addition and consistent with its year-end "look back" policy, the board approved a special dividend of Pesos 54 (US$1.3) per share for a total of Pesos 116 (US$2.7) per share with a payment date of 16 April 2014. Added to the interim dividend of Pesos 63 (US$1.5) per share paid on 27 September 2013, total dividends for the year will amount to Pesos 179 (US$4.2) per share.

Share Buyback

In 2008, PLDT's board approved a share buyback program of up to 5 million shares. As at 31 December 2013, PLDT had bought back 2.7 million shares into treasury at an average cost of Pesos 2,388 (US$56) per share. Under the approved share buyback program, PLDT may still acquire up to 2.3 million shares from the market on an opportunistic basis.

Asset Disposal

On 30 April 2013, PLDT completed the disposal of 100% interest in its business process outsourcing business under SPi Global to AOGL, a company controlled by CVC Capital Partners. PLDT reinvested in 20% of AOGL. The net proceeds from the disposal and reinvestment were approximately US$320 million. PLDT booked a net gain of Pesos 2.2 billion (US$51.6 million) from the sale.

Financial Investment in Philippine Depositary Receipts ("PDRs") of MediaQuest Holdings, Inc. ("MediaQuest")

In 2012 and 2013, PLDT through ePLDT, invested a total of Pesos 9.6 billion (US$225.1 million) in PDRs issued by MediaQuest for a 64% economic interest in CignalTV. MediaQuest is a wholly-owned entity of the PLDT Beneficial Trust Fund with investments in media assets including TV5 and CignalTV. At the end of 2013, CignalTV had about 602,000 subscribers.

In 2013, PLDT, through ePLDT, announced an investment of Pesos 1.95 billion (US$45.7 million) in MediaQuest PDRs in Hastings Holdings (a wholly-owned subsidiary of MediaQuest), which holds interests in the Philippine Star, the Philippine Daily Inquirer and BusinessWorld, three major newspapers in the Philippines.

On 4 March 2014, PLDT announced that ePLDT would make an additional investment of up to Pesos 500 million (US$11.7 million) in MediaQuest PDRs in Hastings Holdings. The total investment of up to Pesos 2.45 billion would give ePLDT a total of 60% economic interest in Hastings Holdings.

These financial investments are part of PLDT's overall strategy of broadening the PLDT group's content offerings to enhance its ability to deliver multi-media content across its extensive broadband and mobile networks.

Wireless

PLDT Group's combined cellular subscriber base grew to 70.0 million (31 December 2012: 69.9 million), representing approximately 65% of the total cellular market in the Philippines based on subscribers and approximately 60% in terms of revenues. Smart and Sun's combined prepaid subscriber base was stable at 67.7 million, accounting for 97% of the PLDT group's total cellular subscriber base. The number of postpaid subscribers rose 5% to 2.4 million from end-2012 largely due to marketing efforts focused on growing this base through handset subsidies. PLDT's combined postpaid market share remained the biggest in the Philippine market with 54% of all postpaid cellular subscribers.

At the end of 2013, the cellular SIM penetration rate (counting multiple SIM) in the Philippines was at about 109%.

Combined broadband subscribers – fixed and wireless – increased 5% to 3.4 million and accounted for approximately 63% of the broadband subscriber market in the Philippines. Wireless broadband subscribers amounted to 2.5 million of which over 1.9 million were using the Smart network and the remaining were Sun subscribers.

Wireless service revenues up 3% to Pesos 116.7 billion (US$2.7 billion) from Pesos 113.8 billion (US$2.7 billion)	■ principally owing to higher revenues from non-SMS data and cellular voice
Wireless EBITDA stable at Pesos 54.7 billion (US$1.3 billion) from Pesos 54.5 billion (US$1.3 billion)	■ owing largely to revenue growth
EBITDA margin at 47%	■ as higher service revenues and lower cash operating expenses fully offset increases in subsidies

The wireless business has been implementing various marketing programs to increase its revenues, including launching competitive offers aimed at stabilizing ARPUs, expanding the postpaid subscriber base and businesses, and promoting mobile internet usage. Of the PLDT cellular subscriber base, smartphone penetration was about 15%.

In line with its multi-media and content strategy, Smart Music launched SPINNR, the biggest on-line music portal in the Philippines to offer music streaming subscription services with unlimited access to 3 million songs from MCA/Universal Music and Sony Music Entertainment to PLDT cellular subscribers, the cost of which they can charge against their prepaid load. In addition, PLDT wireless subscribers can access games and other content bundles. PLDT, Smart and CignalTV customers may also watch real-time television broadcast feeds of CignalTV content through Cignal's TV-To-Go service.

Fixed Line

The number of PLDT fixed line subscribers remained stable at 2.1 million, accounting for 69% of the market and unchanged from the end of December 2012.

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

Fixed line service revenues, net of interconnection costs, up 4% to Pesos 53.7 billion (US$1.3 billion) from Pesos 51.4 billion (US$1.2 billion)	■ reflecting increase in data revenues greater than the decline in international and national long distance revenues ■ increases of 6%, 9% and 61% in corporate data and other network services, fixed broadband and data center respectively which represent 48%, 45% and 7% of fixed line data revenues
Fixed line EBITDA up 11% to Pesos 22.3 billion (US$523.0 million) from Pesos 20.1 billion (US$477.7 million)	■ mainly due to higher revenues which fully offset the rise in operating expenses
EBITDA margin improved to 36% from 34%	

The network transformation program in 2011 and 2012 included the continuing upgrade of PLDT's fixed line network to an all-IP next generation network, enabling it to offer improved voice, data and other services with vastly expanded network capacity. The rollout of fiber-to-the home enables the delivery of high-speed broadband of up to 100 million bits per second. Approximately 47% of PLDT's fixed line subscribers are DSL subscribers. PLDT is the Philippine's first triple-play service provider, offering includes landline telephone services, high-speed broadband service and content from CignalTV. Data revenues of Pesos 27.2 billion (US$637.9 million) in 2013 accounted for 51% of all fixed line service revenues, net of interconnection costs, up from 48% in 2012.

Meralco

PLDT Communications and Energy Ventures, Inc., a 99.8% owned subsidiary of Smart, owns 50% of Beacon Electric Asset Holdings, Inc. ("Beacon Electric"), a special purpose company jointly owned with MPIC. As at 31 December 2013, Beacon Electric owns approximately 49.96% of Meralco.

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

On 28 March 2013, First Pacific and Meralco's wholly-owned subsidiary Meralco PowerGen formed a 60/40 entity, FPM Power, to acquire a 70% interest in PLP based in Singapore. PLP's combined cycle combustion turbine power project consists of two 400 – megawatt natural gas-fired turbines which began commercial electricity production in February 2014.

Meralco's performance in 2013 can be found in the MPIC section of this document.

2014 Outlook

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

Reconciliation of Reported Results Between PLDT and First Pacific

PLDT's operations are principally denominated in peso, which averaged Pesos 42.64 (2012: Pesos 42.08) 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	**2013**	2012 (Restated)[i]
Net income under Philippine GAAP	**35,420**	36,148
Preference dividends[ii]	**(59)**	(51)
Net income attributable to common shareholders	**35,361**	36,097
Differing accounting and presentational treatments[iii]		
– Reclassification of non-recurring items	**1,792**	1,867
– Others	**(3,660)**	(5,499)
Adjusted net income under Hong Kong GAAP	**33,493**	32,465
Foreign exchange and derivative losses/(gains)[iv]	**1,505**	(1,108)
PLDT's net income as reported by First Pacific	**34,998**	31,357
US$ millions		
Net income at prevailing average rates for 2013: Pesos 42.64 and 2012: Pesos 42.08	**820.8**	745.2
Contribution to First Pacific Group profit, at an average shareholding of 2013: 25.6% and 2012: 25.6%	**209.9**	190.5

(i) After adopting the revised Philippine Accounting Standard (PAS) 19 "Employee Benefits", PLDT has restated its 2012 net income to Pesos 36,148 million from Pesos 35,454 million.

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

(iii) 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 2013 of Pesos 1.8 billion represents asset impairment provisions of Pesos 2.1 billion, manpower reduction cost of Pesos 1.1 billion and provision for losses from Typhoon Yolanda of Pesos 0.8 billion, partly offset by a gain on disposal of BPO business of Pesos 2.2 billion. Adjustment for 2012 of Pesos 1.9 billion represents asset impairment provisions of Pesos 2.9 billion and share of Meralco's non-recurring losses of Pesos 0.1 billion, partly offset by the reversal of manpower reduction cost of Pesos 1.1 billion due to the adoption of PAS 19 "Employee Benefits".
- 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.

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

METRO PACIFIC INVESTMENTS

Contribution US$94.5 million

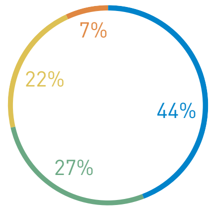
Share Price Performance

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	**2013**	2012	% change	**2013**	2012 (Restated)[i]	% change
Water distribution	**396.2**	377.4	+5.0	**211.5**	199.2	+6.2
Toll roads	**191.2**	161.2	+18.6	**101.1**	82.2	+23.0
Hospitals	**136.7**	122.2	+11.9	**23.2**	20.0	+16.0
Corporate overhead	**–**	–	–	**(12.1)**	(8.1)	+49.4
Total	**724.1**	660.8	+9.6			
Segment Result				**323.7**	293.3	+10.4
Net finance costs				**(82.9)**	(81.0)	+2.3
Share of profits less losses of associated companies and joint ventures				**53.6**	37.2	+44.1
Profit Before Taxation				**294.4**	249.5	+18.0
Taxation				**(19.6)**	(20.4)	–3.9
Profit for the Year				**274.8**	229.1	+19.9
Non-controlling interests				**(180.3)**	(142.5)	+26.5
Contribution to Group Profit				**94.5**	86.6	+9.1

(i) 2012's comparative figures have been restated reflecting the adoption of the revised HKAS 19 "Employee Benefits".

Contribution from Operations 2013



	US$ millions
Maynilad	88.9
Meralco	54.7
MPTC	43.9
Hospitals	13.6
Total	**201.1**

MPIC's infrastructure portfolio as at 25 March 2014 comprises the following assets offering water distribution, electricity distribution and power generation, toll roads and hospital services:

- 52.8% in Maynilad
- 50.0% in Beacon Electric which owns 49.96% of Meralco
- 99.9% in MPTC which owns 71.0% of Manila North Tollways Corporation ("MNTC"), 46.0% of Tollways Management Corporation ("TMC") and 100% of Cavitex Infrastructure Corporation ("CIC")
- 25.0% interest in FPM Infrastructure which owns 29.45% interest of DMT
- 33.7% in Medical Doctors, Inc, ("MDI")
- 100% in Colinas Verdes Hospital Managers Corporation, the operator of Cardinal Santos Medical Center ("CSMC")
- 51.0% in Riverside Medical Center, Inc. ("RMCI")
- 34.9% in Davao Doctors Hospital, Inc. ("DDH")
- 100% in East Manila Hospital Managers Corporation, the operator of Our Lady of Lourdes Hospital ("OLLH")
- 85.6% in Asian Hospital, Inc. ("AHI") which owns 100% of Asian Hospital and Medical Center
- 51.0% in DLSMC
- 51.0% in CLDH
- 51.0% in DLS-STI Megaclinic, Inc. ("Megaclinic")

MPIC's contribution to the Group rose 9% to US$94.5 million (2012: US$86.6 million) in the year as a result of higher contributions from each of its businesses, reduced somewhat by higher net interest expense and operating expenses at the MPIC head office level.

Consolidated core net income up 10% to Pesos 7.2 billion (US$169.5 million) from Pesos 6.6 billion (US$156.0 million)	■ Maynilad, Meralco, MPTC and Hospitals accounted for 44%, 27%, 22% and 7%, respectively, of MPIC consolidated profit contribution from operations ■ reflecting a 7% rise in contribution from Maynilad to Pesos 3.8 billion (US$88.9 million) on higher billed water volume and inflationary increase in effective tariff ■ a 5% increase in contribution from Meralco to Pesos 2.3 billion (US$54.7 million) on higher energy sales ■ a 19% rise in contribution from MPTC to Pesos 1.9 billion (US$43.9 million) on higher traffic volumes and average kilometers travelled on NLEX, and consolidation of CAVITEX's earnings ■ a 15% rise in contribution from Hospitals to Pesos 581 million (US$13.6 million) reflecting growth in most hospitals and consolidation of DLSMC ■ partly offset by a 16% increase in MPIC head office interest expense for funding the acquisition of CAVITEX in a loan repaid in March 2013
Consolidated reported net income up 22% to Pesos 7.2 billion (US$169.1 million) from Pesos 5.9 billion (US$140.4 million)	■ due largely to higher core net income ■ lower non-recurring charges of Pesos 20 million (US$0.5 million) compared with Pesos 657 million (US$15.6 million) recorded last year, mainly representing debt refinancing costs at MPIC head office, Maynilad and Beacon Electric
Revenues up 11% to Pesos 30.9 billion (US$724.1 million) from Pesos 27.8 billion (US$660.8 million)	■ reflecting revenue growth at Maynilad, MPTC and Hospital group

Equity Placement

In January 2013, MPIC raised Pesos 6.1 billion (US$143.5 million) by placing 1.33 billion new shares at Pesos 4.6 (U.S. 11.1 cents) per share. The funds will be used for expansion of current investments and potential new projects, including CAVITEX and Cavite-Laguna ("CALA") Expressway.

Debt Profile

As at 31 December 2013, MPIC recorded a consolidated debt of Pesos 51.0 billion (US$1.1 billion), up 17% from Pesos 43.6 billion (US$1.1 billion) as at 31 December 2012.

Additional Investments

On 15 March 2013, Maynilad acquired a 10% interest in Subic Water for a consideration of Pesos 211 million (US$4.9 million). Subic Water serves 40,000 customers in Olongapo City and the Subic Bay Freeport Zone.

In March 2013, First Pacific and Meralco's wholly-owned subsidiary Meralco PowerGen completed the acquisition of 70% of PLP, a company with a power plant located on Jurong Island, Singapore, for a total investment cost of approximately US$550 million. First Pacific holds 60% of the investment vehicle, FPM Power, while Meralco PowerGen owns the remaining 40%.

On 3 June, 2013, MPIC completed its investment in a 51% equity ownership of DLSMC, a 150-bed hospital in Quezon City, Metro Manila. Included in the transaction is affiliate Megaclinic, a mall-based ambulatory diagnostic and surgical center, marking MPIC's first investment in a non-hospital-based health facility.

In July 2013, MPIC's 50% owned joint venture company Beacon Electric acquired additional 18.3 million shares of Meralco for a consideration of Pesos 5.1 billion (US$119.6 million).

In August 2013, Meralco PowerGen signed a joint development agreement with a wholly-owned subsidiary of Electricity Generating Public Company Limited of Thailand to develop a new 460 megawatts (net) coal-fired power plant in Mauban, Quezon.

On 24 October, 2013, MPIC took another step forward in building its nationwide chain of premier private hospitals with the completion of an investment in 51% of Tarlac's largest private hospital, the 200-bed CLDH.

In October 2013, Meralco PowerGen acquired a 20% interest in Global Business Power Corporation.

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

Dividend

The MPIC board of directors declared a final cash dividend of Pesos 0.022 (U.S. 0.050 cent) per share, 10% higher than the final dividend of 2012. Together with an interim cash dividend of Peso 0.015 (U.S. 0.035 cent) per share, this brings the full-year dividend to Pesos 0.037 (U.S. 0.085 cent) per share, an increase of 16%.

Maynilad

Maynilad operates a concession that runs until 2037 for water distribution and sewerage for the West Zone of Metro Manila, comprising a population of approximately 9.7 million people in 12 cities and 5 municipalities as at 31 December 2013. During 2013, Maynilad spent Pesos 5.6 billion (US$131.3 million) on its water distribution system, of which Pesos 1.4 billion (US$32.8 million) was used for improving and expanding its waste and sewerage water services. Maynilad's system currently delivers 24-hour water supply to 98% of its customers while 100% of customers receive water pressure of at least seven pounds per square inch.

During 2013, Maynilad drew 4% less water from the Angat Dam but achieved a 4% increase in the volume of water sold as a result of its substantial capital investment for improving the water system since it was acquired by MPIC in 2007.

Core net income up 11% to Pesos 7.5 billion (US$175.9 million) from Pesos 6.8 billion (US$161.6 million)	■ owing largely to higher billed water volume and inflationary increase in effective tariff
Reported net income up 9% to Pesos 6.9 billion (US$161.8 million) from Pesos 6.4 billion (US$152.1 million)	■ reflecting debt refinancing costs, despite higher core net income
Revenues up 6% to Pesos 16.9 billion (US$396.2 million) from Pesos 15.9 billion (US$377.4 million)	■ reflecting a 4% increase in billed water volume, a 5% increase in billed customers and a 3% rise in average effective tariff, mainly inflation-driven
Average non-revenue water down to 38.7% from 43.5%	■ reflecting lower leakage as a result of 41,171 leaks repaired, lower theft, continue pipe rehabilitation and more efficient management of water pressure and supply ■ the above resulted in recovery of over 138 million liters of water per day
Total billed water volume up 4% to 444 million cubic meters from 428 million cubic meters	■ reflecting a 5% rise in billed customers to 1,129,497 from 1,073,508

Maynilad's water tariff for the next rate rebasing for the period from 2013 to 2017 is in arbitration proceedings. Hearings are expected to commence once the panel is formed.

Maynilad continues exploring investment opportunities in water distribution and sewerage management projects.

Meralco

In 2013, the volume of electricity sold by Meralco rose 4% to 34,084 GWh with growth driven by a 4% increase in demand from residential sector, a 4% increase in commercial demand and a 3% increase in demand from industrial customers.

System loss fell to 6.92% at end-December 2013 from 7.04% a year earlier, reflecting Meralco's continuing refinement of its loss reduction programs and a steady decline in electricity theft. Meralco continues to invest in its electricity distribution system for a franchise area which produces over half of the Philippines' gross domestic product.

Reported net income up 1% to Pesos 17.2 billion (US$403.4 million) from Pesos 17.1 billion (US$406.4 million)	■ reflecting higher core net income and higher foreign exchange gains ■ partly offset by lower non-recurring gains
Revenues up 5% to Pesos 298.6 billion (US$7.0 billion) from Pesos 285.3 billion (US$6.8 billion)	■ mainly reflecting the 4% growth in volume of electricity sold

Meralco continues its efforts to reduce electricity costs and further improve operational efficiency and increase service reliability. During 2013, its capital expenditure was Pesos 10.2 billion (US$239.2 million).

In the meantime, Meralco PowerGen's project to build two 300 megawatts coal-fired plant in Subic Bay continues to be held back by regulatory and legal constraints, despite efforts to implement it for over three years.

On 26 June 2013, Retail Competition and Open Access commenced on a voluntary basis, allowing major electricity consumers to shop for the lowest electricity prices. Out of 782 qualified customers in the Meralco franchise area, 287 customers opted for immediate contestability and of those, 167 signed up with Meralco's Retail Electricity Supply unit MPower. This testifies to the competitiveness of Meralco's pricing and its commitment to its customers.

MPTC

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

With effect from 2 January 2013, MPTC expanded its toll road portfolio with an agreement to manage CAVITEX, which is a 14-kilometer toll road running from Parañaque to Cavite with daily traffic averaging more than 103,000 vehicles.

Core net income up 25% to Pesos 2.0 billion (US$46.9 million) from Pesos 1.6 billion (US$38.0 million)	■ reflecting strong traffic growth and longer journeys on NLEX ■ inclusion of CAVITEX's earnings ■ lower effective tax rate ■ partly offset by higher interest expense
Reported net income up 36% to Pesos 2.0 billion (US$46.9 million) from Pesos 1.5 billion (US$35.6 million)	■ reflecting higher core net income
Revenues up 20% to Pesos 8.2 billion (US$191.2 million) from Pesos 6.8 billion (US$161.2 million)	■ reflecting a 6% rise in average daily vehicle entries to NLEX and longer journeys ■ inclusion of CAVITEX's revenue which reflects its 9% increase in average daily vehicle entries
Core EBITDA up 25% to Pesos 5.5 billion (US$129.0 million) from Pesos 4.4 billion (US$104.6 million)	■ due to improved operating and maintenance costs management ■ increase in earnings from NLEX and the inclusion of CAVITEX

The construction of the 8-kilometer NLEX Harbour Link extension is on track and its first stage is expected to open in 3rd quarter of 2014. This extension will link NLEX to the North Manila Port area. MPTC is in discussion with the Philippine Government in relation to the construction of the NLEX Citilink project to extend NLEX eastward by 8 kilometers and add new entrance ramps.

As negotiations with the Government approach their fourth year without resolution, MNTC continues to await the turnover of management of SCTEX from the Bases Conversion and Development Authority ("BCDA"). MNTC plans to invest Pesos 400 million (US$9.0 million) to integrate SCTEX with NLEX to facilitate seamless travel between the two expressways but cannot move forward until this basic question is settled.

MNTC signed a joint venture agreement with PNCC to build an elevated expressway to connect the Northern and Southern toll road systems. The "Metro Expressway Link" project will connect the Harbour Link to Southern Luzon via a four-lane elevated expressway across Central Manila. MPTC expects the Metro Expressway Link to increase traffic on existing Northern and Southern toll road systems by enabling commercial vehicles to traverse Metro Manila without violating a daytime truck ban and by slashing travel time between the two road systems to as little as 20 minutes from over an hour or more today.

MPTC and MPIC plan to fund the estimated total of approximately Pesos 41 billion (US$923.4 million) for construction of NLEX Harbour Link, Citilink and Metro Expressway Link projects and the expansion of CAVITEX over the next few years by utilizing internal resources and external borrowings.

Hospitals

In addition to the traditional hospital services, MPIC made its first investment in a non-hospital-based diagnostic center, Megaclinic at SM Megamall in Metro Manila.

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

There were a total of 5,418 accredited medical doctors and consultants and 3,897 students at the end of December 2013. Average bed occupancy rate in 2013 was 65%.

Core net income up 22% to Pesos 879 million (US$20.6 million) from Pesos 720 million (US$17.1 million)	■ reflecting higher revenues from patients ■ reimbursement of senior citizen's discount from drug suppliers ■ cost saving from group purchases ■ strict control on operating expenses ■ lower interest expense
Reported net income up 24% to Pesos 886 million (US$20.8 million) from Pesos 713 million (US$16.9 million)	■ reflecting higher core net income
Revenues up 10% to Pesos 12.5 billion (US$293.2 million) from Pesos 11.3 billion (US$268.5 million)	■ reflecting a 12% rise in revenues from MMC, 10% from RMCI, 7% from CSMC and 2% from DDH ■ the inclusion of earnings from DLSMC and CLDH

The Hospital division continues to evaluate opportunities for expansion through investing in additional hospitals in strategic areas of the Philippines, aiming for a total of 3,000 beds and better coverage of services.

This division continues to invest in improving infrastructure, equipment and facilities by leveraging its technical and professional expertise to expand services and enhance operational efficiency across its existing hospitals, and by extending its healthcare services through shopping mall-based diagnostic centers.

2014 Outlook

Absent outside influences, all four main business areas can expect healthy volume growth in 2014 owing to steady economic growth in the Philippines. The main variable affecting the extent or likelihood of earnings growth at MPIC is the ability of the water and toll road businesses to secure the tariff adjustments they are owed under the regulatory frameworks that govern their concessions.

Reconciliation of Reported Results Between MPIC and First Pacific

MPIC's operations are principally denominated in peso, which averaged Pesos 42.64 (2012: Pesos 42.08) 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.

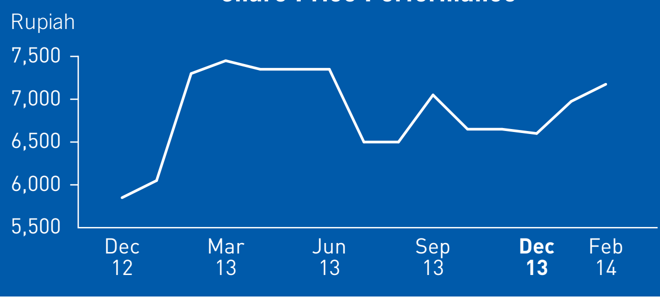
Peso millions	**2013**	2012 (Restated)[i]
Net income under Philippine GAAP	**7,209**	5,907
Preference dividends[ii]	**(5)**	(4)
Net income attributable to common shareholders	**7,204**	5,903
Differing accounting and presentational treatments[iii]		
– Reclassification of non-recurring items	**86**	589
– Others	**(8)**	(388)
Adjusted net income under Hong Kong GAAP	**7,282**	6,104
Foreign exchange and derivative (gains)/losses[iv]	**(66)**	66
MPIC's net income as reported by First Pacific	**7,216**	6,170
US$ millions		
Net income at prevailing average rates for 2013: Pesos 42.64 and 2012: Pesos 42.08	**169.2**	146.6
Contribution to First Pacific Group profit, at an average shareholding of 2013: 55.8% and 2012: 59.0%	**94.5**	86.6

(i) After adopting revised PAS 19 "Employee Benefits", MPIC has restated its 2012 net income to Pesos 5,907 million from Pesos 6,388 million.
(ii) First Pacific presents net income after deduction of preference dividends.
(iii) 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 2013 of Pesos 86 million principally represents debt refinancing costs of MPIC parent company, Maynilad and Beacon Electric. Adjustment for 2012 of Pesos 589 million principally represents debt refinancing costs totaling Pesos 747 million of MPIC parent company, Maynilad and Beacon Electric, partly offset by MPIC parent company's reversal of provision for assets of Pesos 150 million.
(iv) To illustrate the underlying operational results and profit contributions, foreign exchange and derivative gains/losses (net of related tax) are excluded and presented separately.

Indofood
THE SYMBOL OF QUALITY FOODS

Contribution
US$159.6 million

Share Price Performance



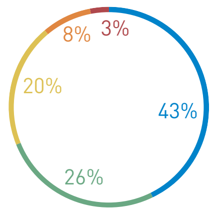
An analysis of Indofood's contribution to the First Pacific Group, adjusted for Hong Kong GAAP and translated into U.S. dollars, follows.

US$ millions	Turnover 2013	Turnover 2012	Turnover % change	Profit 2013	Profit 2012	Profit % change
Consumer Branded Products						
– Noodles	**1,640.6**	1,622.6	+1.1	**216.8**	249.6	–13.1
– Dairy	**422.1**	410.8	+2.8	**22.8**	25.8	–11.6
– Snack Foods	**164.3**	159.7	+2.9	**2.1**	11.3	–81.4
– Food Seasonings	**130.3**	124.3	+4.8	**8.0**	6.7	+19.4
– Nutrition & Special Foods	**48.9**	52.4	–6.7	**(0.3)**	3.3	–
– Beverages	**19.2**	–	–	**(4.8)**	–	–
– Inter-segment elimination	**(73.6)**	(73.4)	+0.3	**–**	–	–
Subtotal	**2,351.8**	2,296.4	+2.4	**244.6**	296.7	–17.6
Bogasari	**1,775.2**	1,696.6	+4.6	**131.8**	144.7	–8.9
Agribusiness						
– Plantations	**803.1**	893.1	–10.1	**145.2**	231.8	–37.4
– Edible Oils & Fats	**821.8**	1,021.2	–19.5	**19.6**	41.2	–52.4
– Inter-segment elimination	**(360.9)**	(437.6)	–17.5	**–**	–	–
Subtotal	**1,264.0**	1,476.7	–14.4	**164.8**	273.0	–39.6
Distribution	**421.7**	418.8	+0.7	**15.5**	15.3	+1.3
Cultivation & Processed Vegetables	**200.5**	–	–	**50.8**	–	–
Inter-segment elimination	**(536.9)**	(558.5)	–3.9	**–**	–	–
Total	**5,476.3**	5,330.0	+2.7			
Segment Result				**607.5**	729.7	–16.7
Net finance costs				**(57.0)**	(40.9)	+39.4
Share of profits less losses of associated companies and joint ventures				**11.0**	(3.8)	–
Profit Before Taxation				**561.5**	685.0	–18.0
Taxation				**(149.1)**	(180.0)	–17.2
Profit for the Year				**412.4**	505.0	–18.3
Non-controlling interests				**(252.8)**	(334.9)	–24.5
Contribution to Group Profit				**159.6**	170.1	–6.2

Indofood is a vertically integrated food company with operations ranging from the production of raw materials through to consumer branded products and to the distribution of these products to a market of more than 240 million people across the Indonesian archipelago. Its operations are comprised of five complementary strategic businesses: Consumer Branded Products ("CBP"), Bogasari, Agribusiness, Distribution and Cultivation & Processed Vegetables.

Indofood's contribution to the Group decreased 6% to US$159.6 million (2012: US$170.1 million) principally reflecting a 10.7% depreciation of the average rupiah exchange rate against the U.S. dollar, partly compensated by higher core net income which increased 3% in rupiah terms.

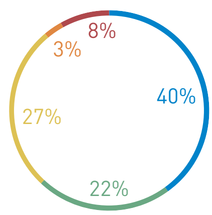
Turnover 2013*



	US$ millions
CBP	2,342.5
Bogasari	1,417.4
Agribusiness	1,094.3
Distribution	421.7
Cultivation & Processed Vegetables	200.4
Total	**5,476.3**

* After inter-segment elimination

Operating Profit 2013



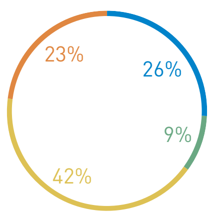
	US$ millions
CBP	244.6
Bogasari	131.8
Agribusiness	164.8
Distribution	15.5
Cultivation & Processed Vegetables	50.8
Total	**607.5**

Core net income up 3% to Rupiah 3.4 trillion (US$319.8 million) from Rupiah 3.3 trillion (US$347.8 million)	■ higher sales volumes and higher average selling prices in all businesses except for Agribusiness ■ partly offset by higher minimum wages, rupiah depreciation which contributed to higher utility and raw material cost as well as higher net finance expense ■ reflecting the contribution of CMFC earnings
Net income down 23.2% to Rupiah 2.5 trillion (US$238.0 million) from Rupiah 3.3 trillion (US$347.2 million)	■ due to foreign exchange losses resulting from the depreciation of the rupiah exchange rate against the U.S. dollar ■ partly offset by higher core net income
Consolidated net sales up 15% to Rupiah 57.7 trillion (US$5.5 billion) from Rupiah 50.2 trillion (US$5.3 billion)	■ reflecting higher sales contribution from the CBP, Bogasari and Distribution groups, and new contribution from CMFC ■ partly offset by lower sales from Agribusiness ■ sales contribution from CBP, Bogasari, Agribusiness, Distribution and Cultivation & Processed Vegetables amounted to 43%, 26%, 20%, 8% and 3% of the total, respectively
Gross profit margin to 24.8% from 27.1%	■ on lower gross profit achieved by most business groups due to higher salary, wages and employee benefits and utilities, higher raw material costs, and lower average selling prices for Agribusiness group
Consolidated operating expenses up 21% to Rupiah 8.2 trillion (US$779.3 million) from Rupiah 6.8 trillion (US$724.0 million)	■ due mainly to higher salary, wages and employee benefits in conjunction with new hiring to strengthen the company and to support the expansion ■ higher freight and handling expenses in conjunction with the increase in sales volumes ■ higher spending on advertising and promotion
EBIT margin to 11.6% from 13.7%	■ reflecting a lower gross profit margin and higher operating expenses as referred to above
Net gearing to 0.27 times from 0.06 times	■ an increase in net debt due to higher borrowings primarily for funding new investments, expansion in most groups and working capital

Debt Profile

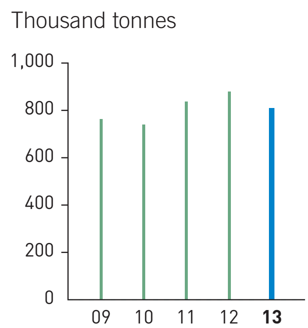
As at 31 December 2013, Indofood recorded gross debt of Rupiah 27.4 trillion (US$2.2 billion), up from Rupiah 15.3 trillion (US$1.6 billion) as at 31 December 2012. Of this total, Rupiah 12.0 trillion (US$0.9 billion) mature within 2014. The remaining borrowings of Rupiah 15.4 trillion (US$1.3 billion) mature between 2015 and 2020.

Age Profile of Oil Palm Plantations



	Hectares
Immature areas	63,233
4-6 years	21,593
7-20 years	99,711
Above 20 years	55,384
Total	**239,921**

Crude Palm Oil (CPO) Production



Additional Investments

In 2013, Indofood acquired an aggregate of 82.9% interest in CMFC for a total consideration of approximately S$590.9 million (US$469.7 million). CMFC is a leading integrated vegetable processor in the People's Republic of China and listed on the Singapore Stock Exchange since 2010. CMFC has a portfolio comprising three business segment namely Cultivation, Processed Vegetables and Branded Products.

On 8 March 2013, PT Salim Ivomas Pratama Tbk ("SIMP") and its subsidiary PT Perusahaan Perkebunan London Sumatra Indonesia Tbk ("Lonsum") invested a total of Rupiah 330 billion (US$34.0 million) for SIMP to acquire an effective interest of 79.7% in PT Mentari Pertiwi Makmur ("MPM"). MPM holds three industrial forest plantation concessions in East Kalimantan Province.

On 25 June 2013, IndoAgri completed the acquisition of a 50% interest in Brazil's Companhia Mineira de Açúcar e Álcool Participações ("CMAA") for a consideration of approximately Brazilian Real 143.4 million (US$66.6 million). CMAA is a business in the sugar, ethanol and co-generation industries.

On 12 September 2013, ICBP through joint venture companies with Asahi Group Holdings Southeast Asia Pte. Ltd. completed the acquisition of all outstanding shares of PCIB for a total consideration of US$30 million. Through an exclusive bottling agreement, PCIB manufactures non-alcoholic beverage products in Indonesia under PepsiCo brands such as Pepsi, 7Up, and Tropicana Twister. In addition, PCIB also manufactures its own brands such as Fruitamin (a fruit juice drink) and Tekita (a ready-to-drink-tea).

On 29 November 2013, First Pacific and IndoAgri, through a 70%/30%-owned entity FP Natural Resources, acquired a 34.0% interest in RHI for a consideration of Pesos 2.5 billion (US$56.6 million). RHI is the largest raw sugar producer, the fourth largest sugar refiner and one of the largest bioethanol producers in the Philippines.

On 27 January 2014, ICBP through its joint venture companies with Asahi Group Holdings Southeast Asia Pte. Ltd. completed the acquisition of Tirta Bahagia Group's packaged water assets including the brand, CLUB, the second largest brand in packaged water industry in Indonesia, for a consideration approximately Rupiah 2.2 trillion (US$180.5 million).

CBP

The CBP group comprises noodles, dairy, snack foods, food seasonings, nutrition & special foods and beverages.

Indofood's Noodles division is one of the world's largest producers of instant noodles. It has 15 production plants in Indonesia and one in Malaysia with a combined annual production capacity of around 16.3 billion packs per year. Indomie, Supermi, Sarimi, Sakura, Pop Mie, Pop Bihun and Mi Telur Cap 3 Ayam are popular Indofood brands.

PT Indolakto, the operating subsidiary in Dairy, is one of the largest dairy products manufacturers in Indonesia with the flagship brand Indomilk encompassing sweetened condensed milk, UHT milk, sterilized bottled milk, pasteurized liquid milk and powdered milk. Other brands include Indoeskrim for ice cream and Orchid Butter for butter. Consumption per capita for dairy products in Indonesia remains low at around 13 liters per year while on average ASEAN countries consumed above 20 liters per year. Indolakto's annual production capacity for all of its dairy products is 517 thousand tonnes.

The Snack Foods division maintained its leadership position through its leading brands Chitato, Lays (potato chips) and Qtela (cassava and soybean chips, as well as curly and prawn crackers). Biscuits are marketed under the brand names Trenz and Wonderland. Its four factories have a combined annual production capacity of 49 thousand tonnes.

The Food Seasonings division manufactures a wide range of culinary products, of which instant seasonings and chili sauce are the most popular. The division also produces soy sauce, tomato sauce and other condiments with combined annual production capacity of 138 thousand tonnes. Its culinary products are produced for Indofood Group and a 50%/50% joint venture with Nestle SA which is responsible for the marketing of culinary products.

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

Sales up 14% to Rupiah 24.7 trillion (US$2.4 billion) from Rupiah 21.7 trillion (US$2.3 billion)	■ reflecting an increase in sales across all divisions ■ mainly driven by volume growth and higher average selling prices ■ new contribution from beverages
Sales volume	■ Noodles up 4% to 12.6 billion packs from 12.1 billion packs ■ Dairy up 13% to 327.3 thousand tonnes from 290.4 thousand tonnes ■ Snack Foods up 9% to 31.7 thousand tonnes from 29.2 thousand tonnes ■ Food Seasonings up 8% to 94.0 thousand tonnes from 86.7 thousand tonnes ■ Nutrition & Special Foods up 6% to 15.2 thousand tonnes from 14.4 thousand tonnes
EBIT margin to 10.6% from 13.1%	■ due mainly to higher employee-related costs ■ higher utilities cost

The consumer category of non-alcoholic beverages is one of the fastest growing in Indonesia. Currently Indofood has a product portfolio offering carbonated soft drinks and fruit juice drinks under PepsiCo brands, packaged water under CLUB brand, and ready-to-drink tea under the ICHI OCHA brand, launched in December 2013. The beverages division has 16 plants with annual production capacity of 2.3 billion liters and currently the joint venture with Asahi is building a manufacturing plant for non-alcoholic beverages which is expected to commence production in the second half of 2014. The cooperation with Tsukishima Foods Industry Co., Ltd. for oil and fat products will add new margarine products, whipped non-dairy fillings, batter conditioners, and oil and fat derivative products for the bakery, confectionery and restaurant industries. Other initiatives that Indofood launched in 2013 include the establishment of a joint venture with JASDAQ-listed JC Comsa to produce a variety of flour-based products for the food service industry as well as manage a restaurant chain.

Bogasari

Bogasari has been operating in Indonesia for more than four decades and has long been a member of the Indofood group. With flour mills located in Jakarta and Surabaya, Bogasari produces wheat flour and pasta for domestic and international markets. Its brands include Cakra Kembar, Segitiga Biru, and Lencana Merah for wheat flour, La Fonte for pasta, and convenient pre-mixed flour brand Chesa which Bogasari re-launched in 2013. Bogasari also has its own maritime unit employing four Panamax and five Handymax vessels mainly to transport wheat from suppliers in Australia and the northern hemisphere. In addition, it operates a packaging factory that produces polypropylene bags.

Sales up 17% to Rupiah 18.7 trillion (US$1.8 billion) from Rupiah 15.9 trillion (US$1.7 billion)	■ due mainly to higher sales volumes and higher average selling prices
Sales volume of food flour up 9% to 2.8 million tonnes from 2.6 million tonnes	■ owing to higher demand from internal and external consumers
EBIT margin to 7.5% from 8.6%	■ owing to higher raw material cost due to rupiah depreciation

The flour industry is expected to continue growing steadily in the years ahead as wheat consumption at around 26 kg per capita annually in Indonesia is still low in comparison with the global average of 95 kg per year. The growing popularity of modern fast-food franchises and associated lifestyle changes primarily within younger generations will accelerate growth in the industry. However, competition remains strong with the continuing entry of new producers into the market as well as existing producers continue to boost their production and market presence.

Agribusiness

The Agribusiness group consists of two divisions: Plantations and Edible Oils & Fats ("EOF"), which operate through Indofood's 60.5%-owned Singapore-listed subsidiary IndoAgri and IndoAgri's 72.9%-owned Indonesia-listed subsidiary SIMP, which in turn owns 59.5% of Indonesia-listed subsidiary Lonsum. The Agribusiness group is one of the leading businesses in Indonesia's branded cooking oil segment and is one of the lowest-cost palm oil producers in the world.

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

Plantations

SIMP and Lonsum have a total planted area of 276,709 hectares. Oil palm is the dominant crop, with 35% of oil palms younger than seven years and an average age of approximately 12 years. Total planted area of oil palm was 239,921 hectares, up 4% from 230,919 hectares at the end of 2012. Production of nucleus fresh fruit bunches declined 3% year-on-year mainly due to lower production in Sumatra, coupled with lower purchases of fresh fruit bunches from external parties. This decline resulted in an 8% fall in crude palm oil ("CPO") production to 810 thousand tonnes. This division operates 21 palm oil mills with a total annual processing capacity of 5.2 million tonnes of fresh fruit bunches.

The division also farms 36,789 hectares planted with other crops including rubber, sugar cane, cocoa and tea. At the end of 2013, the total planted area of rubber was 21,759 hectares, the planted area of sugar cane was 11,645 hectares and the planted area of the remaining crops was 3,384 hectares.

In Indonesia, sugar cane harvested rose 29% to 758 thousand tonnes and sugar production increased 12% to 78 thousand tonnes.

In Brazil, the planted area of sugar cane is 42,517 hectares, while the volume of sugar cane harvested reached 3,025 thousand tonnes, raw sugar production was 187 thousand tonnes and ethanol output was 136 thousand cubic meters.

Plantation palm oil aerial

EOF

This division manufactures cooking oils, margarines and shortening and markets products under various brands for both export and domestic consumption. Bimoli and Simas Palmia are leading cooking oil and margarine brands in Indonesia. The division also produces crude coconut oil and derivative products, most of which are exported to the United States, Europe and Asia. The division has refinery capacity of 1.4 million tonnes of CPO per annum as of 31 December 2013 and most of this division's input needs are sourced from the Plantations division's CPO production.

Sales down 4% to Rupiah 13.3 trillion (US$1.3 billion) from Rupiah 13.9 trillion (US$1.5 billion)	■ due mainly to the decline in average selling prices of main products and lower EOF sales
EBIT margin to 10.3% from 17.2%	■ reflecting lower average selling prices and higher production costs
Sales volume	■ owing to reduction in stock levels, CPO up 4% to 864 thousand tonnes from 829 thousand tonnes and sugar up 21% to 76 thousand tonnes from 62 thousand tonnes ■ EOF down 2% to 790 thousand tonnes from 808 thousand tonnes due to lower coconut oil and bulk oil sales

The Indonesian economy continues to expand and has become one of the world's largest consumers of palm oil. To support the large domestic demand for palm and consumer products, the Agribusiness group's expansion focuses on new oil palm and sugar plantings. It is also building new palm oil mills in South Sumatra and Kalimantan, expanding the capacity of two existing palm oil mills, constructing palm kernel oil plant in Riau and expansion of margarine production capacity. It continues to strengthen brand identity and loyalty of edible oils products with new packaging launches. The investments in MPM, CMAA and RHI fit into Indofood group's agriculture business model and diversify its crop portfolio.

Distribution

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

Sales up 16% to Rupiah 4.5 trillion (US$432.2 million) from Rupiah 3.9 trillion (US$418.8 million)	■ reflecting stronger sales of the CBP group
EBIT margin stable at 3.6%	

The Distribution group continues to leverage its distribution network to boost product penetration. Strong internal controls ensure high cost efficiency. Its sales force continues to enhance communication with retail outlets to better understand and respond to customers' needs while its team of merchandisers continues to ensure high product visibility in retail outlets, moreover this business group will also continue to improve its internal control to minimize risk.

Cultivation & Processed Vegetables

Indofood's aggregate interest in CMFC reached 82.9% in November 2013 and its results are consolidated in Indofood's financial statements for the four-month period ended 31 December 2013. CMFC's contribution prior to obtaining control was equity accounted for.

CMFC has been operating in PRC since 1971 and has grown to become a large vertically-integrated vegetable processor and cultivator. Its headquarter is at the New Industrial Park in Putian City, Fujian Province, PRC. Its industrialized farming facilities are located in Tianjin and Shanghai, while open-field farming operations are in Fujian, Jiangxi, Hubei and Sichuan Province and in Inner Mongolia. CMFC's 3,760 hectares of vegetable cultivation bases and seven processing facilities located in PRC provide diversified sources of cultivation and a steady supply of fresh vegetables all year round, including champignon mushrooms, black fungus, king oyster mushrooms, broccoli, capsicums, celery, chili, chives, garlic, and tomatoes. It also produced over 100 types of processed vegetables, including air-dried, freeze-dried, fresh-packed and brined products. CMFC has a diversified customer base in over 32 countries around the world.

Sales for the four month period is Rupiah 2.1 trillion (US$200.5 million)	■ sales contributed mainly from processed vegetables 52%, cultivation 37% and branded products 11%
Sales volume for the four month period	■ processed vegetables was 16.2 thousand tonnes ■ fresh vegetable produce was 137.3 thousand tonnes
EBIT margin at 25.2%	

In view of the steady increase in demand for both fresh and processed vegetables in PRC and in international markets, CMFC continues to expand its industrialized farming footprint across PRC and leverage its modern agriculture technology to improve cultivation yields and cost efficiencies. Raw material self-sufficiency and the use of industrialized farming methodology for other high value crops are CMFC's longer-term focus.

2014 Outlook

Higher sales volumes are expected at all business groups with the continuing expansion of the Indonesian economy and steady growth in personal consumption across all social classes. Cost pressure will continue in light of increase in minimum wage and utilities price.

Reconciliation of Reported Results Between Indofood and First Pacific

Indofood's operations are principally denominated in rupiah, which averaged Rupiah 10,522 (2012: Rupiah 9,392) 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	**2013**	2012
Net income under Indonesian GAAP	**2,504**	3,261
Differing accounting and presentational treatments[(i)]		
– Loss on changes in fair value of plantations	**(21)**	(1)
– Foreign exchange accounting	**54**	54
– Others	**(65)**	(132)
Adjusted net income under Hong Kong GAAP	**2,472**	3,182
Foreign exchange and derivative losses[(ii)]	**861**	6
Loss on changes in fair value of plantations[(ii)]	**21**	1
Indofood's net income as reported by First Pacific	**3,354**	3,189
US$ millions		
Net income at prevailing average rates for 2013: Rupiah 10,522 and 2012: Rupiah 9,392	**318.8**	339.5
Contribution to First Pacific Group profit, at an average shareholding of 2013: 50.1% and 2012: 50.1%	**159.6**	170.1

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

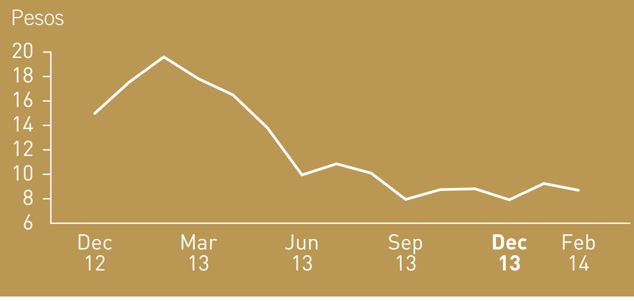
- Loss on changes in fair value of plantations: Under Indonesian GAAP, Indofood measures its plantations (biological assets) on a historical cost basis. HKAS 41 "Agriculture" requires the measurement of plantations at fair value less costs to sell. The adjustment relates to the change in fair value of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

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

PHILEX MINING CORPORATION

Contribution US$7.3 million

Share Price Performance

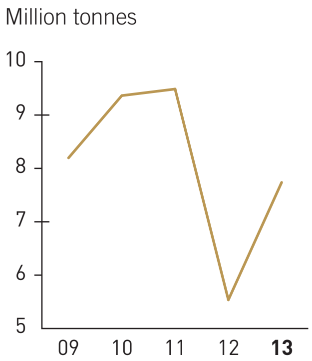


An analysis of Philex's contribution to the First Pacific Group, adjusted for Hong Kong GAAP and translated to U.S. dollars, follows.

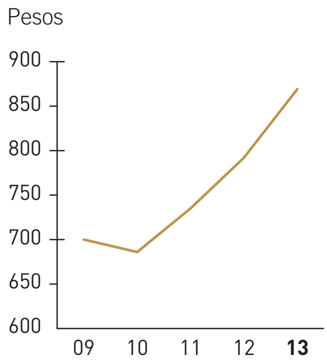
US$ millions	Turnover 2013	Turnover 2012	Turnover % change	Profit 2013	Profit 2012 (Restated)[i]	Profit % change
Mining	**201.6**	212.3	–5.0	**31.9**	29.4	+8.5
Oil and gas	**5.1**	5.8	–12.1	**2.4**	2.5	–4.0
Total	**206.7**	218.1	–5.2			
Segment Result				**34.3**	31.9	+7.5
Net finance (costs)/income				**(8.3)**	0.3	–
Share of profits less losses of associated companies and joint ventures				**(0.2)**	(0.1)	+100.0
Profit Before Taxation				**25.8**	32.1	–19.6
Taxation				**(10.6)**	(5.1)	+107.8
Profit for the Year				**15.2**	27.0	–43.7
Non-controlling interests				**0.7**	2.4	–70.8
Profit Attributable to Shareholders				**15.9**	29.4	–45.9
Average shareholding (%)				**46.2**	46.3	–
Contribution to Group Profit				**7.3**	13.6	–46.3

(i) 2012's comparative figures have been restated reflecting the adoption of the revised HKAS 19 "Employee Benefits".

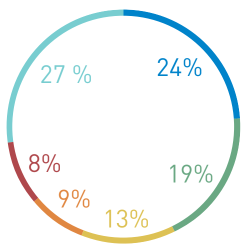
Ore Milled



Operating Cost Per Tonne of Ore Milled



Operating Cost Per Tonne of Ore Milled



	US$ per tonne
Materials & supplies	4.8
Power	3.9
Labor	2.6
Marketing expenses	2.0
Excise tax and royalties	1.6
Others	5.5
Total	**20.4**

Philex's natural resources portfolio comprises:

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

Philex Petroleum* for energy-related assets
- 50.3% in Pitkin which owns oil and gas exploration assets in Peru and the Philippines
- 48.8%** in Forum Energy Plc ("Forum") which owns 70.0% of Service Contract 72 ("SC72") and a 2.3% interest in the oil producing SC 14-C Galoc field, both of these assets are located in the West Philippine Sea

* 64.8% held by Philex, 11.4% held by First Pacific and 5.4% held by Two Rivers Pacific Holdings Corporation (a Philippine affiliate of First Pacific).
** 36.4% is held directly by Philex Petroleum and 24.1% is 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 46.1% to US$7.3 million (2012 restated: US$13.6 million) principally reflecting a lower core net income resulting from lower realized metal prices.

During 2013, Philex paid Pesos 1 billion (approximately US$25 million) of tailings fees and received US$25 million in an insurance claims settlement related to the accidental discharge of mine tailings which happened in the third quarter of 2012. Philex also completed the cleanup of Balog Creek in Itogon, Benguet which was affected by the tailings discharge mentioned above, as well as the convergence area of the Balog Creek and affected area of Agno River.

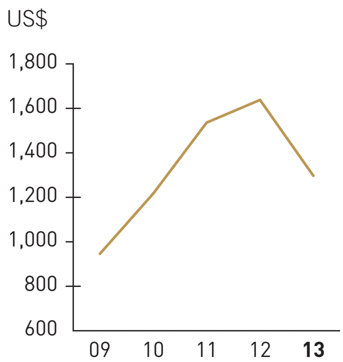
In addition to the continuous use of Tailings Storage Facility No. 3 ("TSF3"), Philex has completed the construction of two of the three planned drainage chutes of a new open spillway for managing water draining into TSF3, over 90% of which comes from the surrounding hillsides with the remainder from the mine.

Total ore milled increased 39.8% to 7.7 million tonnes (2012: 5.5 million tonnes) owing to almost 10 months of operation compared with seven months in 2012, with an average grade of 0.503 grams (2012: 0.507 grams) of gold per tonne of ore and 0.235% (2012: 0.224%) copper. Concentrate production rose 49.4% to 60,582 dry metric tons (2012: 40,562 dry metric tons). Gold production increased 40% to 99,802 ounces (2012: 71,297 ounces) and copper production increased 46% to 32.5 million pounds (2012: 22.3 million pounds). The contribution from the higher metal production was offset by lower metal prices.

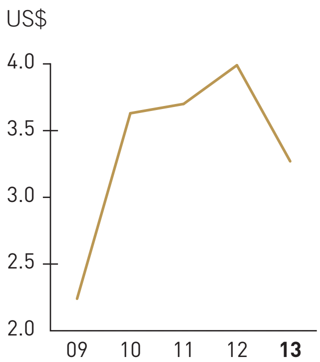
During the period in operation, the average realized price for gold fell 21% to US$1,297 per ounce (2012: US$1,638 per ounce) and the average realized copper price was down 18% to US$3.27 per pound (2012: US$3.99 per pound).

In 2013, Philex has drawn down a total loan of approximately US$80.0 million from a facility of up to approximately US$150 million provided by First Pacific. The funds were used for the development of the Silangan project and the rehabilitation of areas impacted by the tailings discharge at the Padcal mine.

Average Gold Price Per Ounce



Average Copper Price Per Pound



Philex's facility at Poro Point in La Union, Philippines, where metal concentrates from Padcal mine are shipped to an overseas refinery

Operation in Padcal mine

As at 31 December 2013, Philex had Pesos 4.1 billion (US$91.9 million) of cash and cash equivalents, and Pesos 6.2 billion (US$140.3 million) of borrowings comprising loans from First Pacific and banks.

Core net income down 11% to Pesos 1.5 billion (US$35.4 million) from Pesos 1.7 billion (US$40.1 million)	■ reflecting the adverse impact of a decline in metal prices ■ partly offset by a higher metal production
Net income up 64% to Pesos 342 million (US$8.0 million) from Pesos 209 million (US$5.0 million)	■ reflecting the impact of a non-recurring gain from proceeds of an insurance settlement and lower provisioning for rehabilitation and other costs as well as impairment loss on deferred exploration costs
Operating revenue up 15% to Pesos 10.5 billion (US$246.2 million) from Pesos 9.1 billion (US$216.3 million)	■ reflecting a longer operating period in 2013 for the production of gold and copper ■ revenues from gold contributed 53% of total, with copper accounting for 44% and the balance of 3% attributable to silver and petroleum
EBITDA up 34% to Pesos 3.9 billion (US$91.5 million) from Pesos 3.3 billion (US$78.4 million)	■ reflecting the impact of higher operating days and increased metal production
Operating costs and expenses up 42% to Pesos 8.1 billion (US$190.0 million) from Pesos 5.7 billion (US$135.5 million)	■ primarily due to higher mining and milling costs as result of a longer period of operation, and amortization for remediation and rehabilitation costs associated with the tailings storage facility
Operating cost per tonne of ore milled up 10% to Pesos 869 (US$20.4) from Pesos 792 (US$18.8)	■ reflecting the impact of higher mining and milling costs ■ partly offset by higher tonnage
Capital expenditure (including exploration costs) up 53% to Pesos 6.1 billion (US$143.1 million) from Pesos 4.0 billion (US$95.1 million)	■ reflecting exploration expenditure for the Silangan project and capital expenditure for the Padcal mine

Dividend

Given the resumption of operation at the Padcal mine on 8 March 2013 and Philex's return to profitability, the board of directors of Philex declared a cash dividend of Peso 0.05 (US$0.0011) per share, payable on 26 March 2014, representing a payout ratio of approximately 16% of 2013 full year core net income.

Additional Investment/Asset Disposal

On 5 April 2013, Philex increased its interest in Pitkin to 50.3% from 18.5% by acquiring new and existing shares for a total consideration of approximately US$34.8 million.

On 16 July 2013, Pitkin sold its entire interest in Vietnam American Exploration Company LLC for a total cash consideration of approximately Pesos 2.1 billion (US$49.2 million) and realized a gain of approximately Pesos 200 million (US$4.7 million).

Silangan Project

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

During 2013, the project secured the environmental compliance certifications. The metallurgical studies to determine the optimal processes for higher metal recovery from the ore body are in their advanced stages. Detailed hydrogeological studies and drilling of the mine decline are ongoing.

It is currently estimated that the pre-feasibility study for the Silangan project to be finalized by the end of 2014. After this milestone the capital expenditure required to put the Silangan project into production are estimated to be in excess of US$1.5 billion and most of which will be incurred between 2015 and 2017.

Mineral Resources and Proved Reserves

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

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

* Based on the Competent Person's report disclosed in March 2014
(i) Measured and indicated
(ii) Copper equivalent = % copper + 0.317 x gram/tonne gold; Metal prices: US$3.00/lb copper, US$1,500/oz gold; Metal recoveries: 82% copper, 72% gold

SC72

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

The property covered by SC72 is located in an area where there are maritime disputes between the Philippine and Chinese governments. Given the ongoing dispute, in January 2013, the Philippines' Department of Energy granted a two-year extension to August 2015 for the completion of a two well drilling program with an estimated total cost of US$75 million. At present it is uncertain when the dispute between the governments of the Philippines and China will be resolved.

2014 Outlook

Philex is looking forward to the permanent lifting of the suspension order from the MGB after successfully completing remediation and rehabilitation works at the tailings storage facility of Padcal mine. The mine is also expected to operate for a full year in 2014 following the disruption in 2013 and 2012.

Meanwhile, the pre-feasibility study for the Silangan project is expected to be finalized by the end of 2014.

Reconciliation of Reported Results Between Philex and First Pacific

Philex's operations are principally denominated in peso, which averaged Pesos 42.64 (2012: Pesos 42.08) 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	**2013**	2012 (Restated)[i]
Net income under Philippine GAAP	**342**	209
Differing accounting and presentational treatments[ii]		
– Reclassification of non-recurring items	**1,040**	1,363
– Revenue recognition regarding sale of mine products	**(401)**	24
– Depreciation of revaluation increment of assets	**(328)**	(255)
– Others	**(102)**	(219)
Adjusted net income under Hong Kong GAAP	**551**	1,122
Foreign exchange and derivative losses[iii]	**126**	117
Philex's net income as reported by First Pacific	**677**	1,239
US$ millions		
Net income at prevailing average rates for 2013: Pesos 42.64 and 2012: Pesos 42.08	**15.9**	29.4
Contribution to First Pacific Group, at an average shareholding of 2013: 46.2% and 2012: 46.3%	**7.3**	13.6

(i) After adopting the revised PAS 19 "Employee Benefits", Philex has restated its 2012 net income to Pesos 209 million from Pesos 225 million.

(ii) 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 2013 of Pesos 1.0 billion principally represents impairment provisions of Pesos 1.0 billion for its investments and Pesos 0.3 billion for other assets, partly offset by a gain on insurance settlement of Pesos 0.3 billion in respect of clean-up costs and damages in respect of the accidental discharge of water and tailings from its tailing pond No. 3 in August 2012. Adjustment for 2012 of Pesos 1.4 billion principally represents provisions for fees and penalties of Pesos 903 million and rehabilitation costs for affected areas of Pesos 179 million in respect of an accidental discharge of water and tailings from its tailings pond No. 3, Brixton's impairment provisions for assets of Pesos 374 million and Forum Energy's impairment provisions for deferred exploration costs of Pesos 123 million, partly offset by gains on pre-termination of hedging contracts of Pesos 216 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 property, plant and equipment. The adjustment relates to the recognition of additional depreciation based on the revalued fair value of property, plant and equipment.
- Others: The adjustments principally relate to the adjustments for the Group's direct share of Philex Petroleum's results and accrual of withholding tax on Philex's net income in accordance with the requirements of HKAS 12 "Income Taxes".

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

Review of Operations – FPM Power/PLP

On 28 March 2013, First Pacific and Meralco PowerGen, through a 60%/40% owned joint venture, FPM Power, acquired a 70% of PLP, for a total investment cost of approximately US$550 million.

First Pacific's share of FPM Power's nine-month loss was US$4.8 million, which consisted of pre-operating expenses and overheads.

PLP is the first power plant in Singapore fully fueled by liquefied natural gas ("LNG"). The plant's fuel is provided by BG Group under a long-term agreement through SLNG Terminal developed by the Singaporean Government. Its combined cycle combustion turbine power plant consists of two 400 gross megawatt natural gas-fired turbines with net capacity of 771 megawatts. PLP began selling electricity in July 2013 and launched commercial operations of the power plant on 1 February 2014. Vesting contracts, which are given by the regulator at pre-set price, account for 30% of total generation and sale of the remaining 70% would be through retail contracts and supply to the merchant market.

For the year ended 31 December 2013, PLP's revenue was S$7.4 million (US$5.9 million). The volume of electricity sold amounted to more than 47,000 megawatt hours. PLP has a workforce of approximately 110.

Debt Profile

As at 31 December 2013, FPM Power's net debt stood at US$418.2 million while gross debt stood at US$490.7 million with maturity in 2028. All of the borrowings were floating rate bank loans.

2014 Outlook

The level of competition in the Singapore power generation market is expected to remain high in 2014 with 2,400 MW of new capacity coming on stream between 2013 and 2014. While PLP is fully fueled by LNG, its competitors are predominantly fueled by piped natural gas ("PNG"). Hence the price difference between LNG and PNG will play a major role in determining the competitiveness of PLP. To ensure a stable revenue in a competitive marketplace PLP will leverage on its efficiency advantage over its competitors to build up its retail portfolio with the aim of securing at least 40% of its generation through retail contracts.

Review of Operations – FPM Infrastructure/DMT

On 15 November 2013, First Pacific and its infrastructure subsidiary MPIC, through a 75%/25%-owned entity, FPM Infrastructure, acquired a 29.45% interest in DMT for a consideration of US$132 million. DMT is a major toll road operator in Bangkok, Thailand. First Pacific's total economic interest in DMT is 26.2%.

First Pacific's share of FPM infrastructure's one and a half month contribution was US$0.5 million.

This new investment is part of First Pacific's plan to expand and diversify geographically its infrastructure portfolio while leveraging the experience and expertise that has developed in these businesses.

DMT has been in operation since 1994. The length of the original tollway was 15.4 kilometers, later extended by 6.5 kilometers with the opening of the Northern Extension in 1999. DMT has a 27-year concession ending in 2034 to operate this 21.9-kilometer six-lane elevated toll road stretching from Din Daeng in central Bangkok past Don Muang International Airport to the National Monument. The road traverses residential communities, universities and industrial estates. Planned along its route are a bus terminal and a new government administrative center.

DMT introduced electronic payment facilities in 2010 to enable the payment of tolls using smart card. Following the relocation of budget airlines to Don Muang International Airport in October 2012 and the introduction of the Thai Government's first-car exemption from excise taxes, DMT's traffic volume for the original 15.4 kilometers tollway rose 14.6% in 2013 to an average of 76,842 vehicles per day whereas that of the Northern Extension rose 8.9% to an average of 48,261 vehicles per day.

DMT's steady and growing profitability has enabled it to distribute dividends since 2010. Dividends paid in 2013 increased 17% to a record high of Baht 656 million (US$21.3 million), which represented 32% of toll revenues, from Baht 562 million (US$18.1 million) in the previous year as the dividend per share rose to Baht 0.63 (US$0.0204) from Baht 0.54 (US$0.0174).

Debt Profile

As at 31 December 2013, net debt stood at Baht 6.1 billion (US$186.7 million) while gross debt stood at Baht 6.2 billion US$190.1 million with an average maturity of approximately 3.3 years. All borrowings are fixed rate bonds.

Net interest expense remained flat at Baht 308 million (US$10.0 million) in 2013, but will keep reducing upon bond redemption each year.

2014 Outlook

DMT is confident that it can maintain toll revenues at its 2013 level in spite of continuing protest actions in Bangkok. The predetermined toll rate adjustment in December 2014 as stipulated in the concession agreement should enhance the income of DMT going forward into 2015.

Review of Operations – FP Natural Resources/RHI

On 29 November 2013, First Pacific and its indirect agribusiness subsidiary IndoAgri, through a 70%/30% owned joint venture FP Natural Resources, acquired a 34.0% interest in RHI for a consideration of Pesos 2.5 billion (US$56.6 million). First Pacific's economic interest in RHI is 26.9%.

First Pacific's share of FP Natural Resources' one-month (December 2013) contribution was US$0.2 million.

The Philippine sugar industry is the third-largest in Southeast Asia after Thailand and Indonesia. This new investment is part of First Pacific's plan to expand and diversify geographically its agribusiness portfolio and leverage on expertise within First Pacific Group's agribusinesses which now cover the Philippines, Indonesia and Brazil.

RHI has been in operation since 1927. It is the largest raw sugar producer in the Philippines, accounting for nearly one-fifth of the entire country's sugar production and 50% more than the number two Philippine producer. It has three sugar mills, one in Batangas and two in Negros Occidental, with milling capacity of 38,500 tonnes of cane per day. Its refinery facility at Batangas has a capacity of 18,000 Lkg/day (one Lkg is a unit of measure equal to one 50 – kilogram bag of sugar). RHI also has an ethanol plant in Negros Occidental with daily production capacity of 100,000 liters.

For the year ended 30 September 2013, RHI produced a total of 6.8 million Lkg of raw sugar, up 7.9% year-on-year. The combined raw sugar production with its 45.09% owned associated company Hawaiian-Philippine Company accounted for approximately 18% of the industry total in the Philippines. It processed 2.4 million Lkg of refined sugar, up 4.3% year-on-year, approximately 11.4% of the country's total. Approximately 95% of the products were sold locally which accounted for 83% of the total revenues.

Debt Profile

As at 31 December 2013, net debt stood at Pesos 6.9 billion (US$156.3 million) while gross debt stood at Pesos 7.1 billion (US$160.7 million) with an average maturity of approximately 5 years. All of the borrowings were floating rate bank loans.

2014 Outlook

The impact of Typhoon Yolanda in November 2013 will result in a fall in sugar production in the 2013/14 crop year though it is uncertain how great this decline will be. The chief operational challenge is the preparation for the decline in the sugar import tariff to 5% from 48% since 2010, following the establishment of the ASEAN unified market in 2015. To meet this challenge, RHI will continue cost-cutting initiatives and further efficiency drives.

Chairman's Letter

Dear Shareholders

2013 saw First Pacific maximize its returns to shareholders at record levels. While contribution growth was slightly disappointing and earnings declined due to non-recurring causes, we saw First Pacific return a record share of recurring profit to shareholders in the form of dividends and share repurchases. I regard this as a commitment to deliver stronger results in 2014 and further ahead.

Cash flows remained strong in 2013 with dividend income of more than US$300 million for the third year in a row. In addition to dividend payout, the Company is further committed to spending up to 10% of recurring profit on share repurchases. Dividend payments amounted to record high 35% of 2013 recurring profit. This lifted the total return to shareholders – cash dividends plus share repurchases – to an historic high 45% of recurring profit.

First Pacific continues to deliver on its commitment to enhance shareholder value. Returning earnings to shareholders is a critical part of this commitment. Equally critical is investment for growth, where First Pacific has taken some key steps forward. Our investment in PacificLight Power will begin making a contribution in 2014, while our investments in a Thai toll road operator and in the Philippines' biggest sugar company signal new areas of contribution growth going forward.

First Pacific's growth continued in 2013. Compound annual growth rate of 21% has been realized over the past 10 years. First Pacific's capital-raising exercise in the form of a rights offering in 2013 significantly boosted funds available for mergers and acquisitions and we are keenly looking forward to their deployment. Investments made in the near term will be essential for maintaining and increasing dividend flow to First Pacific.

In all, the future looks bright for the Group. Organic growth is strong and steady, and new investments are already contributing to earnings. Nothwithstanding factors outside our control such as exchange rates and commodity prices, the First Pacific Group looks to the future with optimism.

Yours sincerely

Anthoni Salim
Chairman

25 March 2014

First Pacific's growth continued in 2013. Compound annual growth rate of 21% has been realized over the past 10 years.

Managing Director and Chief Executive Officer's Letter

To My Fellow Shareholders

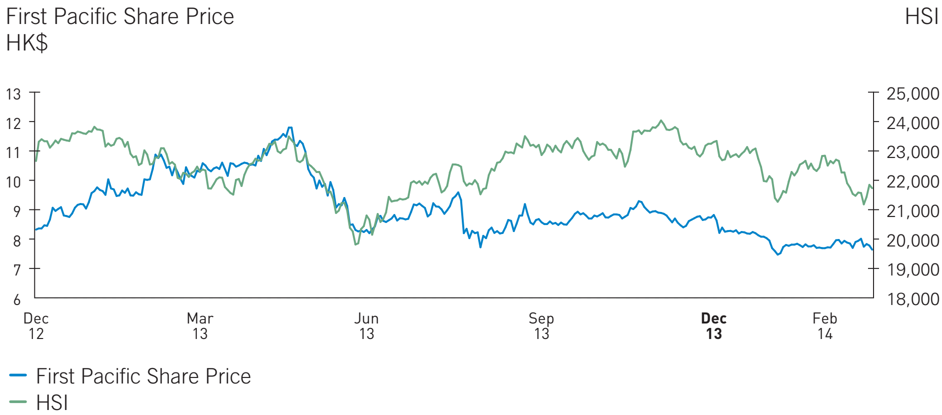
The First Pacific Group saw organic growth and new investments deliver new milestones in 2013, bringing confidence that the foundation for continuing growth and value-creation has been broadened, and remains robust as ever.

Key among the number of developments last year was the return to earnings growth at PLDT after two years of declining profits. The Philippines' biggest telecommunications company saw core profit rise 5% in 2013, as the demand for data and broadband services rose substantially. New revenue streams such as mobile internet and corporate data grew markedly faster than the pace of decline of legacy revenue streams, such as international long distance voice revenues. We are confident this trend of overall growth will continue as PLDT's customers continue to use their digital enrichment in the years ahead.

At MPIC, the Philippines' biggest infrastructure investor, core profit rose to yet a new record high as all of its four main businesses – water distribution, electricity distribution, toll road operations and healthcare – increased their contribution in 2013. MPIC was part of a consortium that won an auction to develop a contactless payment system for Manila's light rail network. In water, continuing difficulties with the regulator have brought us to the point where our Maynilad water utility was compelled to take its issues with the regulator to arbitration. The regulatory treatment of business in general in the Philippines will be an area to watch out for, going forward.

Indofood delivered an eighth year in a row of core earnings growth in local currency terms. However, the decisive realignment of the rupiah exchange rate against the U.S. dollar during the year meant Indofood's contribution to First Pacific actually fell in U.S. dollar terms. Nevertheless, nearly every business reported strong sales growth, while its new beverages joint venture with Asahi and its newly-acquired subsidiary China Minzhong began contributing to Indofood's revenue stream. Earnings growth in 2014 looks set to be strong.

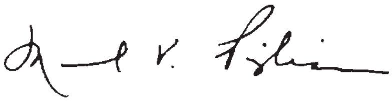
First Pacific Share Price vs Hang Seng Index (HSI)



Philex, the biggest gold and copper mining company in the Philippines, returned to full production following the shut down of its Padcal mine in August 2012, followed by the rebuilding of its tailings disposal system. It produced more gold and copper than it did in 2012 and this increased volume lifted revenues; however, low metal prices restrained revenue growth and eventually, dampened core profitability. With a full year of production in prospect for 2014, Philex management are confident of earnings growth even as they move ahead on development of the Silangan mining project in Mindanao, in the south of the Philippines.

Overall, I am confident that 2014 will see First Pacific's investments perform strongly, and better than they did in 2013. We anticipate seeing new sources of contribution in PacificLight Power, our Singapore electricity generation investment, in Bangkok's Don Muang Tollway, and in Roxas Holdings, the biggest sugar producer in the Philippines. On the whole, our existing investment portfolio is poised to deliver growth to 2014 earnings, as we continue as well to search for new investment opportunities to fuel further growth this year, and beyond.

Yours cordially



Manuel V Pangilinan
Managing Director and Chief Executive Officer

25 March 2014

I am confident that 2014 will see First Pacific's investments perform strongly.

Board of Directors and Senior Executives

BOARD OF DIRECTORS

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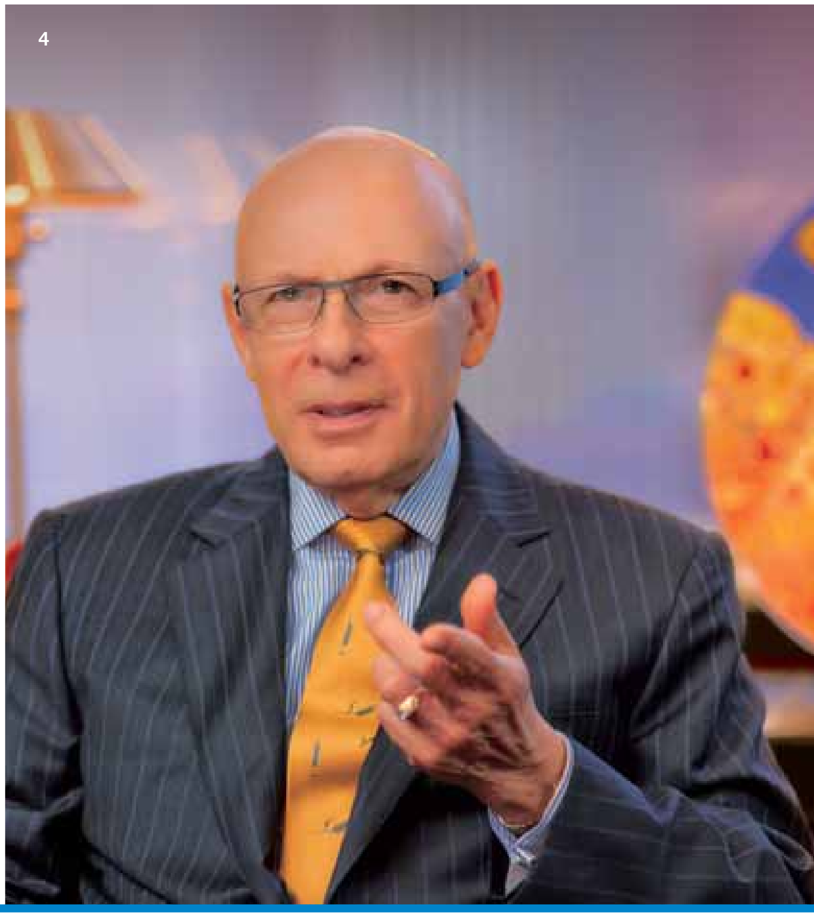

Anthoni Salim [1]

Chairman

Age 65, born in Indonesia. 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 67, born in the Philippines. Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts degree in Economics. He received his MBA degree from the Wharton School at the University of Pennsylvania. In Manila, he worked for Philippine Investment Management Consultants Inc. (PHINMA) in the Philippines, and in Hong Kong with Bancom International Limited and American Express Bank. Thereafter he founded First Pacific in May 1981.

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

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

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

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 58, born in Scotland. Mr. Nicholson, who is a graduate of the University of Kent, qualified as a solicitor in England and Wales and in Hong Kong. He is an Executive Chairman of Forum Energy Plc, a Commissioner of PT Indofood Sukses Makmur Tbk and a Director of Metro Pacific Investments Corporation, Philex Mining Corporation and Philex Petroleum Corporation, all of which are First Pacific Group subsidiaries or associates.

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

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

Edward A. Tortorici [4]

Executive Director

Age 74, born in the United States. 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, FPM Power Holdings Limited, FEC Resources Inc. of Canada and AIM-listed Forum Energy Plc. 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 64, born in the Philippines. Mr. Nazareno holds a Bachelor of Science degree in Mechanical Engineering from the University of San Carlos in Cebu and a Master's degree in Business Management from the Asian Institute of Management (AIM). He has also completed the INSEAD Executive Programme at the European Institute of Business Administration in Fontainebleau, France.

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

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

Professor Edward K.Y. Chen

GBS, CBE, JP

Independent Non-executive Director

Age 69, born in Hong Kong and 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, 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 64, born in Hong Kong. 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, HKC (Holdings) Limited and Hysan Development Company Limited. He is also an Independent Director of Australia listed Goodman Group. Mr. Fan is a member of the Asian Advisory Committee of AustralianSuper, a pension fund established in Australia. He joined First Pacific's Board in December 2012.

Margaret Leung Ko May Yee

SBS, JP

Independent Non-executive Director

Age 61, born in Hong Kong. Mrs. Leung holds a Bachelor's Degree in Economics, Accounting and Business Administration from the University of Hong Kong. She was the Vice-Chairman and CEO of Hang Seng Bank Limited and Chairman of Hang Seng Bank (China) Limited prior to her retirement on 30 June 2012. Mrs. Leung also held various pivotal positions in HSBC Holdings Plc and The Hongkong and Shanghai Banking Corporation Limited from February 1978 until 30 June 2012. She was also an Independent Non-executive Director of the Hong Kong listed Swire Pacific Limited and Hutchison Whampoa Limited. Mrs. Leung was the Chairman of the Board of Governors of Hang Seng Management College and Hang Seng School of Commerce, and a Member of the Advisory Board and Chairman of the Investment Committee of the Hong Kong Export Credit Insurance Corporation from 2005 to 2010.

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

Graham L. Pickles

Independent Non-executive Director

Age 57, born in Australia. Mr. Pickles holds a Bachelor of Business degree (majoring in accounting). He has significant experience in the distribution and technology sectors, running several distribution businesses in Asia and Australasia in the IT and telecommunications industries over a career spanning more than 20 years.

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

Tedy Djuhar

Non-executive Director

Age 62, born in Indonesia. Mr. Djuhar received a Bachelor of Economics degree from the University of New England in Australia. 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 56, born in Indonesia. Mr. Santoso graduated from Ngee Ann College in Singapore. He serves as a Commissioner of PT Indofood Sukses Makmur Tbk, a President Commissioner of PT Indofood CBP Sukses Makmur Tbk, PT Nippon Indosari Corpindo Tbk and PT Indoritel Makmur Internasional Tbk, as a Commissioner of PT Fast Food Indonesia Tbk, a Director of PT Indocement Tunggal Prakarsa Tbk and as a member of the Advisory Board of Philippine Long Distance Telephone Company. He joined First Pacific's Board in 2003.

SENIOR EXECUTIVES

Ray C. Espinosa [1]

Associate Director

Age 58, born in the Philippines. Mr. Espinosa has a Master of Laws degree from the University of Michigan Law School and is a member of the Integrated Bar of the Philippines. He was a partner of SyCip Salazar Hernandez & Gatmaitan from 1982 to 2000, a foreign associate at Covington and Burling (Washington, D.C., USA) from 1987 to 1988, and a law lecturer at the Ateneo de Manila School of Law from 1983 to 1985 and 1989.

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

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

Marilyn A. Victorio-Aquino [2]

Assistant Director

Age 58, born in the Philippines. Ms. Aquino was educated at the University of Santo Tomas (A.B.) and University of the Philippines (LL.B., cum laude) and qualified as a barrister in the Philippines in 1981. She joined Sycip Salazar Hernandez and Gatmaitan Law Offices in the Philippines in 1980 where she became a partner in 1989.

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

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

Richard L. Beacher [3]

Executive Vice President Group Financial Controller

Age 55, born in United Kingdom. Mr. Beacher received a BA (Hons) in Economics and Accounting from University of Newcastle Upon Tyne in the U.K. He is a member of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Beacher moved to Hong Kong in 1984 with PriceWaterhouse. He is a Director of FPM Power Holdings Limited and a Non-executive Director of Forum Energy Plc. Mr. Beacher joined First Pacific in 2006.

Maisie M.S. Lam [4]

Executive Vice President Group Human Resources

Age 59, born in Hong Kong. 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 [5]

Executive Vice President Group Finance

Age 51, born in Hong Kong. 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.

John W. Ryan [6]

Executive Vice President Group Corporate Communications

Age 48, born in the U.K. 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 earlier served as Head of Corporate Communications, Asia Pacific for HSBC's wholesale bank. He joined First Pacific in 2010.


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Stanley H. Yang [7]

Executive Vice President Group Corporate Development

Age 37, born in the United States. Mr. Yang received a BSc 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 and partnerships, and other portfolio company growth initiatives. Before joining First Pacific, Mr. Yang was an investment banker at Deutsche Bank where he led the firm's corporate finance coverage of the diversified industrials sector in Asia. He also served as a Director in Deutsche Bank's mergers and acquisitions department, where he advised clients on cross-border mergers and acquisitions, divestitures and leveraged investments in Asia and previously in the United States. Mr. Yang joined First Pacific in 2013.

Richard P.C. Chan [8]

Vice President Group Finance

Age 44, born in Hong Kong. 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.

Sara S.K. Cheung [9]

Vice President Group Corporate Communications

Age 50, born in Hong Kong. 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 [10]

Vice President Company Secretary

Age 56, born in Hong Kong. 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 [11]

Vice President Group Tax and Treasury

Age 44, born in Hong Kong. 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.

C. Noel E. Torres [12]

Vice President Group Corporate Development

Age 37, born in the Philippines. Mr. Torres received an MBA from the Wharton School at the University of Pennsylvania and a BSc in Mechanical Engineering from the University of the Philippines. Mr. Torres is a member of First Pacific's Group Corporate Development unit with responsibility for originating and executing merger and acquisition transactions and strategic investments. Prior to joining First Pacific in 2013, he was an executive in Metro Pacific Investment Corporations' business development team and an investment banker in the United States focused on the technology sector.

Corporate Social Responsibility Report

First Pacific Group Foundations

Each First Pacific Group company has its CSR focus, in addition to disaster relief.

MVP Sports Foundation

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

PLDT Smart Foundation

Funds activities that promote:

- Quality education
- Entrepreneurship
- Community-building
- Disaster preparedness and response
- Public health
- A clean environment

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*

Indofood

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

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

Philex Mining Corporation

- Social enterprise development through Philex Group Foundation
- Community development through Pusong Philex programs in health, education, livelihood and infrastructure
- Environmental conservation and promotion through Adopt-A-Mountain, Adopt-A-Forest Programs

Tulong Kapatid

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

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

ideaspace

Promotes technology and science – based entrepreneurship in the Philippines:

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

One Meralco Foundation

Provides funding and support for:

- Household electrification
- School electrification
- Electrical facilities rehabilitation
- Livelihood and enterprise development
- Youth development and sports advocacy
- Disaster relief efforts

Alagang Kapatid Foundation, Inc.

Funds activities that promote:

- Disaster response and rehabilitation
- Medical assistance

Metro Pacific Tollways

Support activities that lead to improvements in:

- Health
- The environment
- Education

A culture of responsibility

Corporate Social Responsibility is like a bicycle: without forward momentum, it will collapse. First Pacific Group's companies conduct business with the highest regard for ethical responsibility while protecting and enhancing the interests of stakeholders. We offer equal opportunity to all employees, regardless of race, religion and gender for career development. Our commitment to creating value springs from our close connection to the real needs of the community. Our businesses have the duty to their communities to ensure that vital services such as telecommunications, power, water, food, medical services and roads are maintained.

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

CSR as a key contributor to the Group's mission

First Pacific continues to develop its CSR programmes as a vital contributor to the Group's mission to "Create Long-term Value in Asia". In 2013, First Pacific Group companies put their emergency response expertise at the service of communities in need. We also focus on long-term programmes to improve livelihoods, enhance health, educate and to protect the environment in each of the Group's home countries.

With some 30 employees based at the Head Office in Hong Kong, **First Pacific** offers:

Employee benefits

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

Environmental care

- Encouraging e-communication and filing
- Reduced paper consumption
- The implementation of e-communications with registered shareholders, reducing the quantity of printed financial reports by two-thirds
- Recycling of paper waste
- Switching off lights when meeting rooms and office are not in use for energy conservation
- Encouraging conference calls and video conferences to reduce executives' travelling

Community support in Hong Kong

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

Emergency response – a focus in 2013

First Pacific Group companies have been actively responding to calamities in the Philippines, from the earthquake in Bohol and Cebu in October to super typhoon Yolanda in November.

When Yolanda hit, devastating coastal towns in the Visayas Islands, more than 6,200 people lost their lives and storm surges flooded vast areas, cutting off power and communication lines. The United Nations called for massive action to help the Philippines through "mobile philanthropy" in which PLDT's cellular subsidiary Smart Communications connected more than 250 mobile network operators in 90 countries to facilitate donations.

In Manila, First Pacific Group immediately mobilized its resources through its social action arm "Tulong Kapatid" (Brotherly Help). The initial fund was just the beginning of a concerted Group drive of fundraising and holistic aid – from distributing relief goods and running soup kitchens, providing telecommunications and medical aid, building shelters for the homeless and reconstructing damaged infrastructure to creating new livelihoods for those whose jobs were destroyed.

The Tulong Kapatid Center was set up through the combined efforts of Maynilad, the PLDT-Smart Foundation, MPIC, Manila North Tollways Corp., One Meralco Foundation, TV5 Alagang Kapatid Foundation, Inc., the MPIC Hospital Group and Philex Mining.

The Center formed a collection point for donations of cash and goods – bottled water, food, clothes, medicine, and hygiene and first-aid kits – from First Pacific Group employees, friends and supporters. The first phase of relief goods and services was deployed to the hardest-hit area, Leyte's provincial capital of Tacloban City, and other desperate areas. Over 53,700 relief bags were distributed. Indofood contributed 11,550 boxes of cup noodles to the Philippine Government's Department of Social Welfare and Development (DSWD).

Makati Medical Center sent medical missions and Philex sent search and rescue teams to stricken areas. Maynilad provided water microfiltration systems.

Tulong Kapatid held two four-hour live fundraiser telethons on TV5's star-studded interactive musical variety show, The Mega and the Songwriter. Viewers' heartfelt responses poured in – and the relief fund was at Pesos 31 million within hours.

Holistic help for stricken communities

PLDT and Smart Communications co-ordinated the First Pacific Group relief activities, immediately deploying mobile satellite phones in critical areas and setting up public calling and mobile phone charging stations to reconnect families with loved ones. Within exactly a month, PLDT, Smart and Sun Cellular were able to restore network signals in all cities and municipalities affected by Typhoon Yolanda, a record and benchmark for network operators globally. Smart and Sun Cellular also offered free text and calls to all subscribers hit by the typhoon in Central Philippines. Access to free Twitter updates and mobile donation facilities were opened as public service.

Meralco sent four contingents of linemen and power restoration equipment to Panay Island and Leyte Province in the Visayas immediately after the typhoon left, to help assess damage to energy lines and hasten the restoration of power. Taking with them 42 vehicles, a total of 218 Meralco personnel were deployed in an effort to bring back power and light to devastated communities. By 28 February 2014, more than 24,000 households had been energized in Tacloban and villages, followed shortly by another 6,350 households in Isabel and Merida.

IdeaSpace Foundation, Inc. ("IdeaSpace"), is a non-profit organization funded by First Pacific Group companies. It aims to help Filipino and ASEAN start-ups bring their science and technology based ideas into reality. This endeavour is meant to spur innovation and entrepreneurship. IdeaSpace selects start-ups via an ASEAN-wide competition. The program provides seed funding, mentoring from industry experts, training from a premier graduate school in Southeast Asia, legal, finance and marketing consulting, payment of all government related filing fees for start-ups, a market runway, and continues the support through partnerships with global companies who are business partners of First Pacific Group. Each year, at least ten start-ups benefit from the program. In 2013, 16 start-up companies were beneficiaries of the program. By the end of 2013, six companies reached or nearly reached revenue generating stage.

The **First Pacific Leadership Academy** is another organization in the Philippines funded by First Pacific Group companies. Its objective is "Shaping the Leaders of the Future, Today" through its Leadership and Succession Development Programs.

PLDT has created various initiatives to improve the lives of Filipinos through quality disaster response, health programs, better education, livelihood ventures and environmental conservation.

Fostering a healthier community

To help build healthier communities, PLDT conducted various activities:

- Medical and dental missions that offered free consultations and free medicine to its partner communities
- Stress debriefing to earthquake victims
- Blood donations to support the Department of Health's campaign
- A feeding program to promote nutrition among poor families and those affected by disasters

Smart has been pioneering mobile health (mHealth) or the use of mobile technologies in helping to improve the delivery of health services in local communities. Its projects include ASCeNT (a mobile application that helps doctors screen amputees needing artificial limbs), Operation Smile Mobile (a mobile application used in Operation Smile medical missions to screen patients) and Secured Health Information Network and Exchange or SHINE (cloud based platform for electronic medical records and referrals for public health facilities).These initiatives have been recognized globally.

Nurturing children and youth through education, arts and sports

The PLDT Group has been active in education, seeking to improve the education system in its partner communities to further develop the skills of students. It also used mobile applications in teaching students. Its PLDT Infoteach Outreach Program aims to provide learning opportunities to high school students and elementary and high school teachers nationwide to improve their skills through the Internet and basic IT education.

The GSM Association (GSMA) chose the Philippines to pursue the innovations in mobile technologies for education. Together with Sun Cellular, Smart's initiatives include virtual classrooms in Cebu, combining teaching frameworks with mobile network infrastructure and mobile applications for teachers.

In partnership with the local organizations, PLDT organized art exhibits, painting contest for student-artists from ages 3-17 years old, and basketball skills training to selected public elementary school students.

Creating livelihood and conserving the environment

The PLDT Group gave community organizations new livelihood projects to help sustain development in their areas. These projects help to conserve the environment since the projects require recycling and organic development of the plantation areas. These initiatives include a 5-year program to plant 80,000 seedlings in 80 hectares of the forest reserve, education of farmers working near the reserve, livelihood project supporting the organization to make reused and recycled bags to be sold in affordable prices, and helping the construction and repair of four classrooms and 28 learning resources centers for 31 public schools. PLDT also participated in MPIC's environmental program, *Shore It Up*.

Smart's Green Merchandising program was recognized at the 2013 Asian CSR Award for the Environment and Value Chain Management category. Under this initiative, Smart uses ecofriendly materials for outdoor and in-store advertising and merchandising. It also uses recyclable banners and recycled papers for its posters, flyers, and other materials, as well as stone paper, which gradually photo-degrades and eventually becomes stone again. It has also engaged partner communities in its green drive. Smart's tarpaulin materials are being upcycled by members of an adopted Gawad Kalinga community in Iloilo into designer bags, tents and other materials for their livelihood.

MPIC aims to contribute to the Philippines' wider scale "Millennium Development Goals", particularly in the eradication of extreme poverty and hunger. On a practical level, the communities surrounding the operations of MPIC's portfolio companies also benefit from employment and training programs. In essence, MPIC companies hope to become hubs of neighbourhoods which can thrive on the twin approach of entrepreneurship and employability.

In 2013, MPIC Foundation continued its focus on education, environment, entrepreneurial empowerment and emergency relief operations.

MPIC's emergency response activity was extensive in 2013, lending services and power expertise in the aftermath of typhoon Yolanda.

MPIC implemented its entrepreneurial empowerment through livelihood programs organized by ManPower for Infrastructure Cooperative Development Project offered support to needed households.

Environmental awareness: *Shore It Up*

Since 2009, MPIC has placed environmental awareness at the forefront of its CSR activities through its Shore It Up program, designed to educate, equip, empower, and employ our people to preserve and protect the Philippines' vast coastlines and aquatic resources, and also to cooperate with and complement global efforts to contain the effects of climate change and global warming. 2013 was the program's 5th Anniversary, celebrated with a series of highly-publicized eco-events. *Shore It Up* involves *Rescue, Restore and Revive* coastal cleanup activities, mangrove replanting in protected areas, documentation of the underwater cornucopia, promotion of environmental advocacy among target groups, and community mobilization and activism. It also worked on the provision of alternative livelihoods in communities.

In 2013, MPIC extended its environmental commitments of earlier project areas and destinations such as Anilao, Puerto Galera, Lingayen Gulf and Hundred Islands, and Zambales. MPIC, together with the presidents of the various foundations of First Pacific Group companies, the governors and mayors and other officials of the various host provinces, cities, and barangays, a number of local and national media partners, local schools and civic groups, grew the number of program volunteers to the tens of thousands.

Excellence in education

MPIC Foundation has set its sights on giving underprivileged children a quality education and equipping them for college and eventually employment or entrepreneurship.

The Mano Amiga Academy – a primary school that caters to an indigent community in Taguig City – was conceptualized to provide international school-quality education to children from underprivileged families, many of whom could not send them to public schools.

In addition to the financial grant for the campus, Mano Amiga has also received annual donations from MPIC to help cover the cost of its operations.

Indofood maintains its commitment to various sustainable corporate social responsibility programs, in line with its mission to contribute to the welfare of society and the environment, and to continuously build stakeholder value.

Environmental management programs

Sustainable plantations: Through its Agribusiness Group the company is actively engaged in the sustainable production of palm oil, and launched its Sustainability Report in 2012. The Agribusiness Group has made a commitment to achieving the Roundtable on Sustainable Palm Oil ("RSPO") and Indonesian Sustainable Palm Oil ("ISPO") certifications for all of its estates and palm oil mills by 2019. As of 2013, the Agribusiness Group has been awarded with ISP certification for one palm oil mill and three plantation estates in North Sumatra. The Agribusiness Group succeeded in increasing its certified Crude Palm Oil production to close to 248 thousand tons, or some 28% of total CPO production during 2013.

The Agribusiness Group also engages in other initiatives including a zero burning policy to reduce carbon footprint, the maintenance of conservation areas based on RSPO Principles and Criteria, policies to reduce the use of paraquat-based pesticides, and waste reduction through agriculture and palm oil mill waste recycling, such as using liquid waste and empty fruit bunches as an energy source and as fertilizer.

Summary of RSPO Principles and Criteria:

Principle	Number of Criterion	Indonesian National Interpretation Indicators Major	Minor
Commitment to transparency	2	5	0
Compliance with applicable laws and regulations	3	8	4
Commitment to long-term economic and financial viability	1	1	1
Use of appropriate best practices by growers and millers	8	13	25
Environmental responsibility and conservation of natural resources and biodiversity	6	12	10
Responsible consideration of employees and of individuals and communities affected by growers and mills	11	13	23
Responsible development of new plantings	7	12	10
Commitment to continuous improvement in key areas of activity	1	1	1
Total	39	65	74

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

In 2013, Indofood Group implemented sustainability principles through the participation of 41 operating units from various divisions in Indofood's Environmental Performance Rating program, organized by the State Ministry of the Environment. Of these, the Instant Noodle Division, Surabaya Branch, was certified with the Green Rating, proof of its efforts to go beyond compliance in environmental management and community development of its surrounding area. The remaining 40 operating units within the Agribusiness, Bogasari and CBP Groups attained the Blue Rating, underscoring their compliance to environmental management based on the prevailing regulations.Through its participation in the program, Indofood Group has fulfilled the environment management criteria for its operational activities, covering various aspects of water and air pollution control, the management of hazardous and toxic waste, and the monitoring of environmental parameters as stipulated by prevailing regulations.

Indofood's Environmental Management System has been awarded with ISO 14001 for a number of operating units within the Bogasari Group, Agribusiness and CBP (which includes the Noodles, Dairy, Snack Foods, Nutrition & Special Foods and Packaging Divisions). Indofood is committed to implementing this system within all operating units.

Environmentally friendly programs

Environmentally friendly programs within both factory and head office premises have been implemented, including the Green Factory and Green Office Program, with its 3-R concept covering Reduce (reducing the use of electricity, water and paper and their resulting wastes), Re-use (re-using corrugated boxes and cooling and irrigation water) and Re-cycle (re-cycling plastic, waste paper and oil). To ensure an adequate supply of water for the communities in which Indofood operates, water reservoirs, wells and water treatment facilities have been constructed in the Agribusiness Group's plantation estates as well as measures to preserve land fertility and reduce energy consumption.

Packaging waste bank

In compliance with Act No. 18 (2008) regarding Solid Waste Management, and Government Regulation No. 81 (2012) regarding the Responsibilities of Producers in Household Solid Waste and Household-like Waste Management, which require industries to implement these regulations within the next ten years, Indofood formed a coalition with five other consumer goods firms to manage a "Packaging Waste Bank" pilot project in Pejaten, PasarMinggu, South Jakarta.

In 2013, the coalition focused intensively on conducting reviews, discussions and dialogs with various parties including academics, the Government, various communities and environmental observers. Currently, initial steps are being taken to form an association for sustainable packaging, with Indofood as one of its founders. Indofood has also partnered with the Jakarta Green Monster, a community-based organization, to manage a waste bank in North Jakarta.

Alternative environmentally-friendly plastic packaging

The Bogasari Group is the first flour producer in Indonesia to use environmentally friendly and recyclable polypropylene degradable 25 kg packaging. Bogasari's polypropylene degradable 25 kg packaging will degrade in two years and has passed the testing phase conducted in a reputable laboratory.

Social and community development

Indofood's activity is based on the foundation of its 5 pillars of CSR, namely: Building Human Capital, Outreaching to the Community, Strengthening Economic Value, Protecting the Environment and Solidarity for Humanity.

Indofood's builds human capital through its extensive education improvement initiatives: Its Bisma Scholarship and Indofood Research Nugrahaare. In nutritional improvement, it participates in Public Private Partnership ("PPP") to accelerate the achievements of Millennium Development Goals ("MDG") in Indonesia, particularly those relating to Reducing Child Mortality and Improving Maternal Health. Indofood conducted advocacies and interventions through a PPP project with the Indonesian Government and the World Food Program ("WFP"), focusing on the first 1,000 days of life. Indofood recognizes that the period extending from pregnancy and infant nursing to the 24th month of infancy is the "golden period" of a human life. The partnership with the Indonesian Government was conducted together with the Center for Health Promotion at the Ministry of Health and the Office of the Special Envoy of the President of the Republic of Indonesia for the MDG.

Internationally, the CBP Group is a member of the Global Association for Improved Nutrition ("GAIN") and a partner of the WFP, an institution within the United Nations that is concerned with food security and food aid issues. The CBP Group also works together with an international science institution in health, nutrition and material science.

Indofood's outreaching to the community activities include Soldiers' Home Rehabilitation Program, Social and Religious Activities and Strengthening Economic Value, with a focus on partnerships with farmers, Indonesia Sustainable Agriculture, cow breeders and Indomie small traders.

Indofood continuously supports relief efforts for people affected by natural disasters, through Indofood Cares which provides food supplies during emergency situations. In 2013, Indofood took part in international humanitarian efforts, providing supplies in partnership with the Indonesian Red Cross and assisting victims of Typhoon Yolanda in the Philippines. A number of Indofood Peduli Posts were established in 2013 as part of emergency relief efforts for areas affected by flooding, fire and volcanic eruptions. During 2013's Indofood Service Day, 15,200 blood donors, consisting of Indofood employees and members of the surrounding communities, participated in the program, donating a total amount of 5,320 liters.

Product responsibility

Indofood aims to maintain an excellent product quality control system. Its operating units have been awarded with ISO 9001:2008 certifications for Quality Management System and certified with Hazard Analysis & Critical Control Points (HACCP), which is also referred as ISO 22000:2005 for Food Safety Management System.

All Indofood products also meet the halal requirements set by the Assessment Institute for Foods, Drugs and Cosmetics, the Indonesian Council of Ulama ("LPPOM MUI").

In 2013, Indofood's Halal Secretariat and LPPOM MUI conducted training sessions for Internal Halal Auditors, which were attended by 160 Indofood Internal Halal Auditors from across Indonesia.

Pusong Philex (Heart of Philex) is embodied in **Philex Mining**'s Social Development Management Programs (SDMP) and Community Development Programs for the social uplift of the host and neighbouring communities where it explores and operates.

In 2013, Pusong Philex carried out multi-million peso programs for livelihood, education, health and public infrastructure initiatives across all its sites in the Philippines: the Padcal Gold and Copper Project in Benguet Province, Bulawan, the Gold Project in Negros Occidental, the Sibutad Gold Project in Zamboanga del Norte and the Silangan Gold and Copper Project in Surigao del Norte.

Quality education

In education, Philex continued to advocate for quality education among remote communities through full college scholarships for qualified students from the communities. For high school and elementary levels, it built new classrooms, provided computers, supported continuing education for teachers and subsidized uniforms, books and allowances for students. Across all its sites, its Pusong Philex program also supported out-of school youths in vocational courses in partnerships with the Department of Education and the Technical Education and Skills Development Authority.

Livelihood developments

Pusong Philex provided training and capitalization for farming projects such as aquaculture, agroforestry and livestock raising, complemented with construction improvements for irrigation and roads to enhance market access for the farm produce.

Health promotion

Philex continues to provide free medical services to over 15,000 residents of Tuba and Itogon municipalities of Benguet, including consultation and hospitalization at the company-run Sto. Nino Hospital. It also continues to build health centers and public health facilities as well as providing training in disaster preparedness that benefits over 20,000 residents in five municipalities in Surigao del Norte and Negros Occidental.

Environmental protection

Philex Mining has planted 393,986 trees on a total of 558 hectares during the year, bringing the total trees planted by Philex to date to over nine million on about 3,500 hectares in Benguet, Negros Occidental, Surigao del Norte and Zamboanga del Norte.

PLP's 2013 CSR activities comprised:

- Donations of cash, clothing and necessities for victims of Typhoon Yolanda in the Philippines
- Donations of books to the second-hand book store run by Dignity Kitchen, Singapore
- Lunch sponsorship for the Singapore Association of the Visually Handicapped and St Luke's Eldercare
- Financial support for chickenpox inoculation of some residents of the Bishan Home for the Intellectually Handicapped

The First Pacific Group strives to nurture a culture of responsibility as a pillar of its value strategy. Senior executives are accountable for allocating appropriate funding to Corporate Social Responsibility activities and for ensuring company-wide participation.

Corporate Governance Report

Governance Framework

First Pacific is committed to building and maintaining high standards of corporate governance. During the year ended 31 December 2013, the Company's Corporate Governance Committee, comprised of a majority of Independent Non-executive Directors (INEDs) and chaired by an INED, was delegated with the responsibility for supervision of the Company's corporate governance functions, carried out a review of its corporate governance practices to ensure compliance with the Listing Rule requirements.

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

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

Code Provision A.6.7: INEDs and non-executive directors should attend general meetings.

Mr. Tedy Djuhar (Non-executive Director) (NED) and Mr. Jun Tang (INED) were unable to attend the Company's annual general meeting held on 30 May 2013 due to important engagements.

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

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

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

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

Model Code for Securities Transactions

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

Having made specific enquiry of all Directors, the Company can confirm that all of the Directors have complied with the Company's Model Code for Securities Transactions by Directors throughout the year of 2013.

Directors' interest in securities of the Company and its associated corporations as at 31 December 2013 have been disclosed in the Report of the Directors as set out in this Annual Report.

Whistleblowing Policy

The Company has put in place a Whistleblowing Policy to increase the awareness of maintaining internal corporate justice through this internal control mechanism. This policy is intended to assist individual employees of the FP Group to disclose information relevant to any suspected misconduct, malpractice or irregularity which he/she has become aware of or genuinely suspects that the FP Group has been or may become involved in through a confidential reporting channel. The policy is regularly reviewed to ensure its effectiveness and is posted on the Company's website (www.firstpacific.com).

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. In this respect, at least one-third of the Board is INEDs, which is in compliance with the Listing Rule requirements. The composition of our current Board is as follows:

Non-executive Directors	Independent Non-executive Directors	Executive Directors
Anthoni Salim (Chairman) Term of Appointment: 31 May 2012 (re-elected) to 2015 AGM	**Graham L. Pickles** Term of Appointment: 1 June 2011 (re-elected) to 2014 AGM	**Manuel V. Pangilinan** Term of Appointment: 30 May 2013 (re-elected) to 2016 AGM
Benny S. Santoso Term of Appointment: 1 June 2011 (re-elected) to 2014 AGM	**Prof. Edward K.Y. Chen**, ***GBS, CBE, JP*** Term of Appointment: 30 May 2013 (re-elected) to 2016 AGM	**Edward A. Tortorici** Term of Appointment: 30 May 2013 (re-elected) to 2015 AGM
Napoleon L. Nazareno Term of Appointment: 1 June 2011 (re-elected) to 2014 AGM	**Margaret Leung Ko May Yee**, ***SBS, JP*** Term of Appointment: 30 May 2013 (re-elected) to 2016 AGM	**Robert C. Nicholson** Term of Appointment: 1 June 2011 (re-elected) to 2014 AGM
Tedy Djuhar Term of Appointment: 30 May 2013 (re-elected) to 2014 AGM	**Philip Fan Yan Hok** Term of Appointment: 30 May 2013 (re-elected) to 2016 AGM	

During the year, there were changes in the composition of the Board and Board Committees as set out below:

i. Mr. Jun Tang resigned as a member of the Nomination Committee and Audit Committee on 19 March 2013. He also retired from the Board with effect from the conclusion of the 2013 AGM held on 30 May 2013.
ii. Mr. Graham Pickles resigned as a member of the Corporate Governance Committee on 19 March 2013.
iii. Mrs. Margaret Leung was appointed as Chairman of the Corporate Governance Committee and a member of the Audit Committee on 19 March 2013.
iv. Mr. Philip Fan was appointed as Chairman of the Nomination Committee and a member of the Corporate Governance Committee on 19 March 2013.
v. Prof. Edward Chen resigned from the Nomination Committee on 19 March 2013 but was re-appointed as a member of the Nomination Committee on 30 May 2013.
vi. Mr. Manuel Pangilinan was appointed as a member of the Nomination Committee on 30 May 2013.

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 are made available to all Directors/Board Committee members before the end of the preceding year (subject to amendment) 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, or to participate 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.

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

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

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

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

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.

Attendance Records

The Board held four physical meeting and six teleconferences in 2013. The attendance records of the Board and Board Committee meetings held in 2013 are as follows:

	Meetings held in 2013						
	Regular Board	Board via Teleconference	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	2013 AGM
Number of Meetings	4	6	3	7	1	3	1
Executive Directors							
Manuel V. Pangilinan	4/4	4/6		6/7	N/A		1/1
Edward A. Tortorici	4/4	4/6		4/7#			1/1
Robert C. Nicholson	4/4	6/6	3/3#	3/7#	1/1#	3/3	1/1
Non-executive Directors							
Anthoni Salim	3/4	2/6			1/1		1/1
Benny S. Santoso	4/4	6/6	3/3				1/1
Napoleon L. Nazareno	4/4	6/6					1/1
Tedy Djuhar	3/4	6/6					0/1
Independent Non-executive Directors							
Graham L. Pickles	4/4	6/6	3/3	7/7	1/1	1/1^	1/1
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	4/4	6/6	3/3	7/7	1/1	3/3	1/1
Jun Tang*	1/2	3/3	1/1		0/1		0/1
Margaret Leung Ko May Yee, *SBS, JP*	3/4	6/6	3/3			3/3	1/1
Philip Fan Yan Hok	4/4	6/6			1/1	3/3	1/1
Average Attendance Rate	91%	88%	100%	95%	80%	100%	83%

Not a member of the respective Board Committees but attended the Committee meetings
* Resigned from the Board Committees on 19 March 2013 and from the Board on 30 May 2013
^ Resigned from the Corporate Governance Committee on 19 March 2013 due to re-designation

Board Diversity

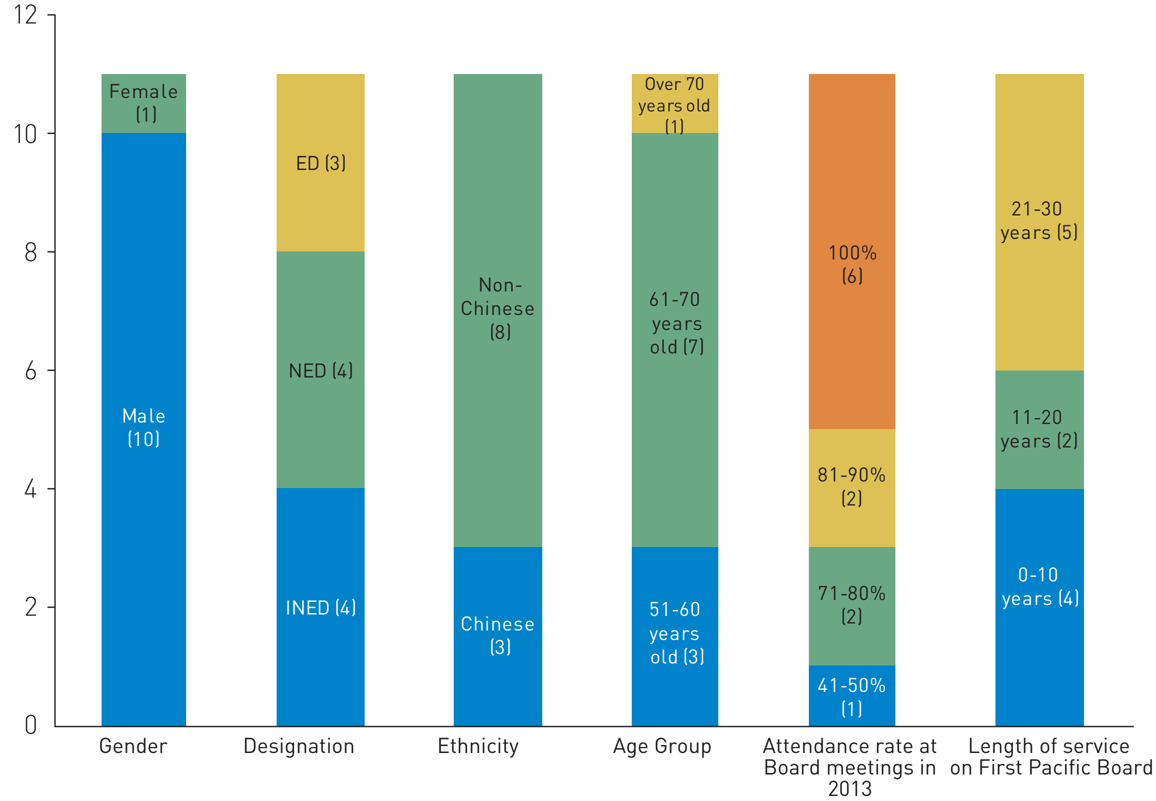
The Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The Board has a balance of skill and experience appropriate for the requirements of the Group's businesses.

As at the date of this Annual Report, Members of the Board came from a variety of different backgrounds, with a diverse range of business and professional expertise. Brief biographical information of the Directors are 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 has been made available on the Company's website (www.firstpacific.com) for better transparency and governance. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company remains committed to meritocracy in the board room, which requires a diverse and inclusive culture where Directors believe that their views are heard, their concerns are attended to and they serve in an environment where bias, discrimination and harassment on any matter are not tolerated.

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

Number of Directors



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

Responsibilities of Directors

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

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

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

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

The Board requires Directors to devote sufficient time and attention to their duties and responsibilities. In May 2013, all of our INEDs, Prof. Edward K.Y. Chen, Mr. Graham L. Pickles, Mrs. Margaret Leung and Mr. Philip Fan, spent three days in Indonesia with our Chairman (Mr. Anthoni Salim), Executive Directors (Mr. Edward A. Tortorici and Mr. Robert C. Nicholson) and locally based Non-executive Director (Mr. Benny Santoso) to gain better understanding of the Group's businesses based in Indonesia.

The INEDs were accompanied by local executives for the trip beginning with Plantation Site Visit to Begerpang Estate in North Sumatra. The INEDs visited the oil palm nursery site, with local executives explaining the seedling process from seeds until ready-to-be-planted crops in the field. They also visited the fields and palm oil mills to see the operational activities, including harvesting and fertilizing oil palm trees, production process of palm oil from Fresh Fruit Bunches (FFB) to Crude Palm Oil (CPO) and Palm Kernel (PK), with the shell being re-used as fuel while the Empty Fruit Bunches and liquid mill waste being applied back to the field as an organic fertilizer.

The INEDs also visited some manufacturing facilities in West Java and Jakarta, which included Noodles factory in Cibitung, Bogasari Flour Mills and Edible Oils & Fats Refinery facilities in Tanjung Priok. During their visit, the INEDs received brief operational explanation about each operating unit from local executives. This visit allowed the INEDs to understand Indofood's manufacturing process from raw materials to end products which are ready to be distributed.

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 INEDs) will be solicited. The proposed appointment will first be reviewed by the Nomination Committee, taking into account the balance of skills, and knowledge and experience on the Board. Upon recommendation of the Nomination Committee, the proposed appointment will then be reviewed and, if thought fit, approved by the Board after due deliberation.

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

In accordance with the Company's bye-laws and the First Pacific Code, every Director, including the NEDs 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 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 2013.

During 2013, the Nomination Committee considered the independence of Prof. Edward Chen, who has served as an INED of the Company for more than 19 years. Prof. Chen has extensive knowledge and experience in the governmental, academic and commercial sectors. He also acts as an independent non-executive director for other listed companies in Hong Kong. During his years of service, Prof. Chen continues to demonstrate strong independence in judgment and is free from any business or other relationship with the Company which could interfere with his ability to discharge his duties effectively. Notwithstanding his years of service, the Nomination Committee was of the view that Prof. Chen was able to continue to fulfill his role as an INED and considered him as independent.

All Directors do not have any financial, business, family, or other material/relevant relationship with each other. Non-executive Directors (including INEDs) have the same duties of care and skill and fiduciary duties as Executive Directors. The biographies of the Directors are set out on pages 54 to 57.

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 a site visit for the Directors to Indonesia to understand Indofood's operations and businesses. In addition, the Company also arranged for briefings or training sessions in relation to the following topics, which were attended by a majority of its Directors and senior management:–

1. Diversity on the Board and recent regulatory developments on Corporate Governance.
2. Synopsis on Legal and Regulatory issues to all Directors.

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 2013:

	Training in relation to the New Companies Ordinance	Training in relation to disclosure of inside information pursuant to Part XIVA of SFO	Training in relation to Board Diversity	Training on recent regulatory developments on corporate governance	Site Visit to Indonesia	Attend external seminar(s) and/or reading
Executive Directors						
Manuel V. Pangilinan	✓	✓				✓
Edward A. Tortorici	✓	✓			✓	✓
Robert C. Nicholson	✓	✓	✓	✓	✓	✓
Non-executive Directors						
Anthoni Salim	✓	✓			✓	✓
Benny S. Santoso	✓	✓				✓
Napoleon L. Nazareno	✓	✓				✓
Tedy Djuhar						✓
Independent Non-executive Directors						
Graham L. Pickles	✓	✓	✓	✓	✓	✓
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	✓	✓	✓	✓	✓	✓
Margaret Leung Ko May Yee, *SBS, JP*	✓	✓	✓	✓	✓	✓
Philip Fan Yan Hok	✓	✓	✓	✓	✓	✓

Chairman and Chief Executive Officer

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 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.

Board Committee

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

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

BOARD

Audit Committee

Graham L. Pickles∆*
Prof. Edward K.Y. Chen*
Margaret Leung Ko May Yee*
Benny S. Santoso#

Remuneration Committee

Prof. Edward K.Y. Chen∆*
Graham L. Pickles*
Manuel V. Pangilinan

Nomination Committee

Philip Fan Yan Hok∆*
Prof. Edward K.Y. Chen*
Graham L. Pickles*
Anthoni Salim#
Manuel V. Pangilinan

Corporate Governance Committee

Margaret Leung Ko May Yee∆*
Prof. Edward K.Y. Chen*
Philip Fan Yan Hok*
Robert C. Nicholson

∆ Chairman of the Committee
* INED
# NED

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

Audit Committee

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

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

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

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

- reviewed the Company's annual results and financial statements for the year ended 31 December 2012 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 2013 and the related documents, financial reporting and audit issues noted by the Company's external auditors;
- reviewed the revised accounting standards and prospective changes to accounting standards, and the impact on the Group's financial statements;
- conducted annual reviews of the Group's continuing connected transactions pursuant to Listing Rule requirements;
- reviewed the engagement and remuneration of the Company's external auditor, its independence and objectivity, and the effectiveness of the audit process;
- recommended the re-appointment of the external auditor for shareholders' approval at the 2014 AGM;
- reviewed the adequacies of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budgets;
- reviewed the Audit Committee's effectiveness in discharging its role and responsibilities and its terms of reference and made recommendation to the Board for any changes;
- exercised oversight over the Group's financial reporting system, internal control and risk management procedures;
- exercised oversight over the audit committees of the Company's major operating companies; and
- considered the Whistleblowing Report in relation to the Singapore power plant project and approved the formation of a Special Committee to investigate the allegations, to conduct relevant examination and analysis, and to report their findings, which were later found to be unsubstantiated.

Remuneration Committee

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

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

- made recommendations to the Board on the Company's policy and structure for directors' and senior management's remuneration;
- established a formal and transparent procedure for developing the remuneration policy;
- assessed the performance of executive directors and approved the terms of executive directors' service contracts;
- reviewed and approved the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- determined, with delegated responsibility, the remuneration packages of individual executive directors and senior management;
- reviewed the 2014 salary budget and 2013 Annual Bonus and recommended the same to the Board for approval;
- considered the granting of share options, share purchase and subscription and cash awards under the long-term incentive plan; and
- reviewed the Remuneration Committee's effectiveness in discharging its role and responsibilities and its terms of reference and made recommendation to the Board for any changes.

Nomination Committee

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

During the year, the Nomination Committee held one meeting. Attendance record of each Committee members is shown in the section headed "Attendance Records". Major work performed by the Committee 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 p. 77);
- nominated the retiring Director to stand for re-election;
- made recommendations to the Board on the appointment or re-appointment of Directors;
- reviewed the composition and diversity of the Board and monitored the implementation of the Board Diversity Policy; and
- reviewed the Nomination Committee's effectiveness in discharging its role and responsibilities and its terms of reference and made recommendation to the Board for any changes.

Corporate Governance Committee

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

During the year, the Corporate Governance Committee held three meetings. Attendance record of each Committee members is shown in the section headed "Attendance Records". Major work performed by the Committee 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;
- endorsed the Board Diversity Policy and recommended to the Board for adoption; and
- reviewed the Corporate Governance Committee's effectiveness in discharging its role and responsibilities and its terms of reference and made recommendation to the Board for any changes.

Directors' Service Contract

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

Disclosure of Inside Information

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

Financial Reporting

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

Directors' Responsibility for the Financial Statements

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

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

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

Auditors' Remuneration

An analysis of auditors' remuneration charged to the Group's profit in respect of audit and non-audit services is as follows:

US$ millions	**2013**	2012
Auditors remuneration		
– Audit services	**3.5**	3.7
– Non-audit services(i)	**0.9**	0.3
Total	**4.4**	4.0

(i) Pertains to due diligence, review of continuing connected transactions and other transactions relating to the Group's business development and excludes an amount of US$0.3 million (2012: Nil) in respect of the service rendered in connection with the Company's rights issue completed in July 2013 which has been charged directly to share premium

Company Secretary

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

The Company Secretary's biography is set out in the Board of Directors and Senior Management section of the 2013 Annual Report. During 2013, the Company Secretary undertook over 15 hours of professional training to update her skills and knowledge.

Constitutional Document

Pursuant to a special resolution passed by the shareholders at the annual general meeting held on 31 May 2012, the Company amended its Bye-laws to reflect principally certain changes brought about by the Companies Amendment (No. 2) Act 2011 of Bermuda, amendments to the Listing Rules and certain technical improvements.

During the year ended 31 December 2013, there was no other change in the constitutional document. The Memorandum of Association and the amended Bye-laws are available on the websites of the Stock Exchange and the Company.

Remuneration Policy

Details of Directors' remuneration for the year are set out in Note 36(A) to the Consolidated Financial Statements. The remuneration of senior executives, including Directors, consists of the following:

Salary and Benefits

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

Bonus and Long-term Incentives

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

Fees

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

Pension Contributions

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

Share Options/Share Awards

Share options and restricted shares are granted to certain Directors and senior executives as part of the long-term incentive arrangements. Details of the Company's share options and restricted shares granted to Directors and senior executives are set out in Note 36(D)&(E) to the Consolidated Financial Statements.

Communications with Shareholders

Effective Communication

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

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

The AGM is the principal forum for formal dialogue with shareholders. The Company's Chairman, Executive Directors, Chairmen of the Board Committees and NEDs, 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 an 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.

At the 2013 AGM, a separate resolution was proposed by the chairman in respect of each separate resolution, including proposals relating to re-election of the retiring Directors and the fixing of remuneration of the Non-executive Directors (including the INEDs) of the Company.

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 2013 AGM, the chairman demanded a poll on all resolutions. The procedures for demanding a poll by the shareholders were incorporated in the AGM circular sent to the shareholders in the time stipulated. Computershare Hong Kong Investor Services Limited, the Company's Hong Kong Branch Registrar, was engaged as scrutineer to ensure the votes were properly counted.

Shareholders Communication Policy

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

Calling a Special General Meeting

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

The requisition:

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

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

Putting Forward Proposals at General Meetings

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

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

(b) not less than one hundred shareholders of the Company.

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

(a) a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

(b) any other requisition, not less than one week before the meeting.

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

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 Special General Meeting may also be put to the Company Secretary in the same manner.

Connected Transaction and Continuing Connected Transactions

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

- 6 May 2013 announcement: following the acquisition of a majority interest in PT Indomobil Sukses Internasional Tbk (Indomobil) and its subsidiaries by an associate of Mr. Anthoni Salim, Indomobil has become an associate of Mr. Anthoni Salim and, thus, a connected person of the Company. Indomobil has, prior to completion of the acquisition, entered into transactions with the Indofood Group in connection with the sale and rental of vehicles, provision of vehicle services and sale of spare parts to the Indofood Group. As a result of the acquisition, prior transactions between Indomobil and the Indofood Group have become continuing connected transactions of the Company and are required to be disclosed pursuant to the Listing Rule requirements.

- 1 October 2013 announcement: the entering into of new continuing connected transactions relating to (1) new plantations business transaction between PT Salim Ivomas Pratama Tbk ("SIMP"), an indirect subsidiary of Indofood, and PT Nippon Indosari Corpindo Tbk ("NIC"), an associate of Mr. Anthoni Salim, in order for SIMP to supply margarine to NIC; and (2) new beverages business transaction between PT Indofood Asahi Sukses Beverage ("IASB"), an indirect subsidiary of Indofood, and PT Pepsi Cola Indobeverages (now renamed as PT Prima Cahaya Indobeverages)("PCIB"), an associate of a substantial shareholder of the Group's non-wholly owned subsidiary, in order for PCIB to manufacture and supply beverages products to IASB.

- On 15 November 2013, the Company announced that PT Tirta Makmur Perkasa (TMP) and PT Tirta Sukses Perkasa (TSP) entered into a conditional sale and purchase agreement with 22 companies which are members of the Tirta Bahagia Group (the "Vendors") engaged in the bottled water business under the brand "CLUB" in Indonesia, and Mr. Ignatius Soegianto Dihardojo (Mr. Soegianto), the ultimate owner of the Vendors.

  TMP is an 80:20 joint venture company between IASB and PT Multi Bahagia (MB) for the purpose of marketing, sales and distribution of bottled water. TMP is an indirect subsidiary of Indofood.

  TSP is an 80:20 joint venture company between PT Asahi Indofood Beverage Makmur (AIBM) and MB for the purposes of producing bottled water. TSP is an associated company of Indofood.

  The acquisition by TMP of assets used for and/or related to the marketing, sale and distribution of bottled water at the consideration of Rupiah 1.05 trillion (equivalent to approximately US$91.3 million) for conducting bottled water distribution business in Indonesia constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. This is because TMP is an indirect subsidiary of Indofood, in which the Company indirectly owns an approximately 50.1% interest; and MB, a company owned by Mr. Soegianto and his family, holds a 20% interest in TMP. Accordingly, MB, an associate of Mr. Soegianto, is a substantial shareholder of TMP; and Mr. Soegianto is, therefore, a connected person of the Company.

- 9 December 2013 announcement: (1) the entering into of a number of new continuing connected transactions by members of the Indofood Group, effective as of 1 January 2014, immediately following the expiry, on 31 December 2013, of certain previously announced continuing connected transactions; (2) the entering into of a number of new continuing connected transactions, which are additional to the previously announced continuing connected transactions, effective as of 1 January 2014; and (3) the renewal of annual caps for the years 2014, 2015 and 2016 in respect of the existing Noodles Business Transactions, Plantations Business Transactions, Insurance Business transactions, Distribution Business Transactions, Flour Business Transactions and Beverages Business Transactions for the Indofood Group.

I. Details of those continuing connected transactions relating to the Indofood Group, which are required to be specified by Rule 14A.45 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 2013 (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)	De United Food Industries Ltd. (Dufil), an associate of Mr. Anthoni Salim	(1)Trademark licensing for the exclusive use by Dufil of the "Indomie" trademark owned by ISM in the Nigerian market, and provision of related technical services in connection with Dufil's instant noodle manufacturing operations in Nigeria; and (2) the sale and supply of food ingredients, noodle seasonings and packaging used for the production of instant noodles	1 January 2011	31 December 2013	30.7
ISM/ICBP	Pinehill Arabian Food Ltd. (Pinehill), an associate of Mr. Anthoni Salim	(1)Trademark licensing for the exclusive use by Pinehill of the "Indomie", "Supermi" and "Pop Mie" trademarks owned by ISM in certain countries in the Middle East; (2) provision of related technical services in connection with Pinehill's instant noodle manufacturing operations in certain countries in the Middle East; and (3) the sale and supply of food ingredients, noodle seasonings and packaging used for the production of instant noodles	1 January 2011	31 December 2013	60.8
ISM/ICBP	Salim Wazaran Group Limited (SAWAZ Group), an associate of Mr. Anthoni Salim	(1)Trademark licensing for the non-exclusive use by the SAWAZ Group of the "Indomie" trademark owned by ISM in certain countries in the Middle East and Africa; (2) provision of related technical services in connection with the SAWAZ Group's instant noodle manufacturing operations in certain countries in the Middle East and Africa; and (3) the sale and supply of food ingredients, noodle seasonings and packaging used for the production of instant noodles	1 January 2011	31 December 2013	5.8
Aggregated transaction amount					**97.3**

B. Transactions relating to the Plantations 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 2013 (US$ millions)
PT Salim Ivomas Pratama Tbk (SIMP)	PT Adithya Suramitra (ADS), an associate of Mr. Anthoni Salim	SIMP entered into a 20-year lease contract with ADS for the use of land property which is the factory site of SIMP	1 June 1996	31 May 2016	0.1
SIMP and its subsidiaries	PT Sarana Tempa Perkasa (STP), an associate of Mr. Anthoni Salim	STP provides pumping services to SIMP and its subsidiaries to load crude palm oil and its derivative products to the shipping vessels	1 January 2011	31 December 2013	0.4
SIMP and its subsidiaries	PT Rimba Mutiara Kusuma (RMK), an associate of Mr. Anthoni Salim	SIMP and its subsidiaries purchase heavy equipment and building materials from RMK, rent trucks, office space, buildings and heavy equipment from RMK and use transportation services from RMK	1 January 2011	31 December 2013	0.3
SIMP and its subsidiaries	IndoInternational Green Energy Resources Pte. Ltd. (IGER Group), an associate of Mr. Anthoni Salim	SIMP and its subsidiaries provide research services, sale of seeds, lease of office space to IGER Group, and purchase fresh fruit bunches/CPO/palm kernel from IGER Group	1 January 2011	31 December 2013	9.9
PT Lajuperdana Indah (LPI)	PT Indotek Konsultan Utama (IKU), an associate of Mr. Anthoni Salim	IKU provides consultancy services to LPI on specific technical aspect in respect of project development	1 January 2011	31 December 2013	–
ISM and its subsidiaries	LPI, an associate of Mr. Anthoni Salim	ISM and its subsidiaries purchase sugar from LPI	–	–	–
SIMP	PT Fast Food Indonesia, Tbk (FFI), an associate of Mr. Anthoni Salim	SIMP sells deep frying oil to FFI	1 January 2011	31 December 2013	3.9
ISM	LPI, an associate of Mr. Anthoni Salim	ISM has agreed to grant an exclusive license to LPI to use, manufacture, sell, distribute, advertise and promote its sugar products under ISM's "INDOSUGAR" trademark in Indonesia	22 March 2011	31 December 2013	0.6
SIMP	Shanghai Resources International Trading, Co. Ltd. (Shanghai Resources)	SIMP sells palm oil products, such as margarine and shortening to Shanghai Resources	14 February 2011	31 December 2013	10.2
ISM and its subsidiaries	IKU, an associate of Mr. Anthoni Salim	IKU provides consultancy services to ISM and its subsidiaries and its subsidiaries which was related to the plantations business	31 October 2011	31 December 2013	–
ISM and its subsidiaries	PT Indomobil Sukses Internasional Tbk & subsidiaries (Indomobil), an associate of Mr. Anthoni Salim	Indomobil sells/rents cars/spare parts and provides car services to ISM and its subsidiaries	2 May 2013	31 December 2013	5.7
SIMP	PT Nippon Indosari Corpindo Tbk (NIC), an associate of Mr. Anthoni Salim	The production and sale of margarine by SIMP to NIC	1 October 2013	31 December 2013	0.1
Aggregated transaction amount					**31.2**

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2013 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
ISM and its subsidiaries	PT Asuransi Central, Asia (ACA), an associate of Mr. Anthoni Salim	ACA provides vehicle, property and asset insurance services to ISM and its subsidiaries	1 January 2011	31 December 2013	4.2
ISM and its subsidiaries	PT Central Asia Raya (CAR), an associate of Mr. Anthoni Salim	CAR provides personal accident and health insurance coverages to ISM and its subsidiaries	1 January 2011	31 December 2013	3.3
ISM and its subsidiaries	PT Indosurance Broker Utama (IBU), an associate of Mr. Anthoni Salim	IBU provides insurance services to ISM and its subsidiaries	1 January 2011	31 December 2013	0.6
Aggregated transaction amount					**8.1**

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2013 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
PT Surya Rengo Containers (SRC)	PT Prima Cahaya Indobeverages (formerly PT Pepsi Cola Indobeverages) (PCIB), an associate of Mr. Anthoni Salim	SRC sells carton box packaging to PCIB for product packaging	1 January 2011	31 December 2013	0.8
ICBP	PCIB, an associate of Mr. Anthoni Salim	ICBP sells lid to PCIB for product packaging	1 January 2011	31 December 2013	0.2
SRC	FFI, an associate of Mr. Anthoni Salim	SRC sells carton box packaging to FFI	1 January 2011	31 December 2013	0.1
ISM and its subsidiaries	IKU, an associate of Mr. Anthoni Salim	IKU provides consultant services to ISM and its subsidiaries which was related to the packaging business	31 October 2011	31 December 2013	–
ISM and its subsidiaries	Indomobil, an associate of Mr. Anthoni Salim	Indomobil sells/rents cars/spare parts and provides car services to ISM and its subsidiaries	2 May 2013	31 December 2013	0.1
Aggregated transaction amount					**1.2**

E. Transactions relating to the Distribution 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 2013 (US$ millions)
PT Indomarco Adi Prima (IAP)	PT Lion Superindo (LS), an associate of Mr. Anthoni Salim	IAP distributes various consumer products to LS	1 January 2011	31 December 2013	14.6
IAP	PT Buana Distrindo (BD), an associate of Mr. Anthoni Salim	As a sub-distributor of BD, IAP purchases PCIB products in can, cup and PET packaging for sale to its trade outlets in Indonesia	1 January 2011	31 December 2013	20.8
IAP	FFI, an associate of Mr. Anthoni Salim	IAP sells sauces, seasonings and dairy products to FFI	3 January 2011	31 December 2013	2.5
PT Indofood Asahi Sukses Beverages (IASB)	FFI, an associate of Mr. Anthoni Salim	IASB sells drinking products to FFI	9 December 2013	31 December 2013	2.5
PT Putri Daya Usahatama (PDU)	LS, an associate of Mr. Anthoni Salim	PDU distributes various consumer products to LS	1 January 2011	31 December 2013	1.3
ISM and its subsidiaries	IKU, an associate of Mr. Anthoni Salim	IKU provides consultant services to ISM and its subsidiaries which was related to the distribution business	31 October 2011	31 December 2013	–
ISM and its subsidiaries	Indomobil, an associate of Mr. Anthoni Salim	Indomobil sells/rents cars/spare parts and provide car services to ISM and its subsidiaries	2 May 2013	31 December 2013	0.9
Aggregated transaction amount					**42.6**

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

Parties to the agreement/arrangement: Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	To	Transaction amount for the year ended 31 December 2013 (US$ millions)
Bogasari Flour Mills division of ISM (Bogasari)	NIC, an associate of Mr. Anthoni Salim	Bogasari sells flour to NIC	1 January 2011	31 December 2013	19.1
Bogasari	FFI, an associate of Mr. Anthoni Salim	Bogasari sells flour and spaghetti to FFI	1 January 2011	31 December 2013	0.8
Bogasari	PT Tarumatex (Tarumatex), an associate of Mr. Anthoni Salim	Bogasari rents warehouse from Tarumatex	31 October 2011	31 December 2013	0.1
ISM and its subsidiaries	IKU, an associate of Mr. Anthoni Salim	IKU provides consultant services to ISM and its subsidiaries which are related to the flour business	31 October 2011	31 December 2013	0.0
ISM and its subsidiaries	Indomobil, an associate of Mr. Anthoni Salim	Indomobil sells/rents cars/spare parts and provides car services to ISM and its subsidiaries	2 May 2013	31 December 2013	0.1
Aggregated transaction amount					**20.1**

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

Parties to the agreement/arrangement: Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	To	Transaction amount for the year ended 31 December 2013 (US$ millions)
IASB	Asahi Breweries Ltd. (ABL)	Secondment agreement to assign certain Japanese employees of ABL to IASB	25 January 2013	31 December 2013	0.2
ISM	PT Asahi Indofood Beverage Makmur (AIBM)	ISM rents office space to AIBM	1 January 2013	31 December 2013	0.1
IASB	PCIB, an associate of Mr. Anthoni Salim	PCIB sells beverage products to IASB for sale to trade outlets in Indonesia	1 October 2013	31 December 2013	15.4
SRC	AIBM	SRC sells carton box packaging to AIBM for product packaging	9 December 2013	31 December 2013	0.1
ICBP	AIBM	ICBP sells lids to AIBM for product packaging	9 December 2013	31 December 2013	0.1
Aggregated transaction amount					**15.9**

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.45 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 2013 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
Maynilad	D.M. Consunji, Inc. (Consunji), a subsidiary of DMCI	Consunji provided engineering, procurement and construction services to Maynilad*	20 January 2012	31 December 2014	4.8
Maynilad	DMCI Project Developers, Inc. (DMCIPD), a subsidiary of DMCI	Lease agreement entered between Maynilad and DMCIPD	1 February 2012	31 January 2015	0.1
Aggregated transaction amount					**4.9**

* Note: During 2013, Maynilad awarded two construction contracts to Consunji with contract values totaling US$7.4 million. However, due to permitting issues, the two construction contracts were subsequently cancelled.

In respect of the financial year ended 31 December 2013, each of the continuing connected transactions has been subject to annual review by the INEDs of the Company pursuant to Rule 14A.37 of the Listing Rules and confirmation of the auditors of the Company pursuant to Rule 14A.38 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 subject to an exception related to the granting of extension of payment terms to connected parties in settlements of invoices; 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.38 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to SEHK.

Internal Control and Risk Management

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

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

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

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

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

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

Operational Controls

- The Executive Directors actively participate on the boards of the operating companies and manage their operating and financial activities, which includes attending their board meetings, approving their annual budgets, and monitoring of their compliance with applicable laws and regulations and quality of internal and external reporting.
- Prior to the investments in new businesses, extensive due diligence regarding the operational, financial, regulatory aspects and risk management of the concerned businesses are conducted. Risks to investments 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 39(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 39(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. For example, in October 2013, Maynilad disagreed with the rate rebasing adjustments proposed by Metropolitan Waterworks and Sewerage System (MWSS), its regulator, for the rate rebasing period during 2013 to 2017 and exercised its right under its concession agreement with MWSS to file a notice of dispute with the Secretariat of the International Court of Arbitration for an arbitration.
- 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's, evaluation of possible acquisitions and divestments in the context of the overall investment portfolio and the risk that the Group's overall performance does not meet market expectations. A risk matrix has been developed and reviewed regularly by the Corporate Governance Committee, Audit Committee and the Board.
- To ensure effective implementation of internal controls, risk management processes are conducted according to the operating companies' prescribed risk management policies and procedures, based on carefully defined risk management framework for the effective management of risks at all levels across all operating and functional units in the operating companies.
- Telecommunications – PLDT's risk management team continuously implement its standard risk management process to address the key identified risks for 2013 relating to market dynamics, regulatory challenges, people, fast pace of technological change, potential points of failure in the network and information technology (IT) structure, corporate and capital structure, information security, hazards, new investments and vendor-related concerns. The measures which they used to ensure all of these risks are managed properly include the modernization and enhancement of the network and IT systems, and the institution of a centralized Business Continuity Committee to address possible business disruptions due to natural and man-made hazards.
- Infrastructure – MPIC identifies the key potential risks specific to its businesses and address them accordingly, which include working on alternative water sources and development of water treatment plant to secure water supply for Maynilad, carefully choosing projects for MPTC by reference to traffic density, competing routes, demographic changes and other relevant factors, and comprehensive studies of the target market and scaling of improvements towards the patients' ability to pay for MPIC's hospital business. Meralco has annual strategies and conducts self-assessments to evaluate potential risks and their likely impact on its business. For the Group's electricity generation business, risk management programs are undertaken by PLP to mitigate market risks, including adverse pool price movement and inability to secure retail contractors; regulatory risks such as the review of vesting contract price and vesting volume, proposed establishment of an electricity futures market, and tendering out a significant portion of the vesting contract through competitive bidding; volumetric risks in retail contracts causing mismatch between hedged and actual quantities of fuel required; as well as the delay in completion of power plant project.
- Consumer food products – To mitigate the main risks that may potentially result in significant impact on the sustainability of Indofood's operations, such as reputation risks related to food safety issues, risks arising from raw material price fluctuations and more intense competition, Indofood consistently ensure that the products are manufactured through hygienic processing, organize its businesses into commodity and non-commodity lines, monitors market development in their industry, enhance the quality of their products, as well as product innovation to meet the trends in consumer preferences and conducts various well targeted marketing activities to maintain their positions in the markets.
- Natural resources – Risk management programs are undertaken by Philex to mitigate or eliminate identified physical, social-ecological and economic risks inherent in its business while ensuring productive and profitable operations.
- Risk assessments are conducted regularly by each operating company's management team and reported to its audit committee and board of directors. The audit committees of the operating companies meet with internal and external auditors as well as the operating companies' management teams regularly to communicate on the issues regarding the operating companies' risks in order to ensure accuracy of risk assessment reports and proper implementation of the reported risk mitigation strategies and controls.

During the year ended 31 December 2013, the Audit Committee reviewed and advised that:

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

Financial Review

Financial Performance and Position

Analysis of Consolidated Income Statement

An analysis of the Group's 2013 reported results compared with 2012's follows.

For the year ended 31 December US$ millions	**2013**	2012 (Restated)	% change
Turnover	**6,206.3**	5,990.8	+3.6
Gross profit	**1,829.2**	1,861.8	–1.8
Operating expenses	**(989.5)**	(875.8)	+13.0
Other operating (expenses)/income, net	**(99.4)**	36.7	–
Net finance costs	**(234.2)**	(198.7)	+17.9
Share of profits less losses of associated companies and joint ventures	**267.7**	240.6	+11.3
Taxation	**(152.9)**	(229.7)	–33.4
Non-controlling interests	**(385.6)**	(481.6)	–19.9
Recurring profit	**327.1**	358.0	–8.6
Profit attributable to owners of the parent	**235.3**	353.3	–33.4

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

Turnover – increased by 3.6%, principally reflecting a growth in Indofood's sales (increased by 15.0% in rupiah terms) and MPIC's revenues (increased by 11.0% in peso terms) and the revenue contribution from the newly acquired business PLP for its sale of electricity, partly offset by the impact of a 10.7% depreciation in the rupiah average exchange rate against the U.S. dollar. The growth in Indofood's sales mainly reflects increases in sales volumes of all the divisions (except for the Edible Oils & Fats division) and acquisition of CMFC, despite a reduction in the average selling prices of the Agribusiness division. MPIC's revenues increased mainly as a result of increases in the billed volume and tariff rates at Maynilad, higher traffic volumes at MPTC and the acquisitions of CIC for the Toll Road division and DLSMC and CLDH for the Hospital division made during 2013.

Gross profit – decreased by 1.8%, principally reflecting the depreciation in the rupiah average exchange rate against the U.S. dollar, partly offset by the increases in both Indofood's and MPIC's gross profit. The decrease in gross margin (2013: 29.5% vs 2012: 31.1%) principally reflects a decrease in Indofood's gross margin (2013: 24.8% vs 2012: 27.1%) mainly as a result of the decrease in the average selling prices of Agribusiness division, partly offset by a higher proportion of contribution from MPIC at a higher gross margin (2013: 61.6% vs 2012: 59.8%).

Operating expenses – increased by 13.0%, principally reflecting increases in freight and handling expenses and advertising and promotion spending at Indofood and employees, public relations, depreciation expenses and professional fees at both Indofood and MPIC and the operating expenses of PLP.

Other operating (expenses)/income, net – The net other operating expenses for 2013 mainly reflect Indofood's foreign exchange losses principally on foreign currency denominated borrowings and payables, partly offset by MPIC's dividend income from Beacon Electric's preferred shares. The net other operating income for 2012 mainly represents the Group's gain on dilution of a 0.2% interest in PLDT and MPIC's dividend income from Beacon Electric's preferred shares.

Net finance costs – increased by 17.9%, principally reflecting a higher average debt balance at Head Office, Indofood and MPIC (mainly reflecting their debt financing for the acquisition of PLP, CMFC and CIC, respectively) and lower interest income at Indofood and MPIC.

Share of profits less losses of associated companies and joint ventures – increased by 11.3%, principally reflecting increases in profit contributions from PLDT and Meralco mainly as a result of a growth in PLDT's broadband, data and mobile internet business and an increase in Meralco's average distribution tariff and volume of electricity sold.

Taxation – decreased by 33.4%, principally reflecting a lower taxable profit at Indofood.

Non-controlling interests – decreased by 19.9%, 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 8.6%, principally reflecting the impact of depreciation of the rupiah average exchange rate against the U.S. dollar which resulted in a decline in Indofood's recurring profit contribution and higher Head Office interest, overhead and other expenses, while PLDT and MPIC saw their recurring profit contributions increase.

Profit attributable to owners of the parent – decreased by 33.4%, principally reflecting net foreign exchange and derivative losses recorded for the year as compared to net foreign exchange and derivative gains recorded last year, an increase in non-recurring losses and a decrease in recurring profit.

Analysis of Consolidated Statement of Financial Position

An analysis of the Group's statement of financial position at 31 December 2013 compared with 31 December 2012's follows.

At 31 December US$ millions	**2013**	2012 (Restated)	% change
Property, plant and equipment	**2,920.1**	1,824.3	+60.1
Plantations (current and non-current)	**1,166.4**	1,301.5	–10.4
Associated companies and joint ventures	**3,406.6**	3,299.1	+3.3
Goodwill	**1,047.1**	808.2	+29.6
Other intangible assets	**2,386.8**	2,305.8	+3.5
Cash and cash equivalents[i]	**2,435.8**	2,219.2	+9.8
Other assets	**2,220.0**	2,128.6	+4.3
Total Assets	**15,582.8**	13,886.7	+12.2
Borrowings	**5,618.3**	4,365.0	+28.7
Other liabilities	**2,446.3**	2,271.0	+7.7
Total Liabilities	**8,064.6**	6,636.0	+21.5
Net Assets	**7,518.2**	7,250.7	+3.7
Equity attributable to owners of the parent	**3,509.9**	3,240.0	+8.3
Non-controlling interests	**4,008.3**	4,010.7	–0.1
Total Equity	**7,518.2**	7,250.7	+3.7

(i) Includes pledged deposits and restricted cash

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

Property, plant and equipment – increased by 60.1%, principally reflecting the Group's consolidation of PLP and CMFC and capital expenditure incurred by Indofood, PLP and MPIC, partly offset by a retranslation effect (principally reflecting the depreciation of the closing exchange rates of rupiah and the peso against the U.S. dollar by 20.7% and 7.5%, respectively) and depreciation.

Plantations – decreased by 10.4%, principally reflecting a retranslation effect, partly offset by Group's investments in newly planted area and maintenance of immature plantations and consolidation of MPM and CMFC.

Associated companies and joint ventures – increased by 3.3%, principally reflecting the Group's share of profits of PLDT, Philex and Meralco, the Group's US$134.6 million of investment in DMT, US$66.6 million of investments in CMAA, US$41.9 million of additional investments in PT Asahi Indofood Beverage Makmur (AIBM) and US$56.6 million of investment in RHI, partly offset by the payments of dividends by the associated companies and joint ventures and a retranslation effect.

Goodwill – increased by 29.6%, principally reflecting goodwill arising from FPM Power's acquisition of PLP and MPIC's acquisition of CIC, partly offset by a retranslation effect.

Other intangible assets – increased by 3.5%, principally reflecting the consolidation of CIC's concession assets and value of PLP's vesting contract, MPIC's capital expenditure for its water and toll road concessions, partly offset by a retranslation effect and amortization.

Cash and cash equivalents – increased by 9.8%, principally reflecting operating cash inflow of Indofood and net proceeds from MPIC's share placement and sale of 4% effective interest in Maynilad, net proceeds from the Company's rights issue of approximately US$494.5 million, issuance of US$400 million of ten-year unsecured bonds by Head Office, partly offset by the Group's payments for capital expenditure, new investments and dividends to shareholders.

Other assets – which comprise accounts receivable, other receivables and prepayments, available-for-sale assets, deferred tax assets, other non-current assets and inventories, increased by 4.3%, principally reflecting the Group's consolidation of PLP, CMFC and CIC.

Borrowings – increased by 28.7%, principally reflecting Head Office's issuance of US$400 million of ten-year unsecured bonds, Indofood's new borrowings for financing its investments in CMFC, CMAA and capital expenditure and the Group's consolidation of PLP, CMFC and CIC.

Equity attributable to owners of the parent – increased by 8.3%, principally reflecting the Company's rights issue (US$494.5 million), the Group's profit for 2013 (US$235.3 million), partly offset by an unfavourable movement in exchange reserve (US$368.6 million), the Company's payments for 2012 final dividend (US$64.2 million) and 2013 interim dividend (US$44.4 million).

Non-controlling interests – decreased by 0.1%, principally reflecting a retranslation effect and dividends paid to non-controlling interests by Indofood, MPIC and their subsidiary companies, partly offset by share of profits by non-controlling interests, consolidation of CMFC and PLP, MPIC's share placement, sale of 4% effective interest in Maynilad and FPM Power's receipt of capital contribution from Meralco.

Liquidity and Financial Resources

Analysis of Consolidated Statement of Cash Flows

An analysis of the Group's 2013 consolidated statement of cash flows compared with 2012's follows.

For the year ended 31 December US$ millions	**2013**	2012 (Restated)	% change
Operating Activities			
Net cash flows from operating activities	**723.9**	1,002.0	–27.8
Investing Activities			
Dividends received	**237.6**	258.7	–8.2
Net capital expenditure	**(892.5)**	(696.0)	+28.2
Acquisitions and disposals	**(1,574.3)**	(364.4)	+332.0
Financing Activities			
Net borrowings	**1,083.5**	508.1	+113.2
Dividends paid	**(297.0)**	(285.5)	+4.0
Other financing cash flows	**785.6**	(86.1)	–
Net Increase in Cash and Cash Equivalents	**66.8**	336.8	–80.2
Cash and cash equivalents at 1 January(i)	**2,161.7**	1,874.9	+15.3
Exchange translation	**(225.7)**	(50.0)	+351.4
Cash and Cash Equivalents at 31 December(i)	**2,002.8**	2,161.7	–7.4

(i) Includes pledged deposits, restricted cash and bank overdrafts 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 27.8%, principally reflecting the depreciation in the rupiah average exchange rate against the U.S. dollar and increased investments in working capital from Indofood and MPIC.

Dividends received – decreased by 8.2%, principally reflecting the absence of dividend income from Philex in 2013.

Net capital expenditure – increased by 28.2%, principally reflecting increased investments in property, plant and equipment at Indofood and construction for power plant at PLP.

Acquisitions and disposals – increased by 332.0%. 2013's net cash outflow principally relates to FPM Power's investment in a 70.0% interest in PLP (US$478.6 million), Indofood's investments in a 82.9% interest in CMFC (US$469.7 million), a 50.0% interest in CMAA (US$66.6 million), a 99.4% interest in MPM (US$34.0 million) and increased investments in AIBM (US$41.9 million) and Heliae (US$7.5 million), FPM Infrastructure's investment in a 29.5% interest in DMT (US$134.6 million), FP Natural Resources' investment in a 34.0% interest in RHI (US$56.6 million), MPIC's investments in Unit Trust Funds and bonds (US$73.1 million) and a deposit made by IASB for the acquisition of a bottled water business in Indonesia (US$52.3 million). 2012's net cash outflow principally relates to MPIC's investments in CHI's convertible note (US$160.9 million), MPIC's additional investments in Beacon Electric's preferred shares (US$84.7 million) and common shares (US$64.2 million), and Indofood's investments in a 26.4% interest in Heliae (US$18.5 million) and a 49.0% interest in AIBM (US$6.8 million).

Net borrowings – increased by 113.2%. 2013's net cash inflow principally relates to Head Office's net proceeds from the issuance of ten-year unsecured bonds (US$395.0 million), partly offset by its net repayment of borrowings (US$393.8 million), net additional borrowings at Indofood (US$840.9 million), FPM Power (US$130.4 million), PLP (US$95.0 million) and MPIC (US$16.0 million). 2012's net cash inflow principally relates to Head Office's net proceeds from the issuance of seven-year unsecured bonds (US$394.7 million) and net new borrowings (US$46.2 million) and MPIC's net additional borrowings (US$81.8 million), partly offset by net repayment of borrowings at Indofood (US$14.6 million).

Dividends paid – increased by 4.0%. The amount represents the payments of 2012 final and 2013 interim dividends by the Company to its shareholders and by subsidiary companies to their non-controlling shareholders. The increase principally reflects increases in dividends paid by Head Office, Indofood, MPIC and their subsidiary companies.

Other financing cash flows – for 2013 mainly relates to net proceeds from the Company's rights issue (US$494.5 million), net proceeds from MPIC's share placement (US$145.5 million) and sale of 4% effective interest in Maynilad (US$82.8 million) and capital contributions from non-controlling shareholders of FPM Power (US$110.0 million) and Indofood's subsidiary companies (US$31.4 million), partly offest by the Company's payment for repurchase of its shares (US$31.3 million) and Maynilad's payments for concession fees (US$29.7 million). 2012's net cash outflow mainly relates to the Company's payment for repurchase of its shares (US$54.2 million) and Maynilad's payments for concession fees (US$26.5 million).

Net Debt and Gearing

(A) Head Office Net Debt

The increase in net debt principally reflects investment financings with respect to US$330 million investment related to PLP, US$101.3 million investment related to DMT and US$40.6 million investment related to RHI, net new loans to an associated company of US$55.9 million, payments of overhead and interest expenses, dividends and repurchase of the Company's shares, partly offset by proceeds from the Company's rights issue and receipt of dividends from its investments. The Head Office's borrowings at 31 December 2013 comprise bonds of US$1,483.9 million (with an aggregated face value of US$1,500 million) which are due for redemption between 2017 and 2023, and bank loans of US$249.6 million (with an aggregated face value of US$250 million) which are due for repayment in 2016 and 2018.

Changes in Head Office Net Debt

US$ millions	Borrowings	Cash and cash equivalents	Net debt
At 1 January 2013	1,717.9	(584.1)	1,133.8
Movement	15.6	10.9	26.5
At 31 December 2013	**1,733.5**	**(573.2)**	**1,160.3**

Head Office Cash Flow

For the year ended 31 December US$ millions	**2013**	2012
Dividend and fee income	**305.8**	320.9
Head Office overhead expense	**(30.2)**	(25.1)
Net cash interest expense	**(81.6)**	(73.7)
Taxes	**(0.3)**	(0.4)
Net Cash Inflow From Operating Activities	**193.7**	221.7
Net investments	**(507.1)**	(12.1)
Loans to an associated company, net	**(55.9)**	(26.7)
Financing activities		
– Proceeds from rights issue, net	**494.5**	–
– Proceeds from the issue of unsecured bonds, net	**395.0**	394.7
– Proceeds from the issuance and purchase of shares under long-term incentive plan, net	**2.6**	15.8
– Net loan (repayments)/borrowings	**(393.8)**	46.2
– Dividends paid	**(108.6)**	(103.8)
– Repurchase of shares	**(31.3)**	(54.2)
(Decrease)/Increase in Cash and Cash Equivalents	**(10.9)**	481.6
Cash and cash equivalents at 1 January	**584.1**	102.5
Cash and Cash Equivalents at 31 December	**573.2**	584.1

(B) Group Net Debt and Gearing

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

Consolidated

US$ millions	Net debt/ (cash)(i) 2013	Total equity 2013	Gearing (times) 2013	Net debt(i) 2012	Total equity 2012 (Restated)	Gearing (times) 2012 (Restated)
Head Office	**1,160.3**	**2,284.4**	**0.51x**	1,133.8	1,693.1	0.67x
MPIC	**764.8**	**2,535.1**	**0.30x**	807.2	2,290.9	0.35x
Indofood	**841.1**	**3,497.9**	**0.24x**	204.8	4,005.7	0.05x
FPM Power	**418.2**	**567.8**	**0.74x**	–	–	–
FPM Infrastructure	**(0.6)**	**133.6**	**–**	–	–	–
FP Natural Resources	**(1.3)**	**57.5**	**–**	–	–	–
Group adjustments(ii)	**–**	**(1,558.1)**	**–**	–	(739.0)	–
Total	**3,182.5**	**7,518.2**	**0.42x**	2,145.8	7,250.7	0.30x

Associated

US$ millions	Net debt(i) 2013	Total equity 2013	Gearing (times) 2013	Net debt/ (cash) 2012	Total equity 2012 (Restated)	Gearing (times) 2012 (Restated)
PLDT	**1,626.0**	**3,092.9**	**0.53x**	1,915.9	3,550.2	0.54x
Philex	**48.4**	**583.7**	**0.08x**	(5.3)	538.2	–
DMT	**186.7**	**182.9**	**1.02x**	222.2	191.9	1.16x
RHI	**156.3**	**126.1**	**1.24x**	181.6	132.7	1.37x

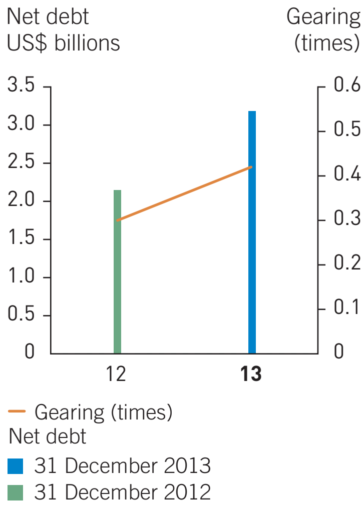
(i) Includes pledged deposits and restricted cash
(ii) Group adjustments mainly represents elimination of goodwill arising from acquisitions prior to 1 January 2001 against the Group's retained earnings and other standard consolidation adjustments to present the Group as a single economic entity.

Head Office's gearing decreased principally because of a growth of its equity as a result of proceeds from the Company's rights issue and profit recorded for the year.

During 2013, the depreciation of both the peso and the rupiah exchange rate against the U.S. dollars has generally resulted in lower net debt and total equity in U.S. dollars terms for MPIC, PLDT, Philex and RHI in the Philippines and Indofood in Indonesia as compared with last year.

MPIC's gearing decreased principally because of a growth of its equity as a result of proceeds from MPIC's share placement, sell down of interest in Maynilad and its profit recorded for the year, partly offset by the effect of increase in net debt resulting from the consolidation of CIC. Indofood's gearing increased principally because of an increase in net debt which reflects its consolidation of CMFC, payments for investments in CMFC, CMAA and MPM, capital expenditure and dividends to shareholders, partly offset by its operating cash inflow.

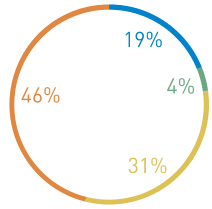
Net Debt and Gearing



PLDT's gearing remained flat, which principally reflects a reduction in net debt as a result of its strong operating cash inflow and reduced equity because of dividends paid. Philex changed from a net cash position to a net debt position principally because of its payments for capital expenditure, partly offset by an increase in operating cash inflow as a result of the resumption of Padcal Mine's operations following its suspension during August 2012 to early March 2013.

The Group's gearing increased to 0.42 times level principally as a result of a higher net debt level which reflects the acquisition and consolidation of PLP, CIC and CMFC and Indofood's payments for investments and capital expenditure, partly offset by a growth of its equity principally reflecting the Company's rights issue and profit recorded for the year.

Maturity Profile of Consolidated Debt 2013



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

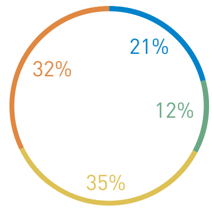
Maturity Profile

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

Consolidated

	Carrying amounts		Nominal values	
US$ millions	**2013**	2012	**2013**	2012
Within one year	**1,067.0**	926.5	**1,066.8**	926.6
One to two years	**225.6**	501.2	**224.7**	504.0
Two to five years	**1,751.3**	1,536.6	**1,754.6**	1,552.2
Over five years	**2,574.4**	1,400.7	**2,586.9**	1,408.5
Total	**5,618.3**	4,365.0	**5,633.0**	4,391.3

Maturity Profile of Consolidated Debt 2012



	US$ millions
Within one year	926.5
One to two years	501.2
Two to five years	1,536.6
Over five years	1,400.7
Total	**4,365.0**

The change in the Group's debt maturity profile from 31 December 2012 to 31 December 2013 principally reflects (i) MPIC's consolidation of CIC, repayments and refinancing of short-term borrowings with long-term borrowings; (ii) Indofood's new borrowings for its investments in CMFC, CMAA and capital expenditure, consolidation of CMFC and reclassification between long-term borrowings and short-term borrowings and (iii) Head Office's refinancing of US$650 million of short-term and long-term secured borrowings with US$400 million of ten-year unsecured bonds issued in April 2013 and US$250 million of unsecured long-term borrowings drawn in June 2013.

Associated

	PLDT				Philex				DMT				RHI			
	Carrying amounts		Nominal values		Carrying amounts		Nominal values		Carrying amounts		Nominal values		Carrying amounts		Nominal values	
US$ millions	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Within one year	**341.7**	316.4	**344.4**	318.4	**139.1**	35.3	**139.1**	35.3	**40.2**	38.1	**40.2**	38.1	**10.3**	39.5	**10.3**	39.5
One to two years	**287.3**	471.4	**290.1**	498.5	**1.2**	–	**1.2**	–	**50.3**	42.9	**50.4**	43.0	**28.8**	5.7	**28.8**	5.7
Two to five years	**983.4**	1,268.4	**986.1**	1,271.1	**–**	–	**–**	–	**64.9**	110.0	**65.1**	110.4	**113.4**	90.1	**113.4**	90.1
Over five years	**732.2**	765.0	**732.6**	765.4	**–**	–	**–**	–	**34.7**	37.1	**34.9**	37.3	**8.2**	50.7	**8.2**	50.7
Total	**2,344.6**	2,821.2	**2,353.2**	2,853.4	**140.3**	35.3	**140.3**	35.3	**190.1**	228.1	**190.6**	228.8	**160.7**	186.0	**160.7**	186.0

The change in PLDT's debt maturity profile from 31 December 2012 to 31 December 2013 principally reflects loan repayments and new borrowings arranged to finance capital expenditure and/or refinance its loan obligations which were utilized for service improvements and expansion programs. The increase in Philex's debt principally reflects additional loans borrowed from Head Office.

Financial Risk Management

Foreign Currency Risk

(A) Company Risk

As the Head Office debts are currently denominated in U.S. dollars, foreign currency risk relates mainly to the receipt of cash dividends and to the translation of non-U.S. dollar denominated investments in subsidiary and associated companies.

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

With the exception of the Head Office, the principal components of the Group's NAV mainly relate to investments denominated in the peso and the rupiah. Accordingly, any change in these currencies, against their respective 31 December 2013 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)	33.2	6.00
MPIC	(i)	14.1	2.56
Indofood	(i)	23.8	4.31
Philex	(i)	4.1	0.74
Philex Petroleum	(i)	0.5	0.09
FP Natural Resources	(ii)	0.3	0.05
Head Office – Other assets	(iii)	0.8	0.14
Total		**76.8**	**13.89**

(i) Based on quoted share prices as at 31 December 2013 applied to the Group's economic interest
(ii) Based on quoted share prices as at 31 December 2013 applied to the Group's effective economic interest in RHI held through First Pacific's 70% direct interest in FP Natural Resources
(iii) Based on the principal amount of loans receivable from Philex

(B) Group Risk

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

Net Debt by Currency

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

Consolidated

US$ millions	US$	Peso	Rupiah	S$	Renminbi	Others	**Total**
Total borrowings	3,128.1	1,128.4	965.9	316.0	57.4	22.5	**5,618.3**
Cash and cash equivalents[i]	(883.0)	(396.0)	(607.8)	(86.0)	(381.3)	(81.7)	**(2,435.8)**
Net Debt/(Cash)	2,245.1	732.4	358.1	230.0	(323.9)	(59.2)	**3,182.5**
Representing:							
Head Office	1,247.4	(11.4)	(0.1)	–	–	(75.6)	**1,160.3**
MPIC	21.0	743.8	–	–	–	–	**764.8**
Indofood	501.3	–	358.2	284.7	(323.9)	20.8	**841.1**
FPM Power	477.2	–	–	(54.7)	–	(4.3)	**418.2**
FPM Infrastructure	(0.5)	–	–	–	–	(0.1)	**(0.6)**
FP Natural Resources	(1.3)	–	–	–	–	–	**(1.3)**
Net Debt/(Cash)	2,245.1	732.4	358.1	230.0	(323.9)	(59.2)	**3,182.5**

Associated

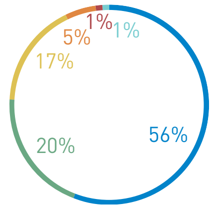
US$ millions	US$	Peso	Baht	Others	**Total**
Net Debt/(Cash)					
PLDT	1,219.6	408.7	–	(2.3)	**1,626.0**
Philex	41.9	6.5	–	–	**48.4**
DMT	–	–	186.7	–	**186.7**
RHI	–	156.3	–	–	**156.3**

(i) Includes pledged deposits and restricted cash

Details of changes in Head Office net debt are set out on page 97.

PLDT carries U.S. dollar debts primarily because international vendors of telecommunications equipment quote prices and require payment in U.S. dollars. In addition, large funding requirements often cannot be satisfied in local currency due to inherent constraints within the financial markets in the Philippines. As a result, financing frequently needs to be sourced from the international capital market, principally in U.S. dollars. PLDT has actively hedged approximately 17% of its U.S. dollar net borrowings. In addition, substantial revenues of PLDT are either denominated in, or linked to, the U.S. dollar. For example, PLDT's U.S. dollar denominated international inbound revenue accounted for approximately US$237.0 million or 6% of PLDT's total service revenues in 2013. 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.

Analysis of Total Borrowings by Currency



	US$ millions
US$	3,128.1
Peso	1,128.4
Rupiah	965.9
S$	316.0
Renminbi	57.4
Others	22.5
Total	**5,618.3**

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

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

As a result of unhedged U.S. dollar net debt, the Group's results are sensitive to fluctuations in U.S. dollar exchange rates. The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in the principal operating currencies of subsidiary and associated companies. This does not reflect the indirect effect of fluctuating exchange rates on revenues and input costs at the operating company level.

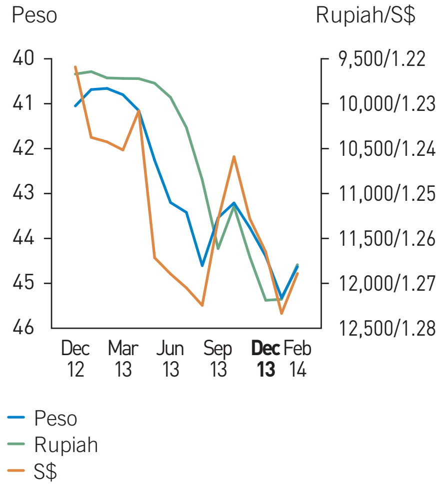
US$ millions	Total US$ exposure	Hedged amount	Unhedged amount	Profit effect of 1% change in currency	**Group net profit effect**
Head Office[(i)]	1,247.4	–	1,247.4	–	**–**
MPIC	21.0	–	21.0	0.2	**0.1**
Indofood	501.3	(112.5)	388.8	3.9	**1.5**
FPM Power	477.2	(490.7)	(13.5)	(0.1)	**(0.1)**
FPM Infrastructure[(i)]	(0.5)	–	(0.5)	–	**–**
FP Natural Resources[(i)]	(1.3)	–	(1.3)	–	**–**
PLDT	1,219.6	(201.7)	1,017.9	10.2	**1.8**
Philex	41.9	–	41.9	0.4	**0.1**
Total	**3,506.6**	**(804.9)**	**2,701.7**	**14.6**	**3.4**

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

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.

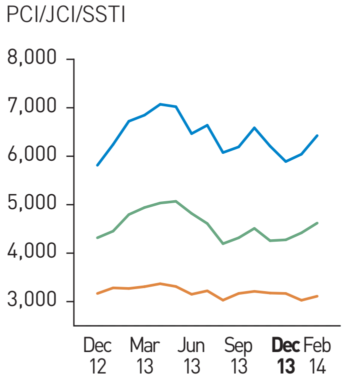
Peso, Rupiah and Singapore Dollars Closing Rates Against the U.S. Dollars



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 2012	5,813	4,317	3,167
At 31 December 2013	**5,890**	**4,274**	**3,167**
Change during 2013	+1.3%	–1.0%	–
At 25 March 2014	6,336	4,703	3,104
Change during 1 January 2014 to 25 March 2014	+7.6%	+10.0%	–2.0%

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 follows.

Consolidated

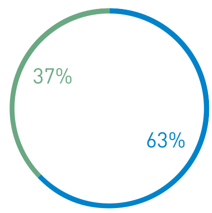
US$ millions	Fixed interest rate borrowings	Variable interest rate borrowings	Cash and cash equivalents[(i)]	Net debt/ (cash)
Head Office	1,483.9	249.6	(573.2)	**1,160.3**
MPIC	1,098.9	50.8	(384.9)	**764.8**
Indofood[(ii)]	467.8	1,776.6	(1,403.3)	**841.1**
FPM Power[(ii)]	490.7	–	(72.5)	**418.2**
FPM Infrastructure	–	–	(0.6)	**(0.6)**
FP Natural Resources	–	–	(1.3)	**(1.3)**
Total	3,541.3	2,077.0	(2,435.8)	**3,182.5**

Associated

US$ millions	Fixed interest rate borrowings	Variable interest rate borrowings	Cash and cash equivalents	Net debt
PLDT	1,256.9	1,087.7	(718.6)	**1,626.0**
Philex	82.5	57.8	(91.9)	**48.4**
DMT	190.1	–	(3.4)	**186.7**
RHI	–	160.7	(4.4)	**156.3**

(i) Includes pledged deposits and restricted cash
(ii) At 31 December 2013, CMFC, a subsidiary company of Indofood, had interest rate swap agreements which effectively changed US$112.5 million of its bank loans from London Interbank Offered Rate (LIBOR)-based variable interest rate to fixed interest rate. PLP, a subsidiary company of FPM Power, had interest rate swap agreements which effectively changed US$490.7 million of its bank loans from Singapore Swap Offer Rate (SOR)-based variable interest rate to fixed interest rate.

Interest Rate Profile



	US$ millions
Fixed	3,541.3
Variable	2,077.0
Total	**5,618.3**

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

US$ millions	Variable interest rate borrowings	Profit effect of 1% change in interest rates	**Group net profit effect**
Head Office	249.6	2.5	**2.5**
MPIC	50.8	0.5	**0.2**
Indofood	1,776.6	17.8	**6.7**
PLDT	1,087.7	10.9	**1.9**
Philex	57.8	0.6	**0.2**
RHI	160.7	1.6	**0.3**
Total	**3,383.2**	**33.9**	**11.8**

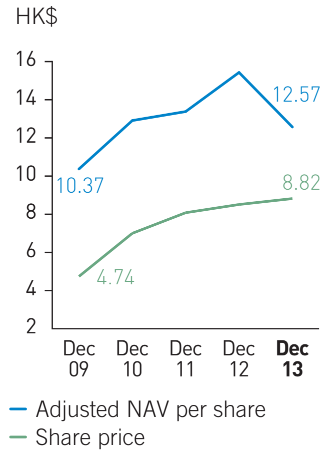
Adjusted NAV Per Share

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

At 31 December US$ millions	Basis	**2013**	2012
PLDT	(i)	**3,317.2**	3,404.8
MPIC	(i)	**1,413.0**	1,574.4
Indofood	(i)	**2,380.4**	2,659.5
Philex	(i)	**407.0**	832.6
Philex Petroleum	(i)	**49.9**	208.1
FPM Power	(ii)	**330.0**	–
FPM Infrastructure	(ii)	**101.3**	–
FP Natural Resources	(iii)	**25.9**	–
Head Office – Other assets	(iii)	**80.0**	26.8
– Net debt		**(1,160.3)**	(1,133.8)
Total Valuation		**6,944.4**	7,572.4
Number of Ordinary Shares in Issue (millions)		**4,309.7**	3,827.6
Value per share – U.S. dollars		**1.61**	1.98
– HK dollars		**12.57**	15.43
Company's closing share price (HK$)		**8.82**	8.51
Share price discount to HK$ value per share (%)		**29.8**	44.8

(i) Based on quoted share prices applied to the Group's economic interest
(ii) Represents investment costs in FPM Power and FPM Infrastructure
(iii) Based on quoted share price applied to the Group's effective economic interest in RHI held through First Pacific's 70% interest in FP Natural Resources
(iv) Represents loans receivable from Philex

Share Price vs Adjusted NAV Per Share



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

Contents

Report of the Directors

The Directors present their report and the audited financial statements of First Pacific Company Limited (the Company) and its subsidiary companies (together, the Group) (the Consolidated Financial Statements) for the year ended 31 December 2013.

Principal Business Activities and Geographical Market Analysis of Operations

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

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 28, 29 and 36(D)(a) to the Consolidated Financial Statements.

Reserves

Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Financial Statements on pages 116 to 118.

Purchase, Sale or Redemption of Listed Securities of the Company

During the year, the Company repurchased 24,986,000 shares on the SEHK and these shares were subsequently cancelled by the Company. Further details of these transactions are set out in Note 28(B) to the Consolidated Financial Statements.

In July 2013, the Company issued 480,194,901 new share and raised HK$3,857.1 million (approximately US$494.5 million), net of expenses, by way of a fully underwritten rights issue. Further details of this rights issue are set out in Note 28(C) to the Consolidated Financial Statements.

During the year, the independent trustee managing the Company's share award scheme subscribed 1,003,914 new shares issued by the Company and purchased 9,483,061 existing shares of the Company on the SEHK, in each case, at the cost of the Company. Further details of these transactions are set out in Note 29 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 2013 and the state of affairs of the Company and the Group at that date are set out in the Consolidated Financial Statements on pages 112 to 216.

An interim dividend of HK8.00 cents (U.S. 1.03 cents) (2012: HK8.00 cents or U.S. 1.03 cents) per ordinary share, totaling HK$346.3 million (US$44.4 million) (2012: HK$308.9 million or US$39.6 million), was paid on 24 September 2013. The Directors recommended the payment of a final dividend of HK13.00 cents (U.S. 1.67 cents) (2012: HK13.00 cents or U.S. 1.67 cents) per ordinary share, totaling HK$557.7 million (US$71.5 million) (2012: HK$500.7 million or US$64.2 million). The total dividends per ordinary share for 2013 equals to HK21.00 cents (U.S. 2.70 cents) (2012: HK21.00 cents or U.S. 2.70 cents), totaling HK$904.0 million (US$115.9 million) (2012: HK$809.6 million or US$103.8 million).

Charitable Contributions

The Group made charitable contributions totaling US$39.4 million in 2013 (2012: US$36.4 million).

Property, Plant and Equipment

Details of movements in the Group's property, plant and equipment during the year are provided in Note 11 to the Consolidated Financial Statements.

Borrowings

Details of the borrowings of the Group are provided in Note 25 to the Consolidated Financial Statements.

Distributable Reserves

At 31 December 2013, 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$383.8 million (2012: US$309.3 million). The Company's share premium account, in the amount of US$1,821.8 million (2012: US$1,312.2 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 of the Directors of the Company who held office at 31 December 2013 are set out on pages 54 to 57. Details of the remuneration policy and other details are provided in the Corporate Governance Report on page 82 and Note 36(A) to the Consolidated Financial Statements, respectively.

Interests of Directors in the Company and its Associated Corporations

As at 31 December 2013, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (SFO)) which (a) were recorded in the register required to be kept under section 352 of Part XV of the SFO; or (b) were notified to the Company and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (Model Code) were as follows:

(A) Long Positions in Shares in the Company

Name	Ordinary shares	Approximate percentage of issued share capital (%)	Ordinary share options
Anthoni Salim	1,925,474,957(C)(i)	44.68	–
Manuel V. Pangilinan	58,299,092(P)(ii)	1.35	29,753,578
Edward A. Tortorici	37,274,149(P)	0.86	20,573,666
Robert C. Nicholson	2,229,939(P)(iii)	0.05	27,632,368
Benny S. Santoso	–	–	3,594,812
Napoleon L. Nazareno	477,166(P)(iv)	0.01	4,502,055
Graham L. Pickles	–	–	2,528,635
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	898,838(P)(v)	0.02	4,502,790
Margaret Leung Ko May Yee, *SBS, JP*	238,582(P)(vi)	less than 0.01	1,812,887
Philip Fan Yan Hok	238,582(P)(vii)	less than 0.01	1,812,887

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

(i) Anthoni Salim indirectly owns 100% of First Pacific Investments (B.V.I.) Limited, his indirect interests in First Pacific Investments (B.V.I.) Limited are held through Salerni International Limited (a company of which Anthoni Salim directly holds 100% of the issued share capital). First Pacific Investments (B.V.I.) Limited and Salerni International Limited are interested in 633,186,599 shares and 502,058,994 shares respectively in the Company. Anthoni Salim also owns 56.8% of First Pacific Investments Limited which, in turn, is interested in 790,229,364 shares in the Company. Of this, 10.0% is held by Anthoni Salim directly, and 46.8% by Salerni International Limited. The remaining 43.2% interest in First Pacific Investments Limited is owned as to 30.0% by Sutanto Djuhar (a former Non-executive Director of the Company), 10.0% by Tedy Djuhar (a Non-executive Director of the Company), and 3.2% by a company controlled by the late Mr. Ibrahim Risjad (a former Non-executive Director of the Company).
(ii) It included Mr. Pangilinan's interests in 2,726,660 awarded shares granted pursuant to the Company's Share Award Scheme as adopted by the Board on 19 March 2013 (the Share Award Scheme) which remain unvested.
(iii) It included Mr. Nicholson's interests in 1,772,329 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.
(iv) It included Mr. Nazareno's interests in 381,733 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.
(v) It included Prof. Chen's interests in 381,733 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.
(vi) It included Mrs. Leung's interests in 238,582 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.
(vii) It included Mr. Fan's interests in 238,582 awarded shares granted pursuant to the Company's Share Award Scheme which remain unvested.

(B) Long Positions in Shares in Associated Corporations

- Manuel V. Pangilinan owned 21,342,404 common shares[P] (0.08%)* and 6,250,000 share options in MPIC, 229,033 common shares[P] (0.11%)* in PLDT as beneficial owner and a further 15,417 common shares (less than 0.01%)* in PLDT as nominee, 4,655,000 common shares[P] (0.09%)* in Philex, 891,250 common shares[P] (0.05%)* in Philex Petroleum Corporation (PPC), 25,000 common shares[P] (less than 0.01%)* in Meralco, as well as 50,000 common shares[P] (less than 0.01%)* in Roxas Holdings, Inc..

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

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

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

- Anthoni Salim owned 1,329,770 ordinary shares[P] (0.02%)* in Indofood and an indirect interest of 4,396,103,450 Indofood shares (50.07%)* through the Company's group companies, a direct interest of 2,007,788 shares[C] (0.14%)* in Indofood Agri Resources Ltd. (IndoAgri) through his controlled corporations other than the Company and an indirect interest of 1,018,200,000 IndoAgri shares (71.84%)* through the Company's group companies and a direct interest of 20,483,364 shares[C] (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 (79.34%)* through the Company's group companies.

- Napoleon L. Nazareno owned 6,648 common shares[P] (less than 0.01%)* in MPIC, 19,927 common shares[P] (less than 0.01%)* in PLDT as well as 110,000 common shares[P] (0.01%)* 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 2013.

Save for those disclosed above, as at 31 December 2013, 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 at 31 December 2013 as recorded in the register required to be kept under Section 336 of the SFO are set out below:

(a) Salerni International Limited (Salerni), which was incorporated in the British Virgin Islands, was interested in 1,925,474,957 ordinary shares of the Company at 31 December 2013, representing approximately 44.68% of the Company's issued share capital at that date, by way of 502,058,994 ordinary shares of the Company held, representing approximately 11.65% of the Company's issued share capital at that date and also its 46.80% interest in First Pacific Investments Limited (FPIL-Liberia) and 100% interest in First Pacific Investments (B.V.I.) Limited (FPIL-BVI). Anthoni Salim, Chairman of the Company, beneficially owns the entire issued share capital of Salerni and, accordingly, is taken to be interested in the shares owned by Salerni.

(b) FPIL-Liberia, which was incorporated in the Republic of Liberia, beneficially owned 790,229,364 ordinary shares at 31 December 2013, representing approximately 18.34% 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), the late Ibrahim Risjad (who was a Non-executive Director of the Company) and Sutanto Djuhar (a former Non-executive Director of the Company), in the proportion specified in note (i) of the table on page 107. Anthoni Salim, Chairman of the Company, is taken to be interested in the shares owned by FPIL-Liberia.

(c) FPIL-BVI, which was incorporated in the British Virgin Islands, beneficially owned 633,186,599 ordinary shares at 31 December 2013, representing approximately 14.69% of the Company's issued share capital at that date. Anthoni Salim, Chairman of the Company, beneficially owns the entire issued share capital of FPIL-BVI and, accordingly, is taken to be interested in the shares owned by FPIL-BVI.

(d) Lazard Asset Management LLC (Lazard), a United States incorporated company, notified the Company that it held 301,481,399 ordinary shares of the Company at 26 June 2013, representing approximately 7.84% of the Company's issued share capital at that date. At 31 December 2013, the Company has not received any other notification from Lazard 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 2013 who had an interest or short position in the shares or underlying shares of the Company to be recorded in the register required to be kept under Section 336 of Part XV of the SFO.

Contracts of Significance

Except for the connected transaction and continuing connected transactions set out in the Corporate Governance Report on pages 85 to 90, there were no contracts of significance in relation to the Company's business to which the Company or its subsidiary companies were parties, and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

Directors' Rights to Acquire Shares or Debentures

Apart from as disclosed under the heading "Interests of Directors in the Company and its Associated Corporations" above, "Shares Held for Share Award Scheme" and "Share Options" in Notes 29 and 36(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 2013, 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 36% (2012: 35%) of the total purchases for the year of which purchases from the largest supplier included therein accounted for 32% (2012: 31%) of the total purchases.

Connected Transaction and Continuing Connected Transactions

Connected transaction and continuing connected transactions required to be disclosed in accordance with Chapter 14A of the Listing Rules, are disclosed in the Corporate Governance Report on pages 85 to 90.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public at both 31 December 2013 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
25 March 2014

Independent Auditors' Report

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

We have audited the consolidated financial statements of First Pacific Company Limited (the Company) and its subsidiaries (together, the Group) set out on pages 112 to 216, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

ERNST & YOUNG
Certified Public Accountants

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

25 March 2014

Consolidated Financial Statements

Consolidated Income Statement

For the year ended 31 December US$ millions	Notes	2013	2012 (Restated)[i]
Turnover	4	**6,206.3**	5,990.8
Cost of sales		**(4,377.1)**	(4,129.0)
Gross Profit		**1,829.2**	1,861.8
Selling and distribution expenses		**(461.0)**	(432.1)
Administrative expenses		**(528.5)**	(443.7)
Other operating (expenses)/income, net		**(99.4)**	36.7
Interest income		**70.3**	75.0
Finance costs	5	**(304.5)**	(273.7)
Share of profits less losses of associated companies and joint ventures		**267.7**	240.6
Profit Before Taxation	6	**773.8**	1,064.6
Taxation	7	**(152.9)**	(229.7)
Profit for the Year		**620.9**	834.9
Attributable to:			
Owners of the parent	8	**235.3**	353.3
Non-controlling interests		**385.6**	481.6
		620.9	834.9
Earnings Per Share Attributable to Owners of the Parent (U.S. cents)	9		
Basic		**5.66**	9.01
Diluted		**5.60**	8.90

(i) Refer to Note 2(B)

Details of the dividend proposed for the year are disclosed in Note 10 to the Consolidated Financial Statements.

The Notes on pages 121 to 216 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December US$ millions	2013	2012 (Restated)[(i)]
Profit for the Year	**620.9**	834.9
Other Comprehensive (Loss)/Income		
Items that may be Reclassified Subsequently to Profit or Loss:		
Exchange differences on translating foreign operations	**(990.5)**	(37.0)
Unrealized gains/(losses) on available-for-sale assets	**18.0**	(2.2)
Realized gain on available-for-sale assets	**(0.8)**	–
Unrealized gains on cash flow hedges	**7.6**	0.1
Realized losses on cash flow hedges	**–**	2.7
Income tax related to cash flow hedges	**(1.3)**	(0.2)
Share of other comprehensive income/(loss) of associated companies and joint ventures	**2.3**	(26.0)
Items that will not be Reclassified to Profit or Loss:		
Actuarial losses on defined benefit pension plans	**(25.6)**	(32.6)
Revaluation (deficit)/increment of assets	**(1.6)**	1.6
Share of other comprehensive loss of associated companies and joint ventures	**(51.4)**	(23.6)
Other Comprehensive Losses for the Year, Net of Tax	**(1,043.3)**	(117.2)
Total Comprehensive (Loss)/Income for the Year	**(422.4)**	717.7
Attributable to:		
Owners of the parent	**(177.2)**	366.5
Non-controlling interests	**(245.2)**	351.2
	(422.4)	717.7

(i) Refer to Note 2(B)

The Notes on pages 121 to 216 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Financial Position

US$ millions	Notes	At 31 December 2013	At 31 December 2012 (Restated)[i]	At 1 January 2012 (Restated)[i]
Non-current Assets				
Property, plant and equipment	11	**2,920.1**	1,824.3	1,651.7
Plantations	12	**1,164.4**	1,301.5	1,280.9
Associated companies and joint ventures	14	**3,406.6**	3,299.1	3,035.1
Goodwill	15	**1,047.1**	808.2	819.6
Other intangible assets	16	**2,386.8**	2,305.8	2,105.9
Accounts receivable, other receivables and prepayments	17	**18.5**	190.6	32.5
Available-for-sale assets	18	**63.7**	41.9	33.1
Deferred tax assets	19	**162.9**	132.3	109.9
Pledged deposits	20	**11.1**	11.1	11.1
Other non-current assets	21	**423.3**	288.4	236.0
		11,604.5	10,203.2	9,315.8
Current Assets				
Cash and cash equivalents	22	**2,375.4**	2,175.0	1,875.4
Pledged deposits and restricted cash	20	**49.3**	33.1	43.7
Available-for-sale assets	18	**101.8**	58.7	63.4
Accounts receivable, other receivables and prepayments	17	**754.1**	600.0	581.8
Inventories	23	**695.7**	816.7	731.7
Plantations	12	**2.0**	–	–
		3,978.3	3,683.5	3,296.0
Current Liabilities				
Accounts payable, other payables and accruals	24	**980.7**	984.4	796.5
Short-term borrowings	25	**1,067.0**	926.5	1,119.3
Provision for taxation	26	**32.6**	39.0	49.6
Current portion of deferred liabilities, provisions and payables	27	**250.4**	119.7	137.6
		2,330.7	2,069.6	2,103.0
Net Current Assets		**1,647.6**	1,613.9	1,193.0
Total Assets Less Current Liabilities		**13,252.1**	11,817.1	10,508.8
Equity				
Issued share capital	28	**43.1**	38.3	38.5
Shares held for share award scheme	29	**(9.6)**	–	–
Retained earnings		**1,575.7**	1,479.8	1,284.0
Other components of equity	30	**1,900.7**	1,721.9	1,700.2
Equity attributable to owners of the parent		**3,509.9**	3,240.0	3,022.7
Non-controlling interests	31	**4,008.3**	4,010.7	3,856.5
Total Equity		**7,518.2**	7,250.7	6,879.2
Non-current Liabilities				
Long-term borrowings	25	**4,551.3**	3,438.5	2,575.7
Deferred liabilities, provisions and payables	27	**816.0**	691.2	607.2
Deferred tax liabilities	19	**366.6**	436.7	446.7
		5,733.9	4,566.4	3,629.6
		13,252.1	11,817.1	10,508.8

(i) Refer to Note 2(B)

The Notes on pages 121 to 216 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

25 March 2014

Company Statement of Financial Position

At 31 December US$ millions	Notes	2013	2012
Non-current Assets			
Subsidiary companies	13	**1,106.9**	1,028.4
		1,106.9	1,028.4
Current Assets			
Cash and cash equivalents	22	**552.5**	558.6
Amounts due from subsidiary companies	13(A)	**3,437.5**	2,494.9
Other receivables and prepayments	17	**0.4**	0.2
		3,990.4	3,053.7
Current Liabilities			
Amounts due to subsidiary companies	13(B)	**1,106.9**	742.0
Other payables and accruals	24	**1.4**	3.7
		1,108.3	745.7
Net Current Assets		**2,882.1**	2,308.0
Total Assets Less Current Liabilities		**3,989.0**	3,336.4
Equity			
Issued share capital	28	**43.1**	38.3
Retained earnings		**210.0**	135.5
Other components of equity	30	**2,031.3**	1,519.3
Equity attributable to owners of the parent		**2,284.4**	1,693.1
Non-current Liabilities			
Loans from subsidiary companies	13(C)	**1,703.1**	1,643.3
Other payables	27	**1.5**	–
		1,704.6	1,643.3
		3,989.0	3,336.4

The Notes on pages 121 to 216 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

25 March 2014

Consolidated Statement of Changes in Equity

		Equity attributable to owners of the parent										
US$ millions	Notes	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive income/(loss) (Note 32)	Differences arising from changes in equities of subsidiary companies	Capital and other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2012												
As previously reported		38.5	–	1,289.2	39.7	109.8	248.6	12.3	1,284.6	3,022.7	3,856.5	6,879.2
Prior year adjustments	2(B)	–	–	–	–	0.6	–	–	(0.6)	–	–	–
As restated		38.5	–	1,289.2	39.7	110.4	248.6	12.3	1,284.0	3,022.7	3,856.5	6,879.2
Profit for the year												
As previously reported		–	–	–	–	–	–	–	348.8	348.8	481.4	830.2
Prior year adjustments	2(B)	–	–	–	–	–	–	–	4.5	4.5	0.2	4.7
As restated		–	–	–	–	–	–	–	353.3	353.3	481.6	834.9
Other comprehensive income/(loss) for the year												
As previously reported		–	–	–	–	52.4	–	1.0	(42.4)	11.0	(130.2)	(119.2)
Prior year adjustments	2(B)	–	–	–	–	(42.4)	–	–	44.6	2.2	(0.2)	2.0
As restated		–	–	–	–	10.0	–	1.0	2.2	13.2	(130.4)	(117.2)
Total comprehensive income for the year		–	–	–	–	10.0	–	1.0	355.5	366.5	351.2	717.7
Issue of shares upon the exercise of share options	28(A)	0.3	–	23.0	(7.5)	–	–	–	–	15.8	–	15.8
Repurchase and cancellation of shares	28(B)	(0.5)	–	–	–	–	–	0.5	(56.5)	(56.5)	–	(56.5)
Employee share-based compensation benefits		–	–	–	1.6	–	–	–	–	1.6	–	1.6
Reserves of a disposal group of associated companies classified as held for sale		–	–	–	–	12.7	–	(12.7)	–	–	–	–
Acquisition, dilution and divestment of interests in subsidiary companies		–	–	–	–	–	0.8	–	–	0.8	(15.3)	(14.5)
Acquisition and dilution of interests in associated companies		–	–	–	–	–	(7.1)	–	–	(7.1)	–	(7.1)
Revaluation increment of assets transferred to retained earnings		–	–	–	–	–	–	(0.6)	0.6	–	–	–
2011 final dividend		–	–	–	–	–	–	–	(64.2)	(64.2)	–	(64.2)
2012 interim dividend	10	–	–	–	–	–	–	–	(39.6)	(39.6)	–	(39.6)
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	–	–	(181.7)	(181.7)
Balance at 31 December 2012		38.3	–	1,312.2	33.8	133.1	242.3	0.5	1,479.8	3,240.0	4,010.7	7,250.7

continued/...

Consolidated Statement of Changes in Equity (continued)

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 income/(loss) (Note 32)	Differences arising from changes in equities of subsidiary companies	Capital and other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2013												
As previously reported		38.3	–	1,312.2	33.8	174.9	242.3	0.5	1,431.3	3,233.3	4,010.7	**7,244.0**
Prior year adjustments	2(B)	–	–	–	–	(41.8)	–	–	48.5	6.7	–	**6.7**
As restated		38.3	–	1,312.2	33.8	133.1	242.3	0.5	1,479.8	3,240.0	4,010.7	**7,250.7**
Profit for the year		–	–	–	–	–	–	–	235.3	235.3	385.6	**620.9**
Other comprehensive loss for the year		–	–	–	–	(411.6)	–	(0.9)	–	(412.5)	(630.8)	**(1,043.3)**
Total comprehensive loss for the year		–	–	–	–	(411.6)	–	(0.9)	235.3	(177.2)	(245.2)	**(422.4)**
Issue of shares upon the exercise of share options	28(A)	0.3	–	18.9	(6.0)	–	–	–	–	13.2	–	**13.2**
Repurchase and cancellation of shares	28(B)	(0.3)	–	–	–	–	–	0.3	(28.5)	(28.5)	–	**(28.5)**
Issue of shares in respect of rights issue	28(C)	4.8	–	496.7	–	–	–	–	–	501.5	–	**501.5**
Purchase of shares for share award scheme	29	–	(10.6)	–	–	–	–	–	–	(10.6)	–	**(10.6)**
Issue of shares under share award scheme	29	–	(1.0)	1.0	–	–	–	–	–	–	–	**–**
Shares vested under share award scheme	29	–	2.0	–	(2.0)	–	–	–	–	–	–	**–**
Transaction costs for issue of shares	28(C)	–	–	(7.0)	–	–	–	–	–	(7.0)	–	**(7.0)**
Employee share-based compensation benefits		–	–	–	20.3	–	–	–	–	20.3	–	**20.3**
Acquisition, dilution and divestment of interests in subsidiary companies		–	–	–	–	(6.7)	60.8	–	–	54.1	135.3	**189.4**
Reserves of a disposal group of associated companies classified as held for sale		–	–	–	–	–	–	12.7	–	12.7	–	**12.7**
Revaluation deficit of assets transferred to retained earnings		–	–	–	–	–	–	1.5	(1.5)	–	–	**–**
Appropriation to statutory reserve funds		–	–	–	–	–	–	0.8	(0.8)	–	–	**–**
2012 final dividend	10	–	–	–	–	–	–	–	(64.2)	(64.2)	–	**(64.2)**
2013 interim dividend	10	–	–	–	–	–	–	–	(44.4)	(44.4)	–	**(44.4)**
Acquisition of subsidiary companies		–	–	–	–	–	–	–	–	–	154.5	**154.5**
Capital contribution from non-controlling shareholders		–	–	–	–	–	–	–	–	–	141.4	**141.4**
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	–	–	(188.4)	**(188.4)**
Balance at 31 December 2013		**43.1**	**(9.6)**	**1,821.8**	**46.1**	**(285.2)**	**303.1**	**14.9**	**1,575.7**	**3,509.9**	**4,008.3**	**7,518.2**

The Notes on pages 121 to 216 form an integral part of the Consolidated Financial Statements.

Company Statement of Changes in Equity

US$ millions	Notes	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Capital redemption reserve	Contributed surplus	Retained earnings	Total
Balance at 1 January 2012		38.5	–	1,289.2	37.9	1.2	173.8	106.5	1,647.1
Profit for the year		–	–	–	–	–	–	189.3	189.3
Issue of shares upon the exercise of share options	28(A)	0.3	–	23.0	(7.5)	–	–	–	15.8
Repurchase and cancellation of shares	28(B)	(0.5)	–	–	–	0.5	–	(56.5)	(56.5)
Employee share-based compensation benefits		–	–	–	1.2	–	–	–	1.2
2011 final dividend		–	–	–	–	–	–	(64.2)	(64.2)
2012 interim dividend	10	–	–	–	–	–	–	(39.6)	(39.6)
Balance at 31 December 2012		38.3	–	1,312.2	31.6	1.7	173.8	135.5	**1,693.1**
Profit for the year		–	–	–	–	–	–	211.6	**211.6**
Issue of shares upon the exercise of share options	28(A)	0.3	–	18.9	(6.0)	–	–	–	**13.2**
Repurchase and cancellation of shares	28(B)	(0.3)	–	–	–	0.3	–	(28.5)	**(28.5)**
Issue of shares in respect of rights issue	28(C)	4.8	–	496.7	–	–	–	–	**501.5**
Purchase of shares for share award scheme	29	–	(10.6)	–	–	–	–	–	**(10.6)**
Issue of shares under share award scheme	29	–	(1.0)	1.0	–	–	–	–	**–**
Shares vested under share award scheme	29	–	2.0	–	(2.0)	–	–	–	**–**
Transaction costs for issue of shares	28(C)	–	–	(7.0)	–	–	–	–	**(7.0)**
Employee share-based compensation benefits		–	–	–	19.7	–	–	–	**19.7**
2012 final dividend	10	–	–	–	–	–	–	(64.2)	**(64.2)**
2013 interim dividend	10	–	–	–	–	–	–	(44.4)	**(44.4)**
Balance at 31 December 2013		**43.1**	**(9.6)**	**1,821.8**	**43.3**	**2.0**	**173.8**	**210.0**	**2,284.4**

The Notes on pages 121 to 216 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 December US$ millions	Notes	2013	2012 (Restated)[(i)]
Profit Before Taxation		**773.8**	1,064.6
Adjustments for:			
Finance costs	5	**304.5**	273.7
Depreciation	6	**176.5**	143.9
Foreign exchange and derivative losses, net	6	**109.1**	8.9
Amortization of other intangible assets	6	**85.7**	93.7
Employee share-based compensation benefit expenses	35(A)	**21.6**	1.6
Impairment losses	6	**12.4**	16.0
Share of profits less losses of associated companies and joint ventures		**(267.7)**	(240.6)
Interest income		**(70.3)**	(75.0)
Preferred share dividend income from a joint venture	6	**(9.5)**	(13.3)
Gain on changes in fair value of plantations	6	**(5.8)**	(5.9)
(Gain)/loss on sale of property, plant and equipment	6	**(0.2)**	0.2
Gain on dilution of interests in associated companies	6	**–**	(14.4)
Others		**32.5**	30.5
		1,162.6	1,283.9
Increase in accounts payable, other payables and accruals		**89.1**	355.9
Decrease/(increase) in accounts receivable, other receivables and prepayments		**8.8**	(3.5)
Increase in other non-current assets		**(68.6)**	(57.1)
Increase in inventories		**(34.1)**	(133.0)
Net cash generated from operations		**1,157.8**	1,446.2
Interest received		**66.9**	75.6
Interest paid		**(300.2)**	(266.3)
Taxes paid	26	**(200.6)**	(253.5)
Net Cash Flows From Operating Activities		**723.9**	1,002.0
Dividends received from associated companies	14(B)	**228.1**	245.4
Preferred share dividends received from a joint venture		**9.5**	13.3
Proceeds from disposal of available-for-sale assets		**7.2**	–
Proceeds from disposal of property, plant and equipment		**6.2**	5.6
Proceeds from disposal of plantations		**1.0**	–
Acquisition of subsidiary companies	33(A)	**(693.0)**	(4.9)
Purchase of property, plant and equipment		**(659.5)**	(423.7)
(Increase)/decrease in time deposits with original maturity of more than three months		**(376.0)**	0.2
Investments in associated companies	33(B)	**(194.3)**	(25.3)
Investments in other intangible assets		**(131.7)**	(160.6)
Investments in plantations		**(108.5)**	(117.3)
Acquisition of available-for-sale assets		**(73.1)**	(7.5)
Investments in joint ventures	33(C)	**(71.3)**	–
Loans to an associated company, net	33(D)	**(55.9)**	(26.7)
Deposit for acquisition of a business	33(E)	**(52.3)**	–
Increased investments in associated companies	33(F)	**(52.0)**	(3.6)
(Increase)/decrease in pledged deposits and restricted cash		**(13.6)**	13.2
Investment in a convertible note		**–**	(160.9)
Purchase of preferred shares of a joint venture		**–**	(84.7)
Increased investments in a joint venture		**–**	(64.2)
Net Cash Flows Used in Investing Activities		**(2,229.2)**	(801.7)

(i) Refer to Note 2(B)

continued/...

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December US$ millions	Notes	2013	2012 (Restated)[i]
Proceeds from new borrowings		**3,588.9**	1,274.7
Proceeds from rights issue of the Company, net		**494.5**	–
Proceeds from shares issued to non-controlling shareholders by subsidiary companies		**145.5**	3.5
Capital contribution from non-controlling shareholders		**141.4**	–
Proceeds from divestment of interests in subsidiary companies		**82.8**	1.3
Proceeds from the issue of shares under a long-term incentive plan		**14.2**	15.8
Borrowings repaid		**(2,505.4)**	(766.6)
Dividends paid to non-controlling shareholders by subsidiary companies		**(188.4)**	(181.7)
Dividends paid to shareholders		**(108.6)**	(103.8)
Repurchase of shares		**(31.3)**	(54.2)
Payments for concession fees payable		**(29.7)**	(26.5)
Repurchase of subsidiary companies' shares		**(20.2)**	(4.7)
Payments for purchase and subscription of shares under a long-term incentive plan		**(11.6)**	–
Increased investments in subsidiary companies		**–**	(21.3)
Net Cash Flows From Financing Activities		**1,572.1**	136.5
Net Increase in Cash and Cash Equivalents		**66.8**	336.8
Cash and cash equivalents at 1 January		**2,161.7**	1,874.9
Exchange translation		**(225.7)**	(50.0)
Cash and Cash Equivalents at 31 December		**2,002.8**	2,161.7
Representing			
Cash and cash equivalents as stated in the consolidated statement of financial position		**2,375.4**	2,175.0
Less time deposits with original maturity of more than three months		**(360.5)**	(0.3)
Less bank overdrafts		**(12.1)**	(13.0)
Cash and Cash Equivalents at 31 December		**2,002.8**	2,161.7

(i) Refer to Note 2(B)

The Notes on pages 121 to 216 form an integral part of the Consolidated Financial Statements.

1. Corporate Information

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

The Group comprises the Company and its subsidiary companies.

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

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

2. Basis of Preparation, Summary of Principal Accounting Policies and Changes

(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 disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. The Consolidated Financial Statements have been prepared under the historical cost convention except for plantations, available-for-sale assets and derivative financial instruments which, as disclosed in the accounting policies below, are stated at fair value. These Consolidated Financial Statements are presented in United States (U.S.) dollars and all values are rounded to the nearest million (US$ millions) with one decimal place except when otherwise indicated.

(B) Impact of New and Revised HKFRSs and Change in Accounting Policies

During 2013, the Group has adopted the following new and revised HKFRSs issued by the HKICPA for the first time for the current year's financial statements.

HKAS 1 Amendments	"Presentation of Items of Other Comprehensive Income"(i)
HKAS 19 (2011)	"Employee Benefits"(ii)
HKAS 27 (2011)	"Separate Financial Statements"(ii)
HKAS 28 (2011)	"Investments in Associates and Joint Ventures"(ii)
HKFRS 1 Amendments	"Government Loans"(ii)
HKFRS 7 Amendments	"Offsetting Financial Assets and Financial Liabilities"(ii)
HKFRS 10	"Consolidated Financial Statements"(ii)
HKFRS 11	"Joint Arrangements"(ii)
HKFRS 12	"Disclosure of Interests in Other Entities"(ii)
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	"Transition Guidance"(ii)
HKFRS 13	"Fair Value Measurement"(ii)
HK(IFRIC)-Int 20	"Stripping Costs in the Production Phase of a Surface Mine"(ii)
Improvements to HKFRSs	"Annual Improvements to HKFRSs 2009-2011 Cycle"(ii)

(i) Effective for annual periods commencing on or after 1 July 2012
(ii) Effective for annual periods commencing on or after 1 January 2013

The Group's adoption of the above pronouncements, except for HKAS 19 (2011), has had no effect on both the profit attributable to owners of the parent for the years ended 31 December 2013 and 31 December 2012 and the equity attributable to owners of the parent at 31 December 2013 and 31 December 2012, but has only resulted in certain changes to the presentation and disclosures of financial statements. In particular, the Group's adoption of HKAS 1 Amendments has resulted in a change in the presentation of its consolidated statement of comprehensive income in a way that items that could be reclassified (or recycled) to profit or loss at a future point of time when specific conditions are met are now presented separately from items which will never be reclassified (or recycled). The Group's adoption of HKFRS 12 and HKFRS 13 has resulted in certain additional disclosures for its subsidiary companies, associated companies and joint ventures in Notes 13(E), 14(I)(J)(K) and 31 to the Consolidated Financial Statements and fair value measurements of plantations and financial instruments in Notes 12(E) and 38(A) to the Consolidated Financial Statements. The impacts of the Group's adoption of HKAS 19 (2011) are summarized as follows.

HKAS 19 (2011) includes a number of amendments to the accounting treatments for obligations for defined benefit pension plans and other employee benefits. The Group's adoption of HKAS 19 (2011) has resulted in changes in its accounting policies which include (a) the replacement of interest cost on defined benefit obligations and expected returns on plan assets recognized in profit or loss with net interest on net defined benefit liability or asset calculated using the discount rate used to measure the pension benefit obligations; (b) recognition of all past service costs in the period they occur in the income statement instead of on a straight-line basis over the vesting period; and (c) recognition of termination benefits only when the Group can no longer withdraw the offer of those benefits instead of accruing their related costs based on the existence of formal plans. In addition, the Group's adoption of HKAS 19 (2011) has resulted in certain additional disclosures for its retirement benefits in Note 35(B) to the Consolidated Financial Statements.

The effects of the above changes are summarized below:

(a) Effects on the Consolidated Statements of Financial Position at 31 December 2013, 31 December 2012 and 1 January 2012

US$ millions	**At 31 December 2013**	At 31 December 2012	At 1 January 2012
Assets			
Increase in associated companies and joint ventures	**–**	6.7	–
	–	6.7	–
Equity			
Increase in actuarial losses on defined benefit pension plans	**(30.3)**	(22.2)	(10.2)
Increase in share of other comprehensive (loss)/income of associated companies and joint ventures	**(79.7)**	(19.6)	10.8
Increase/(decrease) in retained earnings	**110.0**	48.5	(0.6)
	–	6.7	–

(b) Effects on the Consolidated Income Statements for the Years Ended 31 December 2013 and 2012

For the year ended 31 December US$ millions	**2013**	2012
Increase in cost of sales	**–**	(0.1)
Increase in administrative expenses	**–**	(0.2)
(Decrease)/increase in share of profits less losses of associated companies and joint ventures	**(6.7)**	4.9
Decrease in taxation	**–**	0.1
(Decrease)/increase in profit for the year	**(6.7)**	4.7
Attributable to:		
Owners of the parent	**(6.7)**	4.5
Non-controlling interests	**–**	0.2
(Decrease)/increase in profit for the year	**(6.7)**	4.7
(Decrease)/increase in earnings per share attributable to owners of the parent (U.S. cent)		
Basic	**(0.16)**	0.11
Diluted	**(0.16)**	0.11

(c) Effects on the Other Comprehensive Income Attributable to the Parent for the Years Ended 31 December 2013 and 2012

For the year ended 31 December US$ millions	**2013**	2012
Increase in actuarial losses on defined benefit pension plans	**(8.1)**	(12.0)
Increase in share of other comprehensive loss of associated companies and joint ventures	**(60.1)**	(30.4)
Increase in retained earnings	**68.2**	44.6
	–	2.2

(C) Impact of 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 19 Amendments	"Defined Benefit Plans: Employee Contributions"(i)
HKAS 32 Amendments	"Offsetting Financial Assets and Financial Liabilities"(ii)
HKAS 36 Amendments	"Recoverable Amount Disclosures for Non-Financial Assets"(ii)
HKAS 39 Amendments	"Novation of Derivatives and Continuation of Hedge Accounting"(ii)
HKFRS 9	"Financial Instruments"(iii)
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	"Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39"(iii)
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	"Investment Entities"(ii)
HKFRS 14	"Regulatory Deferral Accounts"(iv)
HK(IFRIC)-Int 21	"Levies"(ii)
Improvements to HKFRSs	"Annual Improvements to HKFRSs 2010-2012 Cycle"(v)
Improvements to HKFRSs	"Annual Improvements to HKFRSs 2011-2013 Cycle"(v)

(i) Effective for annual periods commencing on or after 1 July 2014
(ii) Effective for annual periods commencing on or after 1 January 2014
(iii) No mandatory effective date determined yet, but is available for adoption
(iv) Effective for annual periods commencing on or after 1 January 2016
(v) Generally effective on 1 July 2014, unless otherwise stated in the specified HKFRSs

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

HKAS 32 Amendments clarify the requirements for offsetting financial instruments. The amendments clarify the meaning of (i) "currently has a legally enforceable right to set off" and (ii) the application of the offsetting criteria in HKAS 32 to settlement systems, such as central clearing house systems, which apply gross settlement mechanisms that are not simultaneous.

HKAS 36 Amendments remove the requirement to disclose the recoverable amount of each cash-generating unit and expand the disclosure requirements for impaired assets whose recoverable amounts are based on fair value less costs of disposal, which include (i) their level of fair value hierarchy; (ii) a description of the valuation techniques used to measure their fair value less costs of disposal for fair value measurement categorized within Level 2 and Level 3; (iii) reasons for the change of valuation techniques and (iv) key assumptions on which management has based its determination of fair value less costs of disposal.

HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing.

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 as 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. 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 9, HKFRS 7 and HKAS 39 Amendments add the requirements related to hedge accounting and made some related changes to HKFRS 7 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.

HKFRS 10 Amendments include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to be accounted for as subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidating them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities.

HKFRS 14 specifies the financial reporting requirements for regulatory deferral account balances arising when an entity provides goods or service to customers at a price or rate that is subject to rate regulation. The standard permits entities adopting HKFRSs to continue to use the previous generally accepted accounting principles for the recognition, measurement, impairment and derecognition of regulatory deferral account balances. Under the new requirements, however, regulatory deferral account balances and movements in these accounts are required to be presented as separate line items in the statement of financial position and the income statement and statement of other 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.

HK(IFRIC)-Int 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached.

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

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

HKFRS 2 clarifies the definition of ‘vesting conditions’ by separately defining a ‘performance condition’ and ‘service condition’. Under the new definitions, there would be a need for a correlation between an employee’s responsibility and the performance target. The performance target would need to be defined by reference to an entity’s own operations or activities and the specified service period would be required for at least the duration of the performance target.

HKFRS 3 designates that contingent consideration in a business acquisition that is not classified as equity shall subsequently be measured at fair value through profit or loss, in lieu of being recognized through other comprehensive income, whether or not it falls within the scope of HKFRS 9.

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

HKFRS 13 clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. Evaluations of ‘immaterial’ shall be continued in order to record the receivable and payable at the invoice amount.

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

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

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

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

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

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

The Group has not early adopted the above new and revised HKFRSs for the year ended 31 December 2013. The Company has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position and presentation of its Consolidated Financial Statements.

(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 2013. All significant intra-group transactions and balances within the Group are eliminated on consolidation.

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

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.

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

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

The acquisition of subsidiary companies during the year has been accounted for using the acquisition method of accounting. This method involves allocating the consideration transferred to the vendor to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The consideration transferred is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Non-controlling interests in the acquirees (that are present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation) are measured either at the non-controlling interests' proportionate share of the acquirees' identifiable net assets or at their fair values. All other components of non-controlling interests are measured at fair values. All acquisition-related costs are recognized as expenses in profit or loss. Contingent consideration is measured at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" is measured at fair value with changes in fair value either recognized in profit or loss or as a charge to other comprehensive income depending on its classification in accordance with HKAS 39. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired, liabilities and contingent liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the assets acquired, liabilities and contingent liabilities assumed, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

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

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

(III) Separate financial statements

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

(b) Cash and cash equivalents

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

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 receivable cannot be collected in full. The amount of loss is measured as the difference between the asset's carrying amount and the present value of future cash flows. The carrying amount of the receivables is reduced through the use of a provision account and the amount of loss is recognized as an expense in the consolidated income statement. When an account and other receivable has no realistic prospect of future recovery, it is written off against the provision for accounts and other receivables. Subsequent recoveries of amounts previously written-off are included as income in the consolidated income statement.

(d) Inventories

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

(e) Property, plant and equipment

Freehold land is stated at cost and is not depreciated. Other property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses, calculated on the straight-line basis at annual rates estimated to write off their book values to residual values over their expected useful lives. Details of depreciation rates are set out in Note 11(A) to the Consolidated Financial Statements.

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 plantations and vegetables.

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

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

Oil palm trees have an average life that ranges from 20 to 25 years, with the first three to four years as immature and the remaining years as mature.

Rubber trees have an average life that ranges from 20 to 25 years, with the first five to six years as immature and the remaining years as mature.

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

Vegetables are growing crops of the Group on the cultivation bases to be harvested within the next three to six months. They are classified as current assets and stated at cost less any accumulated impairment losses. Costs of the vegetables comprise purchase cost of raw materials accounted for on a weighted average basis, direct labor and an attributable proportion of cultivation overheads based on the volume of crops harvested.

(g) Associated companies and joint ventures

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

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

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

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

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

(h) Intangible assets (other than goodwill)

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

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

(i) Accounts and other payables

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

(j) Asset retirement obligations

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

(k) Income tax

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

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

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

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

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

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

(l) Provisions, contingent liabilities and assets

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

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

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

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

(m) Impairment of non-financial assets

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

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

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

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

(n) Accounting for acquisition and disposal of subsidiary companies, associated companies and joint ventures

(I) Results

The results of subsidiary companies acquired or disposed of are accounted for from or to the effective date of obtaining or losing control.

(II) Fair value adjustments

On the acquisition of a subsidiary company or an interest in an associated company or a joint venture, the consideration transferred is allocated to the fair values of the identifiable assets, liabilities and contingent liabilities acquired.

(III) *Goodwill*

Goodwill represents the excess of the aggregation 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 Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition. 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.

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the consideration transferred, after reassessment, is recognized immediately in the consolidated income statement 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.

(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). The Consolidated Financial Statements are presented in the currency of the United States dollar, which is the Company's functional and presentation currency.

(II) *Transactions and balances*

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

(III) *Group companies*

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

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

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

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

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

Contributions to defined benefit schemes are determined based on the 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. 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. 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. 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.

(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 payment, 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 value 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 the binomial model or the Black-Scholes-Merton formula, which includes the impact of market performance conditions but excludes the impact of service conditions and non-market performance conditions. For grant of awarded shares, the total amount to be expensed is determined by reference to the market performance conditions at the grant date, taking into account all non-vesting conditions associated with the grants.

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

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

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

Where the terms of an equity-settled award are modified, an expense, as a minimum, is recognized as if the terms had not been modified if the original terms of the award are met. An expense is recognized for any increase in the fair value of the transactions as a result of the modification, as measured at the date of modification.

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

(IV) Cash-settled transactions

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

(V) Paid leave carried forward

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

(VI) Short-term employee benefits

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

(VII) Cash long-term employee benefits

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

(VIII) Termination benefits

Termination benefits are 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.

(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 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

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 and derecognizes a financial asset when the Group no longer controls the contractual rights to the cash flows that comprise the financial instrument which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument have already expired or are passed through to an independent third party. A financial liability (or a part of a financial liability) is derecognized when the obligation is extinguished. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of the reporting period. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using the trade date accounting, which means the accounting based on the date that the Group commits to purchase or sell the asset.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(I) *Assets carried at amortized cost*

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognized in the consolidated income statement.

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

(II) Assets carried at cost

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

(III) Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the consolidated income statement, is removed from other comprehensive income and recognized in the consolidated income statement. 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.

(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.

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.

In relation to 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) Fair value measurement

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

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

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

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

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

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

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

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

(x) Dividends

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

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

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

(y) **Related parties**

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

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

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

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

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 Maynilad Water Services, Inc. (Maynilad) and Manila North Tollways Corporation (MNTC), 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.

At the end of the year 2012, Maynilad determined that it is more appropriate to use the unit of production (UOP) method for amortizing the service concession asset as the economic benefit of this asset is more closely aligned with the billed volume. Beginning 1 January 2013, the service concession asset is amortized on a UOP basis. This change in the amortization method is to decrease the consolidated amortization expense in the current year by US$14.7 million. The change in the amortization method also resulted in the write-off of portion of deferred tax assets amounting to US$14.1 million for the year ended 31 December 2012. On the UOP basis, the amortization expense is expected to decrease in the earlier period and increase in the later period of the concession term compared to straight-line method of the amortization. Quantitative disclosure on future impact is not provided as it is impractical to estimate the difference in future amortization. The calculation of the UOP amortization is subject to other variables such as additional capital expenditures and concession fees paid every year, re-estimation of projected billable volume and actual billed volume during the year. All of these variables are subject to changes on an annual basis.

(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) 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.

(c) Assets impairment

HKFRS requires that an impairment review should be performed when certain impairment indication is present. In case of goodwill, such asset is subject to yearly impairment testing and whenever there is an indication that such asset may be impaired.

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. The Group's business acquisitions have resulted in goodwill, which is subject to periodic impairment testing.

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., value in use) and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements. Future events could cause the Group to conclude that an item of property, plant and equipment associated with an acquired business is impaired. Any resulting impairment loss would affect directly the Group's consolidated profit or loss and equity.

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.

(d) Deferred tax assets

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. 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.

(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 accounts receivable

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

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

(g) 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.

(h) 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, rates of salary and pension increase 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 the 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.

(i) **Measurement of fair value of plantations**

HKFRS 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 life of plantations, yield per hectare, plantation area and discount rates. The amount of changes in fair value would differ if the Group utilized different assumptions. Any changes in fair value of these plantations would affect directly the Group's profit or loss, assets and equity.

(j) **Employee share-based compensation benefit expenses**

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

4. Turnover and Operating Segmental Information

US$ millions	**2013**	2012
Turnover		
Sale of goods	**5,395.3**	5,247.8
Sale of electricity	**5.9**	–
Rendering of services	**805.1**	743.0
Total	**6,206.3**	5,990.8

Operating Segmental Information

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

The Board of Directors considers the business of the Group from both product or service and geographical perspectives. From the product or service perspective, the Group's business interests are divided into four main segments, which are telecommunications, infrastructure, consumer food products and natural resources. Geographically, the Board of Directors considers the businesses of the Group are operating in the Philippines, Indonesia, Singapore and Thailand. Details of the Group's principal investments are provided on the inside back cover.

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 2013 and 2012, and total assets and total liabilities at 31 December 2013 and 2012 regarding the Group's operating segments are as follows:

By Principal Business Activity – 2013

For the year ended/at 31 December US$ millions	Telecom- munications	Infrastructure	Consumer Food Products	Natural Resources	Head Office	2013 Total
Revenue						
Turnover	–	730.0	5,476.3	–	–	**6,206.3**
Results						
Recurring profit	209.9	90.2	159.8	7.3	(140.1)	**327.1**
Assets and Liabilities						
Non-current assets (other than financial instruments and deferred tax assets)						
– Associated companies and joint ventures	1,427.7	1,168.6	191.7	618.6	–	**3,406.6**
– Others	–	3,794.9	4,060.0	–	34.9	**7,889.8**
	1,427.7	4,963.5	4,251.7	618.6	34.9	**11,296.4**
Other assets	–	791.2	2,835.9	–	659.3	**4,286.4**
Total assets	1,427.7	5,754.7	7,087.6	618.6	694.2	**15,582.8**
Borrowings	–	1,640.5	2,244.3	–	1,733.5	**5,618.3**
Other liabilities	–	1,067.3	1,269.1	–	109.9	**2,446.3**
Total liabilities	–	2,707.8	3,513.4	–	1,843.4	**8,064.6**
Other Information						
Depreciation and amortization	–	(89.8)	(169.7)	–	(24.3)	**(283.8)**
Gain on changes in fair value of plantations	–	–	5.8	–	–	**5.8**
Impairment losses	–	(3.8)	(8.6)	–	–	**(12.4)**
Interest income	–	10.7	49.1	–	10.5	**70.3**
Finance costs	–	(93.5)	(106.1)	–	(104.9)	**(304.5)**
Share of profits less losses of associated companies and joint ventures	207.0	54.2	11.3	(4.8)	–	**267.7**
Taxation	–	(13.0)	(125.1)	–	(14.8)	**(152.9)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	–	869.8	920.6	–	38.2	**1,828.6**

By Geographical Market – 2013

For the year ended/at 31 December US$ millions	The Philippines	Indonesia	Singapore	Thailand	Head Office	2013 Total
Revenue						
Turnover	724.1	5,476.3	5.9	–	–	**6,206.3**
Results						
Recurring profit	311.9	159.6	(4.8)	0.5	(140.1)	**327.1**
Assets and Liabilities						
Non-current assets (other than financial instruments and deferred tax assets)						
– Associated companies and joint ventures	3,143.9	133.4	–	129.3	–	**3,406.6**
– Others	2,717.2	4,060.0	1,077.7	–	34.9	**7,889.8**
	5,861.1	4,193.4	1,077.7	129.3	34.9	**11,296.4**
Other assets	663.4	2,834.6	124.3	4.8	659.3	**4,286.4**
Total assets	6,524.5	7,028.0	1,202.0	134.1	694.2	**15,582.8**
Borrowings	1,149.8	2,244.3	490.7	–	1,733.5	**5,618.3**
Other liabilities	810.3	1,269.1	257.0	–	109.9	**2,446.3**
Total liabilities	1,960.1	3,513.4	747.7	–	1,843.4	**8,064.6**
Other Information						
Depreciation and amortization	(88.9)	(169.7)	(0.9)	–	(24.3)	**(283.8)**
Gain on changes in fair value of plantations	–	5.8	–	–	–	**5.8**
Impairment losses	(3.8)	(8.6)	–	–	–	**(12.4)**
Interest income	10.7	49.1	–	–	10.5	**70.3**
Finance costs	(93.5)	(106.1)	–	–	(104.9)	**(304.5)**
Share of profits less losses of associated companies and joint ventures	255.9	11.0	–	0.8	–	**267.7**
Taxation	(14.0)	(125.1)	1.0	–	(14.8)	**(152.9)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	413.5	864.0	380.7	132.2	38.2	**1,828.6**

By Principal Business Activity and Geographical Market – 2012

For the year ended/at 31 December US$ millions	The Philippines Telecom-munications	Infrastructure	Natural Resources	Total	Indonesia Consumer Food Products	Head Office	2012 (Restated) Total
Revenue							
Turnover	–	660.8	–	660.8	5,330.0	–	5,990.8
Results							
Recurring profit	190.5	86.6	13.6	290.7	170.1	(102.8)	358.0
Assets and liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
– Associated companies and joint ventures	1,560.0	1,065.8	642.7	3,268.5	30.6	–	3,299.1
– Others	–	2,472.4	–	2,472.4	3,999.7	–	6,472.1
	1,560.0	3,538.2	642.7	5,740.9	4,030.3	–	9,771.2
Other assets	–	615.6	–	615.6	2,875.6	624.3	4,115.5
Total assets	1,560.0	4,153.8	642.7	6,356.5	6,905.9	624.3	13,886.7
Borrowings	–	1,062.5	–	1,062.5	1,584.6	1,717.9	4,365.0
Other liabilities	–	862.4	–	862.4	1,298.8	109.8	2,271.0
Total liabilities	–	1,924.9	–	1,924.9	2,883.4	1,827.7	6,636.0
Other information							
Depreciation and amortization	–	(92.7)	–	(92.7)	(144.9)	(1.6)	(239.2)
Gain on changes in fair value of plantations	–	–	–	–	5.9	–	5.9
Impairment losses	–	(3.7)	–	(3.7)	(12.3)	–	(16.0)
Interest income	–	15.5	–	15.5	58.6	0.9	75.0
Finance costs	–	(93.6)	–	(93.6)	(99.4)	(80.7)	(273.7)
Share of profits less losses of associated companies and joint ventures	203.5	45.0	(4.1)	244.4	(3.8)	–	240.6
Taxation	–	(41.4)	–	(41.4)	(170.4)	(17.9)	(229.7)
Additions to non-current assets (other than financial instruments and deferred tax assets)	–	330.1	–	330.1	601.0	3.7	934.8

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

For the year ended 31 December US$ millions	**2013**	2012 (Restated)
Profit before taxation	**773.8**	1,064.6
Exclusion of:		
– Foreign exchange and derivative losses, net (Note 8)	**120.7**	0.9
– Gain on changes in fair value of plantations (Note 6)	**(5.8)**	(5.9)
– Non-recurring items	**51.9**	(6.6)
Deduction of attributable taxation and non-controlling interests	**(613.5)**	(695.0)
Recurring Profit	**327.1**	358.0

5. Finance Costs

US$ millions	2013	2012
Finance costs on bank loans and other loans		
– Wholly repayable within five years	**185.1**	174.4
– Not wholly repayable within five years	**149.0**	107.5
Less: Finance costs capitalized in		
– Property, plant and equipment	**(23.8)**	(2.5)
– Plantations	**(5.8)**	(5.7)
Total	**304.5**	273.7

The capitalization rate of borrowings costs for 2013 was 6.9% (2012: 7.6%).

6. Profit Before Taxation

US$ millions	Notes	2013	2012
Profit Before Taxation is Stated after (Charging)/Crediting			
Cost of inventories sold		**(3,056.8)**	(2,853.3)
Employees' remuneration	35(A)	**(654.2)**	(566.5)
Cost of services rendered		**(265.2)**	(247.8)
Depreciation	11	**(176.5)**	(143.9)
Foreign exchange and derivative losses, net	8	**(109.1)**	(8.9)
Amortization of other intangible assets(i)	16	**(85.7)**	(93.7)
Operating lease rentals			
– Land and buildings		**(17.0)**	(16.8)
– Hire of plant and equipment		**(15.5)**	(16.9)
– Others		**(4.3)**	(5.9)
Impairment losses			
– Accounts receivable(ii)	17(C)	**(7.5)**	(3.7)
– Inventories(iii)		**(4.9)**	(12.3)
Auditors' remuneration			
– Audit services		**(3.5)**	(3.7)
– Non-audit services(iv)		**(0.9)**	(0.3)
Preferred share dividend income from a joint venture		**9.5**	13.3
Gain on changes in fair value of plantations	12	**5.8**	5.9
Gain on disposal of available-for-sale assets		**0.8**	–
Gain/(loss) on sale of property, plant and equipment		**0.2**	(0.2)
Gain on dilution of interests in associated companies		**–**	14.4

(i) US$66.3 million (2012: US$73.0 million) included in cost of sales, US$18.4 million (2012: US$20.7 million) included in other operating (expenses)/income, net and US$1.0 million (2012: Nil) included in administrative expenses
(ii) Included in selling and distribution expenses
(iii) Included in cost of sales
(iv) Pertains to due diligence, review of continuing connected transactions and other transactions relating to the Group's business development and excludes an amount of US$0.3 million (2012: Nil) in respect of the service rendered in connection with the Company's rights issue completed in July 2013 which has been charged directly to share premium

7. Taxation

No Hong Kong profits tax (2012: Nil) has been provided as the Group had no estimated assessable profits (2012: 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	**2013**	2012 (Restated)
Subsidiary Companies – Overseas		
Current taxation (Note 26)	**183.1**	225.6
Deferred taxation (Note 19)	**(30.2)**	4.1
Total	**152.9**	229.7

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$99.3 million (2012: US$94.5 million (Restated)) which is analyzed as follows:

US$ millions	**2013**	2012 (Restated)
Associated Companies and Joint Ventures – Overseas		
Current taxation	**124.5**	96.8
Deferred taxation	**(25.2)**	(2.3)
Total	**99.3**	94.5

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

For the year ended 31 December US$ millions	**2013**	**%**	2012 (Restated)	%
Profit Before Taxation	**773.8**		1,064.6	
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**233.3**	**30.1**	298.3	28.0
Tax effect of:				
– Non-deductible expenses	**17.5**	**2.3**	18.2	1.7
– Income not subject to tax	**(26.6)**	**(3.4)**	(32.1)	(3.0)
– Share of profits less losses of associated companies and joint ventures	**(53.9)**	**(7.0)**	(46.2)	(4.3)
– Others	**(17.4)**	**(2.2)**	(8.5)	(0.8)
Taxation	**152.9**	**19.8**	229.7	21.6

8. Profit Attributable to Owners of the Parent

The profit attributable to owners of the parent includes US$56.3 million of net foreign exchange and derivative losses (2012: US$1.8 million of gains), which represent the foreign exchange translation differences on the Group's unhedged foreign currency denominated borrowings and payables and the changes in the fair values of derivatives, US$1.0 million (2012: US$0.1 million) of loss on changes in fair value of plantations and US$34.5 million (2012: US$6.4 million (Restated)) of net non-recurring losses.

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

US$ millions	**2013**	2012
Foreign exchange and derivative (losses)/gains		
– Subsidiary companies (Note 6)	**(109.1)**	(8.9)
– Associated companies and joint ventures	**(11.6)**	8.0
Subtotal (Note 4)	**(120.7)**	(0.9)
Attributable to taxation and non-controlling interests	**64.4**	2.7
Total	**(56.3)**	1.8

The non-recurring losses for 2013 mainly represent the Group's debt refinancing costs (US$17.8 million), PLDT's impairment provisions for cellular network equipment and site facilities (US$12.9 million), Philex's impairment provisions for investments (US$10.9 million) and PLDT's manpower reduction costs (US$6.6 million), partly offset by PLDT's gain on disposal of its business process outsourcing business (US$13.0 million). The non-recurring losses for 2012 mainly represented PLDT's impairment provisions for Digital Telecommunications Philippines, Inc. (Digitel)'s cell sites (US$17.6 million) and Philex's provisions for fees and penalties in respect of an accidental discharge of water and tailings from its tailings pond No. 3 (US$9.9 million), partly offset by the Group's gain on dilution of a 0.2% interest in PLDT as a result of PLDT's issuance of new shares upon its tender offer for Digitel's shares in January 2012 (US$14.5 million).

Included in the profit attributable to owners of the parent for the year ended 31 December 2013 is a profit of US$211.6 million (2012: US$189.3 million) attributable to the Company.

9. Earnings Per Share Attributable to Owners of the Parent

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the parent of US$235.3 million (2012: US$353.3 million (Restated)) and the weighted average number of ordinary shares of 4,157.4 million (2012: 3,922.7 million (Restated)) in issue less shares held for share award scheme during the year.

The calculation of diluted earnings per share is based on: (a) the profit for the year attributable to owners of the parent of US$235.3 million (2012: US$353.3 million (Restated)) reduced by the dilutive impacts of US$0.1 million (2012: 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 4,157.4 million (2012: 3,922.7 million (Restated)) in issue less shares held for share award scheme during the year (as used in the basic earnings per share calculation) and the weighted average number of ordinary shares of 40.4 million (2012: 45.3 million (Restated)) assumed to have been issued at no consideration on the deemed exercise of all share options and transfer of all awarded shares of the Company during the year.

In July 2013, the Company completed a rights issue. The effect of the bonus element included within the rights issue has been included within the calculations of basic and diluted earnings per share for the year, through an adjustment to the weighted average number of ordinary and dilutive potential ordinary shares outstanding. Comparative amounts have been restated on this basis.

10. Ordinary Share Dividends

	U.S. cents per ordinary share		US$ millions	
	2013	2012	**2013**	2012
Interim	**1.03**	1.03	**44.4**	39.6
Proposed final	**1.67**	1.67	**71.5**	64.2
Total	**2.70**	2.70	**115.9**	103.8

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

11. Property, Plant and Equipment

	Consolidated			
US$ millions	Land and buildings	Machinery, equipment and vessels	Construction in progress	**Total**
Cost				
At 1 January 2013	977.2	1,627.0	165.7	**2,769.9**
Exchange translation	(176.0)	(344.1)	(66.7)	**(586.8)**
Additions	79.1	163.9	425.1	**668.1**
Acquisition of subsidiary companies (Note 33(A))	69.8	142.1	793.9	**1,005.8**
Disposals	(3.2)	(19.7)	–	**(22.9)**
Reclassification	202.5	439.0	(641.5)	**–**
Other movements	(2.2)	–	–	**(2.2)**
At 31 December 2013	1,147.2	2,008.2	676.5	**3,831.9**
Accumulated Depreciation and Impairment				
At 1 January 2013	195.9	749.7	–	**945.6**
Exchange translation	(44.8)	(148.6)	–	**(193.4)**
Depreciation for the year (Note 6)	48.6	127.9	–	**176.5**
Disposals	(3.1)	(13.8)	–	**(16.9)**
At 31 December 2013	196.6	715.2	–	**911.8**
Net Carrying Amount at 31 December 2013	950.6	1,293.0	676.5	**2,920.1**

US$ millions	Land and buildings	Consolidated Machinery, equipment and vessels	Construction in progress	Total
Cost				
At 1 January 2012	646.0	1,608.8	264.3	**2,519.1**
Exchange translation	(36.8)	(94.9)	(14.2)	**(145.9)**
Additions	55.0	122.0	242.6	**419.6**
Disposals	(3.1)	(19.5)	–	**(22.6)**
Reclassification	316.1	10.9	(327.0)	**–**
Other movements	–	(0.3)	–	**(0.3)**
At 31 December 2012	977.2	1,627.0	165.7	**2,769.9**
Accumulated Depreciation and Impairment				
At 1 January 2012	177.0	690.4	–	**867.4**
Exchange translation	(12.1)	(36.8)	–	**(48.9)**
Depreciation for the year (Note 6)	32.4	111.5	–	**143.9**
Disposals	(1.4)	(15.4)	–	**(16.8)**
At 31 December 2012	195.9	749.7	–	**945.6**
Net Carrying Amount at 31 December 2012	781.3	877.3	165.7	**1,824.3**

(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	4.0% to 50.0%
Construction in progress	Nil

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

(C) The Group's lands included in property, plant and equipment are situated in Indonesia and the Philippines. The lands which are held under medium term leases with lease terms of between 10 and 50 years had a net book amount of US$209.2 million (2012: US$200.3 million) and the lands which are freehold had a net book amount of US$26.7 million (2012: US$26.4 million).

(D) During the year, employees' remuneration amounting to US$6.9 million (2012: Nil) were capitalized within the Group's property, plant and equipment.

(E) Property, plant and equipment with a net book amount of US$929.7 million (2012: US$110.7 million) were pledged as security for certain of the Group's banking facilities (Note 25(D)).

12. Plantations

US$ millions	Consolidated 2013	2012
At 1 January	**1,301.5**	1,280.9
Exchange translation	**(290.9)**	(82.7)
Additions	**109.4**	117.2
Acquisition of subsidiary companies (Note 33(A))	**56.8**	–
Gain on changes in fair value of plantations, net (Note 6)	**5.8**	5.9
Disposals	**(0.1)**	(0.2)
Realization of deferred costs	**(14.6)**	(19.0)
Reclassification[(i)]	**(1.5)**	(0.6)
At 31 December	**1,166.4**	1,301.5
Presented as		
Non-current Portion	**1,164.4**	1,301.5
Current Portion	**2.0**	–
Total	**1,166.4**	1,301.5

(i) To property, plant and equipment and other non-current assets

Physical measurement of oil palm, rubber, sugar cane and other plantations at 31 December 2013 is as follows:

Hectares	Consolidated 2013	2012
Oil palm		
– Mature plantations	**177,099**	176,105
– Immature plantations	**62,822**	54,814
Rubber		
– Mature plantations	**16,996**	17,507
– Immature plantations	**4,763**	4,295
Sugar cane		
– Mature plantations	**11,396**	12,255
– Immature plantations	**249**	78
Vegetables		
– Immature plantations	**3,760**	–
Timber, cocoa, tea and others		
– Mature plantations	**19,553**	3,227
– Immature plantations	**1,625**	444
Total	**298,263**	268,725

(A) The Group's plantations primarily comprise oil palm, rubber, sugar cane plantations and vegetables owned by Indofood. The fair values of plantations, except for vegetables, are determined by independent valuers using the discounted future cash flows of the underlying plantations. Vegetables are carried at cost less any impairment losses. Vegetables under cultivation that has not reached the point of being harvested do not have an active market and thus market-determined prices or values are not available for fair value to be measured reliably. In the opinion of the Group's management, estimates of fair value are determined to be unreliable.

(B) Oil palm plantations – Mature oil palm trees produce FFB, which are used to produce CPO and PKO. 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 life that ranges from 20 to 25 years of which 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 nine tonnes/hectare to 30 tonnes/hectare is determined by reference to guidelines issued by the Indonesian Oil Palm Research Institute in Indonesia, which varies with the average age of oil palm trees, as well as internal standards and results of internal assessments of other relevant factors;

(c) the discount rate used in 2013 was 11.7% (2012: 12.4%). 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 selling prices of CPO between US$0.85/kg to US$0.89/kg are based on the consensus of the World Bank and reputable independent forecasting service firms for the short-term period and the World Bank forecasts for the remainder of the projection period; and

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

During 2013, the Group's oil palm plantations produced approximately 2.9 million tonnes (2012: 3.0 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 life that ranges from 20 to 25 years of which the first five to six years as immature and the remaining years at mature stage;

(b) the discount rate used in 2013 was 11.2% (2012: 12.1%). 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 14,886/kg to Rupiah 30,047/kg (US$1.36/kg to US$2.75/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 2013, the Group's rubber plantations produced approximately 18 thousand tonnes (2012: 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 are 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;

(b) the discount rate used in 2013 was 10.3% (2012: 9.2%). Such discount rate represents the asset specific rate for the Group's sugar cane plantation operations which is applied in the discounted future cash flows calculation;

(c) the projected selling price of sugar at Rupiah 8,100/kg (US$0.74/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 2013, the Group's sugar cane plantations produced approximately 758 thousand tonnes (2012: 588 thousand tonnes) of sugar canes.

(E) Key unobservable inputs used in determining the fair value of the Group's oil palm, rubber and sugar cane plantations are as follows:

Inputs	**Range of Quantitative Inputs**	**Relationship between the Inputs and the Fair Value**
Discount rate determined using capital asset pricing model	Oil Palm: 11.7% Rubber: 11.2% Sugar cane: 10.3%	An increase/(decrease) in the discount rate would result in a (decrease)/increase in the fair value of plantations.
Price	Oil Palm – CPO Price: US$0.85/kg - US$0.89/kg Rubber – RSS1: Rupiah 14,886/kg - Rupiah 30,047/kg (US$1.36/kg - US$2.75/kg) Sugar cane – sugar: Rupiah 8,100/kg (US$0.74/kg)	An increase/(decrease) in the prices would result in an increase/(decrease) in fair value of plantations.
Exchange rate	Rupiah 9,494/US$1 - Rupiah 10,944/US$1	An increase/(decrease) in the exchange rate would result in an increase/(decrease) in fair value of plantations.
Inflation rate	5.4% - 6.3%	An increase/(decrease) in the inflation rate would result in a (decrease)/increase in fair value of plantations.

(F) Plantations with a net carrying amount of US$65.7 million (2012: US$72.7 million) were pledged as security for certain of the Group's banking facilities (Note 25(D)).

13. Subsidiary Companies

US$ millions	Company 2013	2012
Unlisted shares at cost	**1,217.2**	1,137.5
Less provision for impairment loss	**(110.3)**	(109.1)
Total	**1,106.9**	1,028.4

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

(A) The amounts due from subsidiary companies are unsecured, bear interest at rates ranging from 0% to 0.5% per annum (2012: 0% to 3.3% per annum) and are repayable within one year. The carrying values of the Company's amounts due from subsidiary companies approximate to their fair values.

(B) The amounts due to subsidiary companies are unsecured, interest free (2012: 0% to 1.9% per annum) and are repayable within one year. The carrying values of the Company's amounts due to subsidiary companies approximate to their fair values.

(C) The loans from subsidiary companies are unsecured, bear interest at rates ranging from 2.1% to 7.4% per annum (2012: 2.0% to 7.4% per annum) and are not repayable within one year. The carrying values of the Company's loans from subsidiary companies approximate to their fair values.

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

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

	2013	2012
Percentage of equity interest held by non-controlling interests		
– MPIC	**44.2%**	41.0%
– Indofood	**49.9%**	49.9%
– FPM Power	**40.0%**	–

US$ millions	2013	2012
Profit/(loss) for the year allocated to non-controlling interests		
– MPIC	**181.8**	142.6
– Indofood	**214.1**	339.0
– FPM Power	**(10.5)**	–
Dividends paid to non-controlling interests		
– MPIC	**58.8**	35.8
– Indofood	**129.6**	145.9
– FPM Power	**–**	–
Accumulated balances of non-controlling interests at 31 December		
– MPIC	**1,360.3**	1,160.0
– Indofood	**2,482.2**	2,850.7
– FPM Power	**132.6**	–

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

	MPIC		Indofood		FPM Power[(i)]
For the year ended/at 31 December US$ millions	**2013**	2012	**2013**	2012	**2013**
Statements of Comprehensive Income					
Turnover	**724.1**	660.8	**5,476.3**	5,330.0	**5.9**
Profit/(loss) for the year	**269.2**	218.8	**337.2**	517.0	**(22.9)**
Other comprehensive income/(loss)	**9.0**	14.3	**144.3**	(23.9)	**9.9**
Total Comprehensive Income/(Loss)	**278.2**	233.1	**481.5**	493.1	**(13.0)**
Statements of Financial Position					
Non-current assets	**3,957.1**	3,835.7	**4,365.0**	4,203.0	**1,078.8**
Current assets	**560.6**	390.4	**2,646.3**	2,686.1	**123.2**
Non-current liabilities	**(1,456.8)**	(1,320.2)	**(1,916.0)**	(1,530.7)	**(588.9)**
Current liabilities	**(509.5)**	(606.5)	**(1,597.4)**	(1,352.7)	**(324.0)**
Net Assets	**2,551.4**	2,299.4	**3,497.9**	4,005.7	**289.1**
Statements of Cash Flows					
Net cash from/(used in) operating activities	**263.2**	286.4	**658.5**	789.9	**(28.3)**
Net cash used in investing activities	**(344.6)**	(440.3)	**(1,368.7)**	(542.3)	**(601.2)**
Net cash from/(used in) financing activities	**140.9**	11.4	**645.4**	(245.8)	**660.6**
Net Increase/(Decrease) in Cash and Cash Equivalents	**59.5**	(142.5)	**(64.8)**	1.8	**31.1**

(i) Financial information in respect of FPM Power for 2012 is not presented as it is immaterial and FPM Power had no non-controlling interests during 2012.

14. Associated Companies and Joint Ventures

	Associated companies		Joint ventures		**Consolidated**	
US$ millions	**2013**	2012	**2013**	2012	**2013**	2012 (Restated)
Shares, at cost						
– Listed	**2,802.1**	2,789.7	**–**	–	**2,802.1**	2,789.7
– Unlisted	**260.9**	109.4	**634.3**	570.8	**895.2**	680.2
Share of post-acquisition reserves (Note 30)	**(710.7)**	(589.5)	**119.0**	115.9	**(591.7)**	(473.6)
Preferred shares, at cost	**–**	–	**260.7**	281.9	**260.7**	281.9
Amounts due from associated companies and joint ventures	**23.3**	2.5	**17.0**	18.4	**40.3**	20.9
Total	**2,375.6**	2,312.1	**1,031.0**	987.0	**3,406.6**	3,299.1

(A) At 31 December 2013, both the listed and unlisted investments were located outside Hong Kong.

(B) At 31 December 2013, the market valuation of listed investments in associated companies was US$3,826.1 million (2012: US$4,452.9 million) based on quoted market prices. The net dividends received from associated companies during 2013 amounted to US$228.1 million (2012: US$245.4 million).

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

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

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

(E) Philex was incorporated under the laws of the Philippines in 1995 to engage in mining activities. Philex is primarily engaged in large-scale exploration, development and utilization of mineral resources. Philex has operated for the past 55 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).

(F) DMT was incorporated under the laws of Thailand in 1994 and was granted a concession right by the Department of Highways, Ministry of Transport in Thailand, to provide an elevated toll road service from Din Daeng in central Bangkok past Don Muang International Airport to the National Monument during December 1994 to September 2034.

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

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

During 2012, Beacon Electric Asset Holdings Inc. (Beacon Electric), a 50%/50% joint venture formed by MPIC and PLDT Communications and Energy Ventures Inc. (PCEV, a 99.8%-owned subsidiary company of PLDT), acquired in aggregate an approximately 2.9% additional interest in Meralco which increased its interest in Meralco from 45.4% to 48.3%. During 2013, Beacon Electric acquired in aggregate an approximately 1.7% additional interest in Meralco which increased its interest in Meralco from 48.3% to 49.96%.

On 28 March 2013, First Pacific and Meralco's wholly-owned subsidiary company, Meralco PowerGen Corporation (Meralco PowerGen) acquired a 70.0% interest in PLP through FPM Power, which is 60.0% held by First Pacific, while Meralco PowerGen owns the remaining 40.0%. For the year ended 31 December 2013, Meralco had recorded an investment cost in FPM Power of US$110.0 million in its investments in associated companies and joint ventures, a loan to FPM Power of US$110.0 million and US$8.3 million of share of loss of FPM Power in its share of profits less losses of associated companies and joint ventures in respect of its investments in FPM Power.

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

	PLDT		Philex		DMT	RHI
For the year ended/at 31 December US$ millions	**2013**	2012	**2013**	2012	**2013**(i)	**2013**(ii)
Statements of Comprehensive Income						
Turnover	**3,847.4**	3,796.1	**245.4**	217.1	**7.7**	**15.5**
Profit/(loss) for the year from continuing operations	**782.9**	845.0	**7.3**	(7.4)	**3.1**	**1.1**
Profit for the year from discontinued operations	**48.5**	12.9	**–**	–	**–**	**–**
Profit/(loss) for the year	**831.4**	857.9	**7.3**	(7.4)	**3.1**	**1.1**
Other comprehensive loss	**(172.7)**	(163.5)	**(3.9)**	(48.6)	**(0.2)**	**–**
Total Comprehensive Income/(Loss)	**658.7**	694.4	**3.4**	(56.0)	**2.9**	**1.1**
Dividends Received	**220.5**	212.0	**–**	26.1	**–**	**–**
Statements of Financial Position						
Current assets	**1,523.9**	2,064.3	**188.9**	106.1	**6.0**	**85.7**
Non-current assets	**7,476.9**	7,821.6	**709.5**	607.0	**380.3**	**257.6**
Current liabilities	**(2,906.5)**	(2,978.9)	**(220.2)**	(112.5)	**(45.5)**	**(44.0)**
Non-current liabilities and provisions	**(3,001.4)**	(3,356.8)	**(94.5)**	(62.4)	**(157.9)**	**(173.2)**
Non-controlling interests	**(4.0)**	(4.5)	**(92.5)**	(9.8)	**–**	**(0.8)**
Net assets	**3,088.9**	3,545.7	**491.2**	528.4	**182.9**	**125.3**

(i) Information in respect of DMT for the statements of comprehensive income only relates to 15 November 2013 (date of becoming an associated company of the Group) and after.
(ii) Information in respect of RHI for the statements of comprehensive income only relates to 29 November 2013 (date of becoming an associated company of the Group) and after.

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

	PLDT		Philex		DMT	RHI
For the year ended/at 31 December US$ millions	**2013**	2012	**2013**	2012	**2013**	**2013**
Net assets	**3,088.9**	3,545.7	**491.2**	528.4	**182.9**	**125.3**
Ownership interest	**25.6%**	25.6%	**46.2%**	46.3%	**29.5%**	**34.0%**
Group's share of net assets	**790.8**	907.7	**226.9**	244.6	**54.0**	**42.6**
Fair value and other adjustments	**636.9**	652.3	**391.7**	398.1	**75.3**	**15.7**
Carrying Amount of the Investment	**1,427.7**	1,560.0	**618.6**	642.7	**129.3**	**58.3**

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

For the year ended/at 31 December US$ millions	2013	2012
Statement of Comprehensive Income		
Share of profit of associated companies	**188.0**	176.0
Profit for the year	**127.8**	105.8
Other comprehensive income	**9.2**	22.3
Total Comprehensive Income	**137.0**	128.1
Statement of Financial Position		
Current assets	**15.5**	52.4
Non-current assets	**2,797.0**	2,804.3
Current liabilities	**(27.2)**	(31.5)
Non-current liabilities	**(822.8)**	(825.1)
Net Assets	**1,962.5**	2,000.1
Additional Information for Amounts Included in the Above Line Items		
Interest income	**0.7**	2.2
Finance costs	**(57.7)**	(71.0)
Taxation	**–**	–
Cash and cash equivalents	**15.4**	52.3
Current financial liabilities, excluding trade and other payables and provisions	**(21.1)**	(9.1)
Non-current financial liabilities, excluding trade and other payables and provisions	**(792.7)**	(801.4)

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

For the year ended/at 31 December US$ millions	2013	2012
Net assets	**1,962.5**	2,000.1
Equity attributable to preferred shareholders (including dividends in arrears)	**(557.8)**	(583.6)
Net assets attributable to common shareholders	**1,404.7**	1,416.5
Ownership interest	**50.0%**	50.0%
Group's share of net assets	**702.4**	708.3
Fair value and other adjustments	**(20.0)**	(21.6)
Carrying amount of the investment	**682.4**	686.7
Carrying value of investments in Beacon Electric's preferred shares	**260.7**	281.9
Advances to Beacon Electric	**17.0**	18.4
Total	**960.1**	987.0

(K) 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	Associated companies		Joint ventures	
US$ millions	**2013**	2012	**2013**	2012
Share of (loss)/profit for the year	**(4.6)**	(0.3)	**6.1**	–
Share of other comprehensive income	**2.2**	–	**0.1**	–
Share of Total Comprehensive (Loss)/Income	**(2.4)**	(0.3)	**6.2**	–
Aggregate Carrying Amount of the Group's Investments	**141.7**	109.4	**70.9**	–

(L) The Group has discontinued the recognition of its share of losses of Prime Media Holdings, Inc. (PMHI), an associated company of MPIC, because the share of losses of this associated company already fully eroded the Group's investment. The amount of the Group's unrecognized share of loss of this associated company for the current year was US$0.9 million (2012: share of profit of US$0.4 million) and the cumulative unrecognized share of losses was US$9.5 million (2012: US$8.6 million).

15. Goodwill

		Consolidated	
US$ millions		**2013**	2012
Cost			
At 1 January		**821.4**	833.7
Exchange translation		**(143.5)**	(14.4)
Addition of subsidiary companies (Note 33(A))		**375.5**	2.6
Other movements		**4.2**	(0.5)
At 31 December		**1,057.6**	821.4
Accumulated Impairment			
At 1 January		**13.2**	14.1
Exchange translation		**(2.7)**	(0.9)
At 31 December		**10.5**	13.2
Net Book Amount at 31 December		**1,047.1**	808.2
Attributable to the Businesses of:			
Indofood	– Plantations	**271.4**	332.7
	– Dairy	**131.5**	165.7
MPIC	– Water distribution	**119.2**	127.5
	– Toll roads	**241.3**	140.0
FPM Power	– Electricity generation	**244.5**	–
Others		**39.2**	42.3
Total		**1,047.1**	808.2

(A) Goodwill is allocated to the Group's cash-generating units identified according to the reportable segments. The goodwill amounts at 31 December 2013 and 31 December 2012 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 (water distribution and toll roads) which contribute to the Group's infrastructure business segment located in the Philippines and (c) FPM Power's electricity generation business which contributes to the Group's infrastructure business segment located in Singapore.

(B) In assessing the impairment for goodwill, the Group compares the carrying amount of the underlying assets against their recoverable amounts (the higher of the assets' fair value less costs to sell and their value in use). The recoverable amounts of Indofood's, MPIC's and PLP's businesses have been determined based on fair value less costs to sell or value in use calculations using cash flow projections covering periods from 5 years (for the dairy companies) up to 10 years (for the plantation companies) (2012: 5 years (for the dairy companies) to 10 years (for the plantation companies)) for Indofood's businesses, 22 to 24 years (2012: 25 years) for MPIC's water distribution business, 20 to 33 years (2012: 25 years) for MPIC's toll road business and 5 years for PLP's electricity sales business. The discount rates applied to cash flow projections range from 7.1% to 13.0% (2012: 6.7% to 12.3%) for Indofood's businesses, 8.6% to 9.3% (2012: 10.2%) for MPIC's water distribution business, 7.3% (2012: 8.1%) for MPIC's toll road business and 6.2% for PLP's electricity sales 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 consensus of the World Bank and reputable independent forecasting service firms for the short-term period and the World Bank forecasts for the remainder of the projection period, while the projected selling prices of RSS1 and other rubber products of the Group over the projection period are based on the extrapolation of historical selling prices and the forecasted price trend from the World Bank; and, the sugar prices used in the projection are based on the extrapolation of historical selling prices and the forecasted price trend from the World Bank or the minimum sugar price imposed by the Ministry of Trade of Indonesia, whichever is higher. The cash flows beyond the projection periods are extrapolated using an estimated growth rate of 5.5% (2012: 6.5%), 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 growth rate of 5.0% (2012: 4.0%), 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 and PLP's electricity sales business, 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.

Changes to the above assumptions used by management to determine the recoverable amounts can have a significant impact on the results of the assessment. Management is of the opinion that no reasonably possible change in any of the key assumptions stated above would cause the carrying amounts of the goodwill for each of the cash-generating units to materially exceed the recoverable amounts.

(C) In August 2012, Maynilad, an indirect subsidiary company of MPIC, acquired a 100% interest in Philippine Hydro (PH), Inc. (PHI). In 2012, the Group recorded the assets, liabilities and contingent liabilities of PHI at initially assessed fair value and recognized provisional goodwill totaling US$2.6 million for this acquisition, representing the difference between MPIC's acquisition costs and the initially assessed fair value of the assets, liabilities and contingent liabilities of PHI acquired. In 2013, MPIC finalized its assessment of the fair value of the assets, liabilities and contingent liabilities of PHI and concluded that the final amount of goodwill for these acquisitions was US$6.8 million compared with the provisional goodwill amount totaling US$2.6 million initially recognized in 2012 and, hence, made an adjustment to increase the goodwill amount by US$4.2 million.

16. Other Intangible Assets

	Consolidated					
US$ millions	Concession assets – Water distribution	Concession assets – Toll roads	Brands	Vesting contract	Software	**Total**
Cost						
At 1 January 2013	1,833.0	463.9	391.8	–	–	**2,688.7**
Acquisition of subsidiary companies (Note 33(A))	–	234.2	–	17.4	–	**251.6**
Additions	132.7	9.6	–	–	6.4	**148.7**
Exchange translation	(143.6)	(53.0)	(80.9)	(0.3)	(0.1)	**(277.9)**
At 31 December 2013	1,822.1	654.7	310.9	17.1	6.3	**2,811.1**
Accumulated Amortization						
At 1 January 2013	240.2	62.3	80.4	–	–	**382.9**
Exchange translation	(20.0)	(5.5)	(19.1)	–	0.3	**(44.3)**
Charge for the year (Note 6)	47.3	19.0	18.4	–	1.0	**85.7**
At 31 December 2013	267.5	75.8	79.7	–	1.3	**424.3**
Net Book Amount at 31 December 2013	1,554.6	578.9	231.2	17.1	5.0	**2,386.8**

	Consolidated			
US$ millions	Concession assets – Water distribution	Concession assets – Toll roads	Brands	Total
Cost				
At 1 January 2012	1,536.3	429.3	417.8	2,383.4
Exchange translation	108.9	29.3	(26.0)	112.2
Additions	180.8	5.3	–	186.1
Acquisition of subsidiary companies (Note 33(A))	7.0	–	–	7.0
At 31 December 2012	1,833.0	463.9	391.8	2,688.7
Accumulated Amortization				
At 1 January 2012	169.6	43.6	64.3	277.5
Exchange translation	13.0	3.3	(4.6)	11.7
Charge for the year (Note 6)	57.6	15.4	20.7	93.7
At 31 December 2012	240.2	62.3	80.4	382.9
Net Book Amount at 31 December 2012	1,592.8	401.6	311.4	2,305.8

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

In February 1997, Maynilad entered into a concession agreement with MWSS, with respect to the MWSS West Service Area. Under the concession agreement, MWSS grants Maynilad, the sole right to manage, operate, repair, decommission and refurbish all fixed and movable assets required to provide water and sewerage services in the West Service Area for 25 years ending in 2022. In September 2009, MWSS approved an extension of its concession agreement with Maynilad for another 15 years to 2037. The legal title to all property, plant and equipment contributed to the existing MWSS system by Maynilad during the concession period remains with Maynilad until the expiration date at which time, all rights, titles and interests in such assets will automatically vest to MWSS. Under the concession agreement, Maynilad is entitled to (a) an annual standard rate adjustment to compensate for increases in the consumer price index subject to a rate adjustment limit; (b) an extraordinary price adjustment to account for the financial consequences of the occurrence of certain unforeseen events subject to grounds stipulated in the concession agreement; and (c) a rate rebasing mechanism which allows rates to be adjusted every five years to enable Maynilad to efficiently and prudently recover expenditures incurred, Philippine business taxes and payments corresponding to debt service on concession fees and Maynilad loans incurred to finance such expenditure. In October 2013, Maynilad disagreed with the rate rebasing adjustments proposed by MWSS for the rate rebasing period during 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 for an arbitration. In December 2013, the regulatory body of the Philippine government released a resolution regarding the implementation of a status quo for Maynilad's tariff rates until a final resolution of this issue is reached.

In August 2012, Maynilad acquired a 100% interest in PHI, which engages in 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) Manila North Tollways Corporation (MNTC) in respect of the Manila North Expressway (also known as the North Luzon Expressway) (NLEX) and (b) Cavitex Infrastructure Corporation (CIC) in respect of Manila-Cavitex Toll Expressway (CAVITEX) during their concession periods.

In August 1995, First Philippine Infrastructure Development Corporation (FPIDC), the parent company of MNTC, entered into a joint venture agreement with Philippine National Construction Corporation (PNCC), in which PNCC assigned its rights, interests and privileges under its franchise to construct, operate and maintain toll facilities in the NLEX and its extensions, stretches, linkages and diversions in favour of MNTC, including the design, funding, construction, rehabilitation, refurbishing and modernization and selection and installation of an appropriate toll collection system therein during the concession period subject to prior approval by the President of the Philippines. In April 1998, the Philippine government, acting through the Toll Regulatory Board as the grantor, PNCC as the franchisee and MNTC as the concessionaire, executed a Supplemental Toll Operation Agreement (STOA) whereby the Philippine government recognized and accepted the assignment by PNCC of its usufructuary rights, interests and privileges under its franchise in favor of MNTC as approved by the President of the Philippines and granted MNTC concession rights, obligations and privileges including the authority to finance, design, construct, operate and maintain the NLEX project roads as toll roads commencing upon the date on which the STOA comes into effect until 31 December 2030 or 30 years after the issuance of the Toll Operation Permit for the last completed phase, whichever is earlier. In October 2008, the concession agreement was extended for another seven years to 2037. Pursuant to the STOA, MNTC is required to pay franchise fees to PNCC and to pay for the government's project overhead expenses based on certain percentages of construction costs and maintenance works on the project roads. Upon expiry of the concession period, MNTC shall handover the project roads to the Philippine government without cost, free from any and all liens and encumbrances and fully operational and in good working condition, including any and all existing land required, works, toll road facilities and equipment found therein directly related to and in connection with the operation of the toll road facilities.

Pursuant to a toll operation agreement and an operations and maintenance agreement which CIC signed in November 1996 with the Philippine Reclamation Authority and the Toll Regulatory Board, CIC was responsible for the design, financing, construction and supervision of the operation and maintenance of CAVITEX. The concession for CAVITEX extends to 2033 for the originally built road and to 2046 for a subsequent extension. Upon expiry of the concession period, CIC shall hand over the project roads to the Philippine government.

(C) Brands represent the brands held by PT Indolakto (Indolakto) for its various milk-related products, which include Indomilk, Cap Enaak, Tiga Sapi, Indoeskrim, Nice and Orchid.

(D) Vesting contract represents an agreement entered 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 2014 to 2024.

(E) All of the Group's concession assets, brands and vesting contract were initially acquired by the Group as part of the business combinations.

(F) The useful lives for amortization:

Concession assets – Water distribution	– Maynilad	Remaining concession life of 30 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 34 years since acquisition in 2013
Brands		20 years
Vesting contract		10 years
Software		3 to 5 years

(G) No other intangible assets (2012: net carrying amount of US$837.5 million) were pledged as security for the Group's banking facilities (Note 25(D)).

17. Accounts Receivable, Other Receivables and Prepayments

	Consolidated		Company	
US$ millions	**2013**	2012	**2013**	2012
Accounts receivable	**477.8**	369.9	**–**	–
Other receivables	**248.6**	384.8	**0.3**	0.1
Prepayments	**46.2**	35.9	**0.1**	0.1
Total	**772.6**	790.6	**0.4**	0.2
Presented as:				
Non-current Portion	**18.5**	190.6	**–**	–
Current Portion	**754.1**	600.0	**0.4**	0.2
Total	**772.6**	790.6	**0.4**	0.2

(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$24.2 million (2012: US$195.8 million) which is determined based on cash flows discounted using a weighted average prevailing interest rate of 7.7% (2012: 8.1%). The weighted average effective interest rate of the non-current portion of accounts receivable and other receivables is 10.0% (2012: 10.9%).

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

	Consolidated	
US$ millions	**2013**	2012
0 to 30 days	**450.8**	336.9
31 to 60 days	**9.3**	9.1
61 to 90 days	**4.4**	8.7
Over 90 days	**13.3**	15.2
Total	**477.8**	369.9

US$ millions	Consolidated 2013	2012
Neither past due nor impaired	**450.8**	336.9
Past due but not impaired		
– 0 to 30 days past due	**9.3**	9.1
– 31 to 60 days past due	**4.4**	8.7
– 61 to 90 days past due	**11.5**	10.9
– Over 90 days past due	**1.8**	4.3
Total	**477.8**	369.9

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable or covered by specific provisions for receivables with similar credit characteristics.

(C) At 31 December 2013, accounts receivable of US$21.0 million (2012: US$14.5 million) were collectively impaired and fully provided for. Movements in the provision for impairment of accounts receivable were as follows:

US$ millions	Consolidated 2013	2012
At 1 January	**14.5**	15.2
Exchange translation	**(0.3)**	(1.1)
Amount written off as uncollectible	**(0.7)**	(3.3)
Charge for the year (Note 6)	**7.5**	3.7
At 31 December	**21.0**	14.5

(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 local customers 30 to 90 days of credit and export customers 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, Tollways Management Corporation (TMC), by cash, by prepaid and reloadable electronic toll collection devices and by credit card payment and (c) generally collects charges when services are rendered to its hospital customers, except for certain corporate customers which are allowed an average of 30 days of credit.

(F) Accounts receivable with a net book amount of US$29.2 million (2012: US$71.0 million) were pledged as security for certain of the Group's banking facilities (Note 25(D)).

18. Available-for-sale Assets

US$ millions	Consolidated 2013	2012
Listed investments, at fair value:		
– Equity investments – Overseas	**57.2**	57.8
– Debentures with a fixed interest rate of 2.1% to 6.0% (2012: 5.9% to 9.0%) and a maturity date of between 19 August 2015 and 15 August 2023 (2012: between 31 July 2013 and 24 October 2037) – Overseas	**34.3**	15.6
Unit Investment Trust Funds – Overseas, at fair value	**44.9**	–
Unlisted investments, at cost less impairment provisions:		
– Equity investments – Overseas	**27.0**	24.9
Unlisted investments, at fair value:		
– Club debentures – Hong Kong	**2.1**	2.3
Total	**165.5**	100.6
Presented as:		
Non-current Portion	**63.7**	41.9
Current Portion	**101.8**	58.7
Total	**165.5**	100.6

The fair values of the listed equity investments, debentures and unit investment trust funds are based on quoted market prices. The fair value of the unlisted investments in club debentures has been estimated by reference to recent market transaction prices. The Directors believe that the estimated fair values by reference to market prices, 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 for which the Directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in near future.

19. 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	Consolidated Liabilities for employee retirement benefits	Others	Total
Deferred Tax Assets					
At 1 January 2012	30.2	5.0	45.8	28.9	109.9
Exchange translation	(2.3)	(0.3)	(3.2)	(0.7)	(6.5)
Credited/(charged) to the consolidated income statement (Restated) (Note 7)	19.1	2.0	13.8	(17.6)	17.3
Credited to other comprehensive income (Restated)	–	–	10.8	–	10.8
Other movements	–	–	–	0.8	0.8
At 31 December 2012	47.0	6.7	67.2	11.4	**132.3**
Exchange translation	(13.1)	(1.1)	(15.7)	(2.1)	**(32.0)**
Acquisition of subsidiary companies (Note 33(A))	–	1.7	1.6	0.4	**3.7**
Credited/(charged) to the consolidated income statement (Note 7)	25.1	(2.3)	10.8	16.2	**49.8**
Credited to other comprehensive income	–	–	7.3	–	**7.3**
Other movements	–	–	–	1.8	**1.8**
At 31 December 2013	**59.0**	**5.0**	**71.2**	**27.7**	**162.9**

US$ millions	Allowance in excess of related depreciation of property, plant and equipment	Changes in fair value of plantations	Consolidated Brands	Withholding taxes on undistributed earnings of subsidiary and associated companies	Others	Total
Deferred Tax Liabilities						
At 1 January 2012	(201.1)	(101.4)	(88.4)	(41.8)	(14.0)	(446.7)
Exchange translation	2.5	6.8	5.9	(1.1)	1.0	15.1
Acquisition of subsidiary companies (Note 33(A))	–	–	–	–	(2.6)	(2.6)
Charged/(credited) to the consolidated income statement (Note 7)	5.6	(1.5)	5.2	(17.9)	(12.8)	(21.4)
Transfer to provision for taxation (Note 26)	–	–	–	19.7	–	19.7
Other movements	–	–	–	–	(0.8)	(0.8)
At 31 December 2012	(193.0)	(96.1)	(77.3)	(41.1)	(29.2)	**(436.7)**
Exchange translation	39.0	23.2	13.9	1.5	0.9	**78.5**
Acquisition of subsidiary companies (Note 33(A))	(0.5)	(3.4)	–	–	(2.5)	**(6.4)**
Charged/(credited) to the consolidated income statement (Note 7)	(2.0)	(8.6)	4.6	(14.9)	1.3	**(19.6)**
Transfer to provision for taxation (Note 26)	–	–	–	15.8	1.8	**17.6**
At 31 December 2013	**(156.5)**	**(84.9)**	**(58.8)**	**(38.7)**	**(27.7)**	**(366.6)**

Pursuant to the income tax laws of the Philippines, Indonesia and Thailand, withholding taxes of 10% to 15% are levied on dividends declared to foreign investors. Singapore has a one-tier corporate tax system whereby tax charged at the corporate level is the final tax. Dividends paid by Singapore resident companies under the one-tier corporate tax system are exempted from further Singapore tax in the hands of shareholders. Pursuant to the People's Republic of China Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors by the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable withholding tax rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by its subsidiary companies established in Mainland China in respect of their earnings generated from 1 January 2008. The Group is therefore liable to withholding taxes on dividends distributed by its subsidiary and associated companies in the Philippines, Indonesia, Thailand, Singapore and 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 and Thailand. However, except for those earnings to be distributed as dividends, no deferred tax liabilities had been recognized for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiary companies established in the Philippines, Indonesia 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 and Mainland China for which deferred tax liabilities have not been recognized totaled approximately US$62.5 million at 31 December 2013 (2012: US$61.7 million).

The Group has tax losses arising from Indonesia of US$59.3 million (2012: US$47.9 million) that may be carried forward for five years 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.

20. Pledged Deposits and Restricted Cash

At 31 December 2013, the Group had US$11.1 million (2012: US$11.1 million) of pledged bank deposits and US$49.3 million (2012: US$33.1 million) of cash which was set aside to cover principal and interest payments of certain borrowings and restricted as to use.

21. Other Non-current Assets

	Consolidated	
US$ millions	**2013**	2012
Prepayments	**115.1**	32.3
Plasma receivables	**51.9**	56.1
Claims for tax refund	**46.4**	53.5
Deposit for acquisition of a business	**45.1**	–
Deposits for acquisition of assets	**41.2**	40.4
Long-term deposits	**25.1**	18.9
Others	**98.5**	87.2
Total	**423.3**	288.4

(A) The prepayments mainly represent Indofood's prepaid rentals for port facilities and certain property assets.

(B) The plasma receivables represent advances made by Indofood to certain farmers in relation to arrangements for those farmers' production of FFB. The carrying amount of the plasma receivables approximates to their fair value.

(C) The claims for tax refund relate to the tax payment in advance made by Indofood in respect of wheat importation which is creditable against Indofood's corporate income tax payable.

(D) The deposit for acquisition of a business represents a deposit made by PT Indofood Asahi Sukses Beverage (IASB), a subsidiary company of Indofood, for the acquisition of a bottled water business (Note 33(E)).

(E) The deposits for acquisition of assets mainly represent Indofood's deposits for the acquisition of certain land rights.

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

22. Cash and Cash Equivalents

	Consolidated		**Company**	
US$ millions	**2013**	2012	**2013**	2012
Cash at banks and on hand	**1,705.6**	1,653.8	**168.8**	226.6
Short-term time deposits	**669.8**	521.2	**383.7**	332.0
Total	**2,375.4**	2,175.0	**552.5**	558.6

(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) At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi amounted to US$381.3 (2012: Nil). The Renminbi is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorized to conduct foreign exchange business.

(C) Cash and cash equivalents of US$77.3 million (2012: US$14.2 million) were charged to banks in accordance with the terms of certain of the Group's banking facilities (Note 25(D)).

23. Inventories

US$ millions	Consolidated 2013	2012
Raw materials	**416.1**	494.3
Work in progress	**18.6**	12.0
Finished goods	**261.0**	310.4
Total	**695.7**	816.7

(A) At 31 December 2013, inventories with a carrying amount of US$102.1 million (2012: US$106.5 million) were carried at net realizable value.

(B) At 31 December 2013, inventories with a carrying amount of US$15.7 million (2012: US$3.6 million) were pledged as security for certain of the Group's banking facilities (Note 25(D)).

24. Accounts Payable, Other Payables and Accruals

	Consolidated		Company	
US$ millions	**2013**	2012	**2013**	2012
Accounts payable	**345.1**	288.8	**–**	–
Accrued expenses	**310.6**	390.3	**0.3**	0.3
Other payables	**325.0**	305.3	**1.1**	3.4
Total	**980.7**	984.4	**1.4**	3.7

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

US$ millions	Consolidated 2013	2012
0 to 30 days	**324.9**	261.0
31 to 60 days	**4.2**	7.8
61 to 90 days	**2.8**	6.7
Over 90 days	**13.2**	13.3
Total	**345.1**	288.8

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.

25. Borrowings

US$ millions	Effective interest rate (%)	Maturity	Notes	Consolidated 2013	2012
Short-term					
Bank loans	1.2 – 11.1 (2012: 1.4 – 12.5)	2014 (2012: 2013)		**874.3**	923.9
Other loans	9.5 – 18.0 (2012: 2.5 – 18.0)	2014 (2012: 2013)	(A)	**192.7**	2.6
Subtotal				**1,067.0**	926.5
Long-term					
Bank loans	1.2 – 11.1 (2012: 1.4 – 12.5)	2015–2026 (2012: 2014 – 2026)	(B)	**2,900.9**	1,900.8
Other loans	4.7 – 13.2 (2012: 6.5 – 13.2)	2015–2023 (2012: 2014 – 2020)	(C)	**1,650.4**	1,537.7
Subtotal				**4,551.3**	3,438.5
Total				**5,618.3**	4,365.0

The balance of short-term borrowings includes US$350.9 million (2012: US$142.9 million) of the current portion of long-term borrowings. The maturity profile of the Group's borrowings is as follows:

	Consolidated					
	Bank loans		Other loans		**Total**	
US$ millions	**2013**	2012	**2013**	2012	**2013**	2012
Not exceeding one year	**874.3**	923.9	**192.7**	2.6	**1,067.0**	926.5
More than one year but not exceeding two years	**224.7**	259.2	**0.9**	242.0	**225.6**	501.2
More than two years but not exceeding five years	**1,289.2**	1,032.1	**462.1**	504.5	**1,751.3**	1,536.6
More than five years	**1,387.0**	609.5	**1,187.4**	791.2	**2,574.4**	1,400.7
Total	**3,775.2**	2,824.7	**1,843.1**	1,540.3	**5,618.3**	4,365.0
Representing amounts						
– wholly payable within five years	**2,388.2**	2,215.2	**359.1**	453.2	**2,747.3**	2,668.4
– not wholly payable within five years	**1,387.0**	609.5	**1,484.0**	1,087.1	**2,871.0**	1,696.6
Total	**3,775.2**	2,824.7	**1,843.1**	1,540.3	**5,618.3**	4,365.0

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

US$ millions	Consolidated 2013	2012
U.S. dollar	**3,128.1**	2,307.3
Peso	**1,128.4**	944.6
Rupiah	**965.9**	1,113.1
Singapore dollar	**316.0**	–
Renminbi	**57.4**	–
Japanese yen	**22.5**	–
Total	**5,618.3**	4,365.0

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

	Consolidated	
US$ millions	**2013**	2012
Fixed interest rate	**3,541.3**	2,315.1
Variable interest rate	**2,077.0**	2,049.9
Total	**5,618.3**	4,365.0

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

	Carrying amounts		Fair values	
US$ millions	**2013**	2012	**2013**	2012
Bank loans	**2,900.9**	1,900.8	**3,035.0**	1,991.1
Other loans	**1,650.4**	1,537.7	**1,672.2**	1,704.9
Total	**4,551.3**	3,438.5	**4,707.2**	3,696.0

The fair values are based on published price quotations for listed bonds issued by the Group and projected cash flows discounted using the borrowing rates ranging from 1.2% to 18.0% (2012: 1.9% to 18.0%) for the other fixed interest rate borrowings. The carrying amounts of the Group's variable interest rate borrowings approximate to their fair values due to frequent repricing.

The carrying amounts of the short-term borrowings (which include the current portion of long-term borrowings) approximate to their fair values. Details of the borrowings are set out below:

(A) Short-term Other Loans

The balance includes bonds issued by Indofood and SIMP. Details are summarized as follows:

(a) Rupiah 1.6 trillion (US$132.0 million) of unsecured Rupiah bonds (2012: US$166.0 million) issued by Indofood in June 2009, with a coupon rate of 13.2% per annum, are payable quarterly, and mature in June 2014.

(b) Rupiah 450 billion (US$37.0 million) of unsecured Rupiah bonds (2012: US$46.5 million) issued by SIMP in November 2009, with a coupon rate of 11.65% per annum, are payable quarterly, and mature in November 2014.

(c) Rupiah 277 billion (US$22.7 million) of unsecured Islamic lease-based bonds (2012: US$28.6 million) issued by SIMP in November 2009, with a coupon rate of 11.65% per annum, are payable quarterly, and mature in November 2014.

(B) Long-term Bank Loans

The balance includes US$249.6 million (with an aggregate face value of US$250.0 million) of bank loans (2012: US$584.8 million) borrowed by certain wholly-owned subsidiary companies of the Company with details summarized as follows:

(a) A US$89.9 million (with a face value of US$90.0 million) unsecured bank loan (2012: Nil) drawn in June 2013, guaranteed by the Company, subject to a variable LIBOR-based interest rate, which is repayable in June 2016.

(b) A US$159.7 million (with a face value of US$160.0 million) unsecured bank loan (2012: Nil) drawn in June 2013, guaranteed by the Company, subject to a variable LIBOR-based interest rate, which is repayable in June 2018.

(C) Long-term Other Loans

The balance includes bonds issued by FPMH Finance Limited, FPT Finance Limited, FPC Finance Limited and FPC Treasury Limited, wholly-owned subsidiary companies of the Company, and Indofood. Details are summarized as follows:

(a) US$296.7 million (with a face value of US$300 million) (2012: US$295.9 million) of guaranteed secured bonds issued by FPMH Finance Limited, in July 2010, with a coupon rate of 7.375% per annum, are payable semi-annually, and mature in July 2017. The bonds are guaranteed by the Company and are secured by (i) a 43.0% (2012: 45.5%) interest in MPIC common shares and (ii) an amount of cash of US$11.1 million (2012: US$11.1 million) to be used for the payment of next installment interest of the bonds.

(b) US$396.3 million (with a face value of US$400 million) (2012: US$395.9 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% (2012: 6.9%) interest in PLDT.

(c) US$395.7 million (with a face value of US$400 million) (2012: US$395.0 million) of unsecured bonds issued by FPC Finance Limited, in June 2012, with a coupon rate of 6.0% per annum, are payable semi-annually, and mature in June 2019. The bonds are guaranteed by the Company.

(d) US$395.2 million (with a face value of US$400 million) (2012: Nil) of unsecured bonds issued by FPC Treasury Limited, in April 2013, with a coupon rate of 4.5% per annum, are payable semi-annually, and mature in April 2023. The bonds are guaranteed by the Company.

(e) Rupiah 2.0 trillion (US$163.5 million) of unsecured Rupiah bonds (2012: US$206.0 million) issued by Indofood in May 2012, with a coupon rate of 7.25% per annum, are payable quarterly, and mature in May 2017.

(D) Charges on Group Assets

At 31 December 2013, certain bank and other borrowings were secured by the Group's property, plant and equipment, plantations, accounts receivable, pledged deposits, cash and cash equivalents and inventories amounting to a net book value of US$1,128.7 million (2012: US$1,120.8 million), receipts from future toll collections and funds in the related accounts of CIC and the Group's interests of 6.9% (2012: 16.4%) in PLDT, 43.0% (2012: 45.5%) in MPIC, 100% (2012: Nil) in CIC, nil (2012: 14.6%) in Philex, nil (2012: 46.8%) in Maynilad and nil (2012: 99.8%) in MPTC.

(E) Bank Covenants

The Group has complied with all of its bank covenants, except for those related to Neo Oracle Holdings, Inc. (NOHI, formerly known as Metro Pacific Corporation). Since the fourth quarter of 2001, NOHI has been unable to meet its debt obligations. At 31 December 2013, NOHI had Pesos 6 million (US$0.1 million) (2012: Pesos 70 million or US$1.7 million) outstanding debt obligations. During 2013, NOHI wrote off certain debt obligations as certain instrument holders had no enforceable claim over these outstanding debt obligations and there was remote probability of settling the obligations.

26. Provision for Taxation

	Consolidated	
US$ millions	**2013**	2012
At 1 January	**39.0**	49.6
Exchange translation	**(7.1)**	(2.4)
Provision for taxation on estimated assessable profits for the year (Note 7)	**183.1**	225.6
Acquisition of subsidiary companies (Note 33(A))	**0.6**	–
Transfer from deferred taxation (Note 19)	**17.6**	19.7
Total	**233.2**	292.5
Taxes paid	**(200.6)**	(253.5)
At 31 December	**32.6**	39.0

27. Deferred Liabilities, Provisions and Payables

US$ millions	Pension	Long-term liabilities	Others	Consolidated 2013	Consolidated 2012	Company 2013	Company 2012
At 1 January	355.4	296.8	158.7	**810.9**	744.8	**–**	–
Exchange translation	(62.1)	(21.2)	(30.2)	**(113.5)**	8.3	**–**	–
Additions	58.6	26.3	256.2	**341.1**	171.1	**1.5**	–
Payment and utilization	(7.3)	(77.5)	(21.4)	**(106.2)**	(113.3)	**–**	–
Acquisition of subsidiary companies (Note 33(A))	1.0	–	133.1	**134.1**	–	**–**	–
At 31 December	345.6	224.4	496.4	**1,066.4**	810.9	**1.5**	–
Presented as:							
Non-current Portion	345.6	210.8	259.6	**816.0**	691.2	**1.5**	–
Current Portion	–	13.6	236.8	**250.4**	119.7	**–**	–
Total	345.6	224.4	496.4	**1,066.4**	810.9	**1.5**	–

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

The long-term liabilities mainly relate to (a) Maynilad's concession fees payable to MWSS, including a provision for certain addition concession fees payable and related interest amounts in dispute between Maynilad and MWSS recognized by the Group upon its acquisition of Maynilad and (b) Maynilad's deferred credits (which represent foreign exchange gains and other payables which will be refunded to the customers and foreign exchange differences arising from retranslation of the portion of Maynilad's foreign currency denominated concession fees payable and loans). In respect of the disputed amounts with MWSS, no final resolution has been reached at 31 December 2013.

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

28. Share Capital

US$ millions	Consolidated and Company 2013	Consolidated and Company 2012
Authorized		
6,000,000,000 (2012: 6,000,000,000) ordinary shares of U.S. 1 cent each	**60.0**	60.0
Issued and fully paid		
At 1 January	**38.3**	38.5
Issue of shares upon the exercise of share options and subscription awards	**0.3**	0.3
Repurchase and cancellation of shares	**(0.3)**	(0.5)
Issue of shares in respect of rights issue	**4.8**	–
At 31 December		
4,309,671,110 (2012: 3,827,587,751) ordinary shares of U.S. 1 cent each	**43.1**	38.3

(A) During the year, 25,870,544 (2012: 29,520,520) share options were exercised at the exercise prices between HK$1.6331 per share to HK$5.1932 per share (after adjusting for the effect of the Company's 2013 rights issue) (2012: between HK$1.6698 per share to HK$5.31 per share), resulting in the issue of 25,870,544 (2012: 29,520,520) new ordinary shares of U.S. 1 cent each for a total cash consideration of HK$102.3 million (US$13.2 million) (2012: HK$122.3 million or US$15.8 million). Details of the Company's share option scheme are set out in Notes 36(D)(a) to the Consolidated Financial Statements.

(B) On 20 March 2012, the Company's Directors approved a share repurchase program to spend, subject to the state of the financial markets, economic conditions affecting group companies and potential merger and acquisition opportunities, up to 10% of its annual recurring profit on share repurchases. Under this program, the Company has allocated approximately US$42.3 million, representing approximately 10% of the Group's recurring profit of US$423.0 million in respect of the financial year ended 31 December 2011, to repurchase shares in the Company by way of "on-market" repurchases. In addition, the Company has allocated approximately 50% of US$36.0 million, representing approximately 10% of the Group's recurring profit of US$360.3 million (before restatement made in 2013) in respect of the financial year ended 31 December 2012, to repurchase shares in the Company by way of "on-market" repurchases during the period from 1 June 2013 to 31 May 2014. On 25 March 2014, the Company's Directors approved to allocate US$32.7 million, representing approximately 10% of the Group's recurring profit of US$327.1 million in respect of the financial year ended 31 December 2013, to repurchase shares in the Company by way of "on-market" repurchases.

During the year, the Company repurchased 24,986,000 (2012: 52,348,000) ordinary shares on the SEHK at an aggregate consideration of HK$221.3 million (US$28.5 million) (2012: HK$438.3 million or US$56.5 million). These shares have been subsequently cancelled. Details of the repurchases are summarized as follows:

Month of repurchases	**Number of ordinary shares repurchased**	Purchase price paid per share Highest HK$	Lowest HK$	**Aggregate consideration paid HK$ millions**	**US$ millions**
January 2013	**200,000**	9.00	8.98	**1.8**	**0.2**
February 2013	**3,800,000**	9.74	9.68	**36.9**	**4.8**
March 2013	**870,000**	10.18	10.10	**8.8**	**1.1**
July 2013	**3,140,000**	9.20	8.59	**28.0**	**3.6**
September 2013	**7,428,000**	8.84	8.24	**63.4**	**8.2**
October 2013	**7,216,000**	8.88	8.47	**62.3**	**8.0**
November 2013	**654,000**	8.88	8.75	**5.8**	**0.8**
December 2013	**1,678,000**	8.57	8.38	**14.3**	**1.8**
Total	**24,986,000**			**221.3**	**28.5**

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

(C) In July 2013, the Company issued 480,194,901 new shares and raised approximately HK$3,857.1 million (approximately US$494.5 million) net of expenses, by way of a fully underwritten rights issue, offering its shareholders one rights share for every eight existing shares held at a subscription price of HK$8.10 per one rights share.

29. Shares Held for Share Award Scheme

	Consolidated and Company		
	Number of shares held for		Shares held for share award scheme
	Purchase Awards	Subscription Awards	US$ millions
Balance at 1 January 2013	–	–	–
Granted and purchased	9,483,061	–	(10.6)
Granted and issued	–	1,003,914	(1.0)
Vested and transferred	(1,629,177)	(156,781)	2.0
Balance at 31 December 2013	**7,853,884**	**847,133**	**(9.6)**

During 2013, the independent trustee managing the Company's share award scheme purchased 9,483,061 shares of the Company at an aggregate consideration of HK$82.0 million (US$10.6 million) and subscribed 1,003,914 new shares issued by the Company at an aggregate consideration of HK$8.1 million (US$1.0 million).

Particulars of the share awards of the Company granted to the Directors and senior executives of the Company at 31 December 2013 are set our below.

(a) Particulars of the Company's Purchase Awards

	Shares granted and purchased during the year	Shares vested and transferred during the year	Unvested shares held at 31 December 2013	Grant date	Fully vested by
Executive Directors					
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	3,408,324	(681,664)	**2,726,660**	12 July 2013	September 2017
Robert C. Nicholson	2,215,411	(443,082)	**1,772,329**	12 July 2013	September 2017
Non-executive Director					
Napoleon L. Nazareno	477,166	(95,433)	**381,733**	12 July 2013	September 2017
Independent Non-executive Directors					
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	477,166	(95,433)	**381,733**	12 July 2013	September 2017
Margaret Leung Ko May Yee, *SBS, JP* [(i)]	238,582	–	**238,582**	12 July 2013	March 2018
Philip Fan Yan Hok[(i)]	238,582	–	**238,582**	12 July 2013	March 2018
Senior Executives	1,567,830	(313,565)	**1,254,265**	12 July 2013	September 2017
	860,000	–	**860,000**	12 July 2013	July 2018
Total	9,483,061	(1,629,177)	**7,853,884**		

(i) Mrs. Margaret Leung Ko May Yee and Mr. Philip Fan Yan Hok were appointed as Independent Non-executive Directors of the Company with effect from 21 December 2012.

(b) Particulars of the Company's Subscription Awards

	Shares granted and issued during the year	Shares vested and transferred during the year	**Unvested shares held at 31 December 2013**	Grant date	Fully vested by
Senior Executives	783,914	(156,781)	**627,133**	29 August 2013	September 2017
	220,000	–	**220,000**	29 August 2013	July 2018
Total	1,003,914	(156,781)	**847,133**		

On 19 March 2013, the Board resolved to adopt a share award scheme (the Share Award Scheme). Employees and Directors of the Group are eligible to participate. Under the Share Award Scheme, the Board can select grantees of awards and determine the number of the Company's shares (Shares) to be awarded. An independent trustee (the Trustee) will, depending on the form of the award made, either subscribe for new Shares to be issued by the Company at the relevant benchmarked price as stipulated in the Listing Rules or purchase existing Shares on the SEHK, in each case, at the cost of the Company. Those Shares purchased and held by the Trustee were not cancelled. The Trustee will hold the Shares on trust for the grantees of awards, until the Shares become vested (awards will generally be made subject to a vesting schedule requiring the grantee to remain an employee of the Group until and on each of the vesting dates – the Board may also impose other conditions to vesting as it considers appropriate). Vested Shares will be transferred to the grantees at no cost. Directors of the Group are not eligible to be granted awards of new Shares to be subscribed by the Trustee and issued by the Company, but are eligible to be granted awards of existing shares to be purchased by the Trustee.

On 12 July 2013, 9,483,061 share awards under the Company's Share Award Scheme were granted as Purchase Awards. The average fair value of shares granted as calculated by Towers Watson Hong Kong Limited, by adjusting the closing share price at the grant date by the present value of expected dividend payments during the vesting period, was HK$8.18 per share or an aggregate value of US$9.9 million for all shares granted. The assumptions used were as follows:

Share price at the date of grant	HK$8.70 per share
Expected dividend yield	2.7% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	0.5% per annum

On 29 August 2013, 1,003,914 share awards under the Company's Share Award Scheme were granted as Subscription Awards. The average fair value of shares granted as calculated by Towers Watson Hong Kong Limited, by adjusting the closing share price at the grant date by the present value of expected dividend payments during the vesting period, was HK$7.63 per share or an aggregate value of US$1.0 million for all shares granted. The assumptions used were as follows:

Share price at the date of grant	HK$8.11 per share
Expected dividend yield	2.7% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	0.5% per annum

30. 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, and capital and other reserves. The Company's other components of equity comprise share premium, employee share-based compensation reserve, capital redemption reserve and contributed surplus.

The share premium relates to the amount of fund received by the Company in excess of the par value of its shares issued. It may be used for distribution in the form of fully paid bonus shares and write off of expenses related to issue of shares by the Company.

The employee share-based compensation reserve arises from the share options and awarded shares under the share option schemes and the share award scheme adopted by the Company and the Group's entities (which include the Group's subsidiary and associated companies) which are yet to be exercised.

The exchange reserve represents the resulting exchange differences arising from the translation of results and financial position of the Group's entities that have a functional currency different from the Company's presentation currency.

The unrealized gains/losses on available-for-sale assets relate to changes in the fair value of available-for-sale assets of the Group's entities.

The unrealized gains/losses on cash flow hedges and income tax related to cash flow hedges relate to the effective portion of changes in fair value of cash flow hedges of the Group's entities.

Actuarial gains/losses on defined benefit pension plans relate to changes in the present value of defined benefit pension obligations resulting from experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.

Share of other comprehensive income/(losses) of associated companies and joint ventures relates to the Group's share of its associated companies and joint ventures' exchange reserve, unrealized gains/losses on available-for-sale assets, unrealized gains/losses on cash flow hedges, income tax related to cash flow hedges, actuarial gains/losses on defined benefit pension plans.

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 Group's capital and other reserves include capital reserves arising from reorganization activities in some of the Group's entities, revaluation reserve arising from revaluation of certain non-current assets, such as deferred mine exploration costs and investment properties, of the Group's entities and US$2.0 million (2012: US$1.7 million) of the capital redemption reserve arising from the Company's share repurchases.

The US$173.8 million (2012: US$173.8 million) contributed surplus of the Company arose from a reorganization of the Group in 1988 and represents the difference between the nominal value of the share capital issued by the Company and the aggregate net asset value of the subsidiary companies acquired at the date of acquisition. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its shareholders out of the contributed surplus provided certain conditions are met.

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

US$ millions	Consolidated 2013	2012
PLDT	**(9.2)**	56.6
MPIC	**15.3**	113.6
Indofood	**(250.9)**	(66.1)
Philex	**18.7**	38.0
Others	**(0.5)**	(0.1)
Total	**(226.6)**	142.0

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

US$ millions	Associated Companies 2013	2012	Joint Ventures 2013	2012	Consolidated 2013	2012 (Restated)
Associated Companies and Joint Ventures						
Revenue reserve	**(733.5)**	(700.2)	**124.4**	113.6	**(609.1)**	(586.6)
Exchange reserve	**6.8**	94.6	**(5.4)**	2.3	**1.4**	96.9
Unrealized gains on cash flow hedges	**3.3**	3.3	**–**	–	**3.3**	3.3
Capital and other reserves	**12.7**	12.8	**–**	–	**12.7**	12.8
Total (Note 14)	**(710.7)**	(589.5)	**119.0**	115.9	**(591.7)**	(473.6)

31. Non-controlling Interests

An analysis of the Group's accumulated balances of material non-controlling interests, by principal operating company, is set out below:

US$ millions	Consolidated 2013	2012
Indofood	**2,482.2**	2,850.7
MPIC	**1,360.3**	1,160.0
FPM Power	**132.6**	–
FPM Infrastructure	**15.9**	–
FP Natural Resources	**17.3**	–
Total	**4,008.3**	4,010.7

Effect of Transactions with Non-controlling Interests

In January 2013, MPIC effectively issued 1.33 billion of new MPIC common shares to certain investors through a share placement for a total consideration of Pesos 6.1 billion (approximately US$143.5 million). As a result of this transaction, the interest of Metro Pacific Holdings, Inc., a Philippine affiliate of the Company, in MPIC reduced from 59.0% to 55.9%. The Group recorded a net credit amount of US$28.8 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of this transaction.

In February 2013, MPIC effectively sold an approximately 4% economic interest in Maynilad to Marubeni Corporation-Nippon Koei Co. Ltd of Japan. As a result of this transaction, MPIC received Pesos 3.5 billion (US$82.8 million) of net proceeds and its effective economic interest in Maynilad decreased to 52.8% from 56.8%. The Group recorded a net credit amount of US$28.2 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of this transaction.

During July to December 2013, IndoAgri, PT Salim Invomas Pratama (SIMP) and PT PP London Sumatra Indonesia Tbk (Lonsum) repurchased 17.0 million, 126.4 million and 2.9 million of their own shares, respectively, at a total cost of Rupiah 212 billion (US$20.2 million). The Group recorded a credit balance of US$3.6 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of these transactions.

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

US$ millions	Note	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 on defined benefit pension plans	Share of other comprehensive income/(loss) of associated companies and joint ventures	**Total**
Balance at 1 January 2012								
As previously reported		52.4	30.5	(2.9)	–	–	29.8	109.8
Prior year adjustments	2(B)	–	–	–	–	(10.2)	10.8	0.6
As restated		52.4	30.5	(2.9)	–	(10.2)	40.6	110.4
Other comprehensive income/ (loss) for the year								
As previously reported		76.5	(1.3)	3.4	(0.2)	–	(26.0)	52.4
Prior year adjustments		–	–	–	–	(12.0)	(30.4)	(42.4)
As restated		76.5	(1.3)	3.4	(0.2)	(12.0)	(56.4)	10.0
Reserves of a disposal group of associated companies classified as held for sale		13.1	–	(0.6)	0.2	–	–	12.7
Balance at 31 December 2012		142.0	29.2	(0.1)	–	(22.2)	(15.8)	133.1
Balance at 1 January 2013								
As previously reported		142.0	29.2	(0.1)	–	–	3.8	**174.9**
Prior year adjustments	2(B)	–	–	–	–	(22.2)	(19.6)	**(41.8)**
As restated		142.0	29.2	(0.1)	–	(22.2)	(15.8)	**133.1**
Other comprehensive (loss)/ income for the year		(361.9)	7.8	3.1	(0.5)	(8.1)	(52.0)	**(411.6)**
Acquisition, dilution and divestment of interests in subsidiary companies		(6.7)	–	–	–	–	–	**(6.7)**
Balance at 31 December 2013		**(226.6)**	**37.0**	**3.0**	**(0.5)**	**(30.3)**	**(67.8)**	**(285.2)**

33. Notes to the Consolidated Statement of Cash Flows

(A) Acquisition of Subsidiary Companies

US$ millions	FPM Power's acquisition of PacificLight Power Pte Ltd. (PLP)	MPTC's acquisition of CIC	Indofood's acquisition of PT Mentari Pertiwi Makmur (MPM)	Indofood's acquisition of CMFC	Others	**2013 Total**	MPIC's acquisition of PHI 2012 Total
	Fair value recognized on acquisition						
Consideration							
Cash and cash equivalents	478.6	–	34.0	469.7	5.7	**988.0**	5.0
Other receivables (Non-current)	–	165.7	–	–	–	**165.7**	–
Associated companies and joint ventures	–	–	–	12.3	–	**12.3**	–
Accounts payable	–	–	–	–	1.2	**1.2**	7.5
Total	478.6	165.7	34.0	482.0	6.9	**1,167.2**	12.5
Net Assets							
Property, plant and equipment (Note 11)	696.9	0.6	0.5	296.2	11.6	**1,005.8**	–
Plantations (Non-current) (Note 12)	–	–	27.3	24.5	–	**51.8**	–
Other intangible assets (Note 16)	17.4	234.2	–	–	–	**251.6**	7.0
Accounts receivable, other receivables and prepayments (Non-current)	–	–	–	–	1.2	**1.2**	–
Deferred tax assets (Note 19)	1.4	0.8	0.3	1.0	0.2	**3.7**	–
Other non-current assets	–	17.9	–	59.2	0.4	**77.5**	8.6
Cash and cash equivalents	37.1	18.2	–	226.6	7.3	**289.2**	0.1
Pledged deposits	–	–	–	5.8	–	**5.8**	–
Accounts receivable, other receivables and prepayments (Current)	7.7	0.1	6.5	207.3	6.1	**227.7**	0.9
Inventories	4.3	–	–	10.8	1.3	**16.4**	–
Plantations (Current) (Note 12)	–	–	–	5.0	–	**5.0**	–
Accounts payable, other payables and accruals	(11.5)	(12.9)	(8.7)	(72.6)	(11.6)	**(117.3)**	(2.5)
Short-term borrowings	–	(13.3)	–	(81.7)	(1.5)	**(96.5)**	(0.8)
Provision for taxation (Note 26)	–	–	(0.6)	–	–	**(0.6)**	–
Current portion of deferred liabilities, provisions and payables (Note 27)	(15.1)	–	–	(0.5)	–	**(15.6)**	–
Long-term borrowings	(404.9)	(157.3)	–	(71.9)	–	**(634.1)**	(0.8)
Deferred liabilities, provisions and payables (Note 27)	(71.6)	(38.8)	–	(7.2)	(0.9)	**(118.5)**	–
Deferred tax liabilities (Note 19)	–	(4.8)	(0.6)	(0.4)	(0.6)	**(6.4)**	(2.6)
Total Net Assets	261.7	44.7	24.7	602.1	13.5	**946.7**	9.9
Non-controlling interests	(27.6)	–	(0.2)	(120.1)	(6.6)	**(154.5)**	–
Total Net Assets Acquired	234.1	44.7	24.5	482.0	6.9	**792.2**	9.9
Goodwill (Note 15)	244.5	121.0	9.5	–(i)	0.5(i)	**375.5**	2.6
Excess Over the Cost of a Business Combination	–	–	–	–(i)	(0.5)(i)	**(0.5)**	–
Total	244.5	121.0	9.5	–	–	**375.0**	2.6
Net Cash (Outflow)/Inflow per the Consolidated Statement of Cash Flows	(441.5)	18.2	(34.0)	(237.3)	1.6	**(693.0)**	(4.9)

(i) Provisional amounts 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.

On 28 March 2013, FPM Power (a 60.0%-owned subsidiary company of the Company, with the remaining 40.0% interest held by Meralco PowerGen, a wholly-owned subsidiary of Meralco), purchased (a) a 70.0% equity interest in PLP and (b) in aggregate approximately US$170 million of shareholders' loans due from PLP to the sellers for a total consideration of approximately S$595 million (US$478.6 million). PLP is a company established for the construction, operation and maintenance of a two-unit natural gas fueled power plant in Singapore. The transaction costs of US$9.1 million incurred by FPM Power for the business combination have been recognized as other operating expenses in the consolidated income statement.

On 2 January 2013, MPTC, a 99.9%-owned subsidiary company of MPIC, acquired the management control and a 100% economic interest in CIC for a consideration of Pesos 6.8 billion (US$165.7 million) through the conversion of a convertible note issued by the vendor. Cavitex Holdings, Inc.. CIC holds a concession for the operations and maintenance of CAVITEX, which is a 14-kilometer long road built in two segments running from Parañaque to Cavite in the Philippines. No transaction costs were incurred for the business combination.

On 8 March 2013, Indofood through its indirect subsidiary companies, SIMP and Lonsum, subscribed 50.7% and 48.7% interests in MPM for consideration of Rupiah 168 billion (US$17.3 million) and Rupiah 162 billion (US$16.7 million), respectively. As a result of these transactions, SIMP owns an effective interest of 79.7% in MPM. MPM engages in industrial forest plantations and has three concession areas in East Kailmantan of Indonesia. No transaction costs were incurred for the business combination.

In February 2013, Indofood acquired a 29.3% interest in CMFC. CMFC is a leading integrated vegetable processor in China with cultivation, processing and sales capacities, listed in Singapore. During August 2013 to October 2013, Indofood acquired an additional 59.7% interest in CMFC through market purchases and a tender offer. In November 2013, to comply with Singapore Stock Exchange's minimum public float requirement, Indofood disposed of a 6.1% interest in CMFC to third party investors. In connection with these transactions, Indofood acquired a 82.9% interest in CMFC for a net consideration of S$509.9 million (US$469.7 million). The transaction costs of US$4.7 million incurred by Indofood for the business combination have been recognized as other operating expenses in the consolidated income statement.

The net assets of CMFC recognized in the Group's 31 December 2013 Consolidated Financial Statements were based on a provisional assessment of their fair value while the Group has sought an independent valuation for the property, plant and equipment and other non-current assets owned by CMFC, and the fair values of the assets and is still determining if there are any contingent liabilities. The valuation and assessment had not been completed by the date the Group's 2013 Consolidated Financial Statements were approved for issue by the Board of Directors.

If new information obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above provisional amounts, or any provisions that existed at the acquisition date, then the accounting for the acquisition will be revised.

The goodwill arising from the above acquisitions pertains, but is not limited to, the expected synergies in the Group arising from the acquisitions. None of the goodwill recognized is expected to be deductible for income tax purposes.

Since the date of acquisition, the above acquired companies recorded in aggregate a turnover of US$239.5 million profit for the year of US$46.4 million which is included in the consolidated income statement of the Group. If the acquisition had taken place on 1 January 2013, the turnover and net profit of the Group for the year ended 31 December 2013 would have been US$6,320.8 million and US$626.7 million, respectively.

(B) Investments in Associated Companies

2013's cash outflow of US$194.3 million principally relates to FPM Infrastructure's investments (including transaction costs of US$2.4 million) of US$134.6 million in a 29.5% interest in DMT, a Thailand operator of a 21.9-kilometer toll road, and FP Natural Resources' investments of US$56.6 million (including transaction costs of US$0.1 million) in a 34.0% interest in RHI, an integrated sugar business in the Philippines. FPM Infrastructure is a 75.0%–owned subsidiary company of the Company, with the remaining 25.0% held by MPIC. FP Natural Resources is a 70.0%–owned subsidiary company of the Company, with the remaining 30.0% held by IndoAgri. 2012's cash outflow of US$25.3 million represents Indofood's US$18.5 million of investments in a 26.4% interest in Heliae Technology Holdings, Inc., which engages in the development and production of fertilizer and other chemicals, and US$6.8 million of investment in a 49.0% interest in PT Asahi Indofood Beverages Makmur (AIBM), which engages in the manufacturing of non-alcoholic beverages in Indonesia.

(C) Investment in Joint Ventures

2013's cash outflow of US$71.3 million represents Indofood's investment in a 50% interest in Companhia Mineira de Açúcar e Álcool Participações (CMAA) (including transaction costs of US$4.7 million). CMAA principally engages in the cultivation and processing of sugar cane for the production and marketing of sugar and ethanol, as well as cogeneration of electric power from sugar cane bagasse.

(D) Loans to an Associated Company, net

2013's cash outflow of US$55.9 million and 2012's cash outflow of US$26.7 million represent loans to Philex.

(E) Deposit for Acquisition of a Business

2013's cash outflow of US$52.3 million represents a deposit made by IASB for the acquisition of a bottled water business in Indonesia. The acquisition was completed on 27 January 2014.

On 15 November 2013, PT Tirta Makmur Perkasa (TMP, a subsidiary company of Indofood) entered into a conditional sale and purchase agreement with the Tirta Bahagia (TB) group, which engages in the bottled water business under the brand "CLUB" in Indonesia. Pursuant to the agreement, TMP could purchase from the TB group the assets used for and/or related to the marketing, sale and distribution of bottled water. The transaction was completed on 27 January 2014, with TMP paying Rupiah 1.07 trillion (US$87.8 million) for these assets. TMP's acquisition of these assets of bottled water business is regarded as a business combination for the Group. The provisional fair value of these assets acquired by TMP is approximately Rupiah 1.07 trillion (US$87.8 million), comprising Rupiah 918 billion (US$75.3 million) of intangible assets, Rupiah 149 billion (US$12.2 million) of land, buildings and vehicles and Rupiah 4 billion (US$0.3 million) of inventories. No material amount of goodwill is expected to be recorded by the Group in respect of this transaction.

(F) Increased Investments in Associated Companies

2013's cash outflow of US$52.0 million principally represents Indofood's additional investments in AIBM (US$41.9 million) and Helia Technology Holdings, Inc. (US$7.5 million).

(G) Major Non-cash Transaction

In January 2013, MPIC converted its investment in Cavitex Holdings, Inc.'s convertible note of Pesos 6.8 billion (US$165.7 million) into a 100% interest in CIC.

34. Commitments and Contingent Liabilities

(A) Capital Expenditure

	Consolidated	
US$ millions	**2013**	2012
Commitments in respect of subsidiary companies:		
Authorized, but not contracted for	**1,135.8**	1,132.1
Contracted, but not provided for	**390.5**	256.0
Total	**1,526.3**	1,388.1

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

At 31 December 2013, the Company had no commitments in respect of capital expenditure (2012: Nil).

(B) Leasing Commitments

At 31 December 2013, the Group had total future minimum lease payments under non-cancelable operating leases falling due as follows:

	Consolidated	
US$ millions	**2013**	2012
Land and Buildings		
– Within one year	**6.4**	3.7
– Between two and five years, inclusive	**17.6**	14.1
– After five years	**32.5**	3.1
Subtotal	**56.5**	20.9
Plant and Equipment		
– Within one year	**1.6**	2.0
– Between two and five years, inclusive	**1.3**	3.1
Subtotal	**2.9**	5.1
Total	**59.4**	26.0

At 31 December 2013, the Company did not have any leasing commitments (2012: Nil).

(C) Contingent Liabilities

(a) At 31 December 2013, except for US$87.3 million (2012: US$99.8 million) guarantees given by Indofood for loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of FFB to Indofood, the Group had no significant contingent liabilities (2012: Nil).

At 31 December 2013, the contingent liabilities at the Company in respect of its guarantees given to (i) certain bondholders in connection with the bonds issued by certain wholly-owned subsidiary companies and (ii) certain banks in connection with the loan facilities granted to certain wholly-owned subsidiary companies of the Company amounted to US$23.6 million (2012: US$29.2 million), which represents the total amount of guarantees it had given for these facilities less its amounts due to these wholly-owned subsidiary companies.

(b) In the Gamboa Case, the Supreme Court of the Philippines in its decision dated 28 June 2011, or the Gamboa Case Decision, held that "the term 'capital' in Section 11, Article XII of the Philippines of the 1987 Constitution refers only to shares of stock entitled to vote in the election of directors and thus, in the case of PLDT, only to voting common shares, and not to the total outstanding capital stock (common and non-voting preferred shares)". The Gamboa Case 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. Several Motions for Reconsideration of the Gamboa Case Decision were filed by the parties. On 18 October 2012, the Gamboa Case Decision became final and executory.

While PLDT was not a party to the Gamboa Case, the Supreme Court of the Philippines directed the Philippine SEC in the Gamboa Case "to apply this definition of the term 'capital' in determining the extent of allowable foreign ownership in PLDT, and if there is a violation of Section 11, Article XII of the Constitution, to impose the appropriate sanctions under the law."

On 5 July 2011, the Board of Directors of PLDT approved the amendments to the Seventh Article of PLDT's Articles of Incorporation consisting of the sub-classification of its authorized preferred capital stock into preferred shares with full voting rights, or Voting Preferred Stock, and serial preferred shares without voting rights, and other conforming amendments, or the Amendments. The Amendments were approved by the stockholders of PLDT on 22 March 2012 and by the Philippine SEC on 5 June 2012.

On 12 October 2012, the Board of Directors of PLDT approved the specific rights, terms and conditions of the Voting Preferred Stock and authorized the subscription and issuance thereof to BTF Holdings, Inc. (BTFHI), a Filipino corporation. On 16 October 2012, BTFHI subscribed to 150 million newly issued shares of Voting Preferred Stock, or the Voting Preferred Shares, at a subscription price of Peso 1.00 per share for a total subscription price of Pesos 150 million pursuant to a subscription agreement dated 15 October 2012 between BTFHI and PLDT.

On 30 May 2013, the Philippine SEC issued SEC Memorandum Circular No. 8, or the Philippine SEC Guidelines, which provides under Section 2 thereof, as follows: "All covered corporations shall, at all times, observe the constitutional or statutory ownership requirement. For purposes of compliance therewith, the required percentage of Filipino ownership shall be applied to both: (a) the total number of outstanding shares of stock entitled to vote in the election of directors; and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors." PLDT was, and continues to be, compliant with the Philippine SEC Guidelines. As at end of 31 December 2013, PLDT's foreign ownership was 31.53% of its outstanding shares entitled to vote (Common and Voting Preferred Shares), and 17.33% of its total outstanding capital stock.

On 10 June 2013, PLDT was served a copy of a Petition for Certiorari under Rule 65 of the Revised Rules of Court, or the Petition, filed with the Supreme Court by Jose M. Roy III as petitioner against the Chairperson of the Philippine SEC, Teresita Herbosa, the Philippine SEC and PLDT as respondents. The Petition primarily questions the constitutionality of the Philippine SEC Guidelines in determining the nationality of a Philippine company pursuant to the Gamboa Case Decision and Section 11, Article XII of the Constitution. Per the Philippine SEC Guidelines, the Philippine nationality requirement of Section 11, Article XII of the Constitution is met if at least 60% of: (a) the outstanding voting stocks; and (b) the outstanding capital stock of the company is owned by Filipinos.

The Petition admits that if the Philippine SEC Guidelines were to be followed, PLDT would be compliant with the nationality requirement of the Philippine Constitution. However, the Petition claims that the Philippine SEC Guidelines do not conform to the letter and spirit of the Constitution and the Gamboa Case Decision supposedly requiring the application of the 60%-40% ownership requirement in favor of Filipino citizens separately to each class of shares, whether common, preferred non-voting, preferred voting or any other class of shares, or the Other Gamboa Statements. The Petition also claims that the PLDT Beneficial Trust Fund (PLDT-BTF) does not satisfy the effective Filipino-control test for purposes of incorporating BTFHI which acquired the 150 million Voting Preferred Shares.

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

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

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

PLDT filed its Comment on the Petition-in-intervention on 22 October 2013. PLDT raised identical defenses and arguments in its Comment on the Petition-in-intervention as that of its Comment on the Petition.

The resolution of the Jose M. Roy III Petition and the Petition-In-Intervention remains pending with the Supreme Court of the Philippines.

35. Employees' Benefits

(A) Remuneration

	Consolidated	
US$ millions	**2013**	2012
Basic salaries	**384.0**	340.4
Bonuses	**112.0**	103.6
Benefits in kind	**68.8**	62.2
Pension contributions	**58.6**	54.2
Retirement and severance allowances	**9.2**	4.5
Equity-settled share option expense	**21.6**	1.6
Total (Note 6)	**654.2**	566.5
Average Number of Employees	**86,784**	77,335

The above includes the remuneration of the Directors. Detailed disclosures in respect of the Directors' remuneration are set out in Note 36(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 are met. Some of the Group's Indonesian subsidiary companies maintain and operate formal pension plans for the benefit of their employees, additional provisions for the estimated liabilities for employee service entitlement benefits are made on top of the benefits provided under their respective pension plans, whether such plans exist or not, in order to meet and cover the minimum benefits requirement to be paid to employees under the Indonesian Labor Law.

Under the Central Provident Fund Act in Singapore, the Singapore companies in the Group are required to make contributions to the Central Provident Fund scheme in Singapore, which is a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognized as an expense in the period in which the related services are performed.

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 Indonesian Labor Law.

(a) Defined contribution schemes

The Group operates six (2012: five) defined contribution schemes covering approximately 19,058 (2012: 18,976) employees. The assets of these schemes are held separately from the Group and are administered by independent trustees. Contributions to the schemes, either by the Group or by the employees, are determined by reference to the employees' salaries and length of service and range from 0% to 10% (2012: 0% to 10%). Under the terms of the schemes, the Group cannot be requested to make additional payments over and above these levels of contributions. In three (2012: three) of the schemes, forfeited contributions may be used to reduce the existing levels of employer contributions and, in 2013, no amount (2012: Nil) was used for this purpose. At 31 December 2013, the forfeited contributions had been fully utilized.

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 minimum guarantee is equivalent to one-half month's salary payable 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.

The Group's Indonesian subsidiary companies have defined contribution retirement plans covering substantially all of their qualified permanent employees. The Group's Indonesian subsidiary companies' contributions to the funds are computed at 10.0% and 7.0% of the basic pensionable income for staff.

(b) Defined benefit schemes and estimated liabilities for employee benefits

The Group operates 10 (2012: nine) defined benefit schemes covering approximately 6,054 (2012: 5,935) employees. Four (2012: three) of the plans are unfunded where the Group meets the benefit payment obligations as they fall due while six (2012: six) of defined benefit payments are from trustee-administered funds. For unfunded schemes, the Group engages the services of actuaries to conduct valuation studies to determine the retirement obligations to ensure that these maturing obligations and expected benefit payments are covered and budgeted for. For the funded schemes, the assets are held separately from the Group and are administered by independent trustees. Benefits are determined by reference to employees' final salaries and length of service, and the schemes have undergone independent valuations. These actuarial valuations, performed by the actuaries of PT Sentra Jasa Aktuaria (a member of the Fellow Society of Actuary of Indonesia and Expert in Life Insurance in Indonesia), Actuarial Advisers, Inc., Institutional Synergy, Inc., FASP and E.M. Zalamea Actuarial Services, Inc. (members of the Actuary Society of the Philippines), were based on the projected unit credit method. The plan assets do not include any financial instruments of the Group or property occupied by, or other assets used by, the Group. At 31 December 2013, the Group's level of funding in respect of its defined benefit schemes was 84.4% (2012: 81.9%).

The Group's plan assets mainly comprise equities, debt securities, cash in banks, time deposits and unit investment trust funds. Thus, the cash flow from the assets alters in accordance with the change of equity prices and interest rates, and the assets are subject to various risks including interest rate, investment and longevity risks. This poses a risk of an asset value deficit to cover projected obligations owing to inadequate appreciation of equity prices and interest rates over time together with the Group's periodic contribution to the schemes. With the lower expected returns from the plan assets, discount rates for continuous valuation of the defined benefit obligations decline and the estimated liabilities, the disparity could be fuelled by the rising inflation in recent years and a longer average lifespan of the Group's employees with ongoing medical and health science advancement.

While the Group does not perform any asset-liability matching study, the risks arising from the nature of the assets comprising the fund, are mitigated by limiting the investments in financial assets only to the instruments as recommended by the trust managers, investing in equity shares with good fair values and contributing to the respective fund from time to time, based on the recommendations of their actuaries with the objective of maintaining their respective fund in a sound condition.

The Group has made provisions for estimated liabilities for employee benefits covering the employees of its Indonesia subsidiary companies. The amounts of such provisions were determined by reference to employees' final salaries and length of service and based on actuarial computations prepared by the actuaries of PT Sentra Jasa Aktuaria (a member of the Fellow Society of Actuary of Indonesia and Expert in Life Insurance in Indonesia) using the projected unit credit method. These liabilities are not funded by the Group.

(I) The amounts of liability under defined benefit schemes and estimated liabilities for employee benefits included in the consolidated statement of financial position are as follows:

US$ millions	Defined benefit schemes	Estimated liabilities for employee benefits	Consolidated 2013	2012
Present value of defined benefit obligations	(41.1)	(338.2)	**(379.3)**	(387.1)
Fair value of plan assets	33.7	–	**33.7**	31.7
Liability in the Statement of Financial Position	(7.4)	(338.2)	**(345.6)**	(355.4)

(II) The changes in the present value of the defined benefit schemes and estimated liabilities for employee benefits during the year are as follows:

US$ millions	Defined benefit schemes	Estimated liabilities for employee benefits	Consolidated 2013	2012
At 1 January	(40.9)	(346.2)	**(387.1)**	(318.5)
Exchange translation	2.4	81.7	**84.1**	7.7
Current service cost	(4.5)	(20.5)	**(25.0)**	(22.8)
Interest cost on obligation	(2.4)	(19.1)	**(21.5)**	(21.3)
Actuarial gains arising from changes in demographic assumptions	0.3	–	**0.3**	2.1
Actuarial gains/(losses) arising from changes in financial assumptions	2.9	0.9	**3.8**	(34.1)
Experience adjustments	0.1	(47.7)	**(47.6)**	(13.2)
Acquisition of subsidiary companies	(1.1)	–	**(1.1)**	–
Benefit paid	2.1	12.7	**14.8**	13.0
At 31 December	(41.1)	(338.2)	**(379.3)**	(387.1)

(III) The changes in the fair value of plan assets under the defined benefit schemes during the year are as follows:

US$ millions	Consolidated 2013	2012 (Restated)
At 1 January	**31.7**	28.2
Exchange translation	**0.7**	1.0
Interest income included in net interest cost	**2.3**	1.9
Return on plan assets (excluding amount included in net interest cost)	**(0.4)**	1.1
Contributions by employer	**1.0**	0.8
Benefit paid	**(1.6)**	(1.3)
At 31 December	**33.7**	31.7

(IV) The major categories of plan assets as a percentage of the fair value of the total plan assets under the defined benefit schemes are as follows:

	Consolidated	
	2013	2012
Philippine debt securities	**38%**	37%
Philippine equities	**21%**	25%
Indonesian debt securities	**9%**	12%
Indonesian equities	**3%**	3%
Cash in bank	**15%**	7%
Time deposits	**3%**	6%
Unit trust funds and others	**11%**	10%

(V) The amount recognized in the consolidated income statement and consolidated statement of comprehensive income is analyzed as follows:

US$ millions	Defined benefit schemes	Estimated liabilities for employee benefits	Consolidated	
			2013	2012 (Restated)
Current service cost[i]	4.5	20.5	**25.0**	22.8
Interest cost on obligation[i]	2.4	19.1	**21.5**	21.3
Interest income on plan assets[i]	(2.3)	–	**(2.3)**	(1.9)
Actuarial gains arising from changes in demographic assumptions[ii]	(0.3)	–	**(0.3)**	(2.1)
Actuarial (gains)/losses arising from changes in financial assumptions[ii]	(2.9)	(0.9)	**(3.8)**	34.1
Experience adjustments[ii]	(0.1)	47.7	**47.6**	13.2
Return on plan assets (excluding amount included in net interest cost)	0.4	–	**0.4**	(1.1)
Total[i]	1.7	86.4	**88.1**	86.3
Actual Return on Plan Assets			**6%**	9%

(i) Included in cost of sales, distribution costs, administrative expenses and other operating income/(expenses), net

(ii) Included in other comprehensive income

(VI) Principal actuarial assumptions (weighted average) at 31 December are as follows:

	Consolidated	
	2013	2012
Annual discount rate	**8%**	9%
Future annual salary increases	**7%**	8%
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 2013
Annual discount rate (%)	1.0	**(14.9)**
	(1.0)	**15.5**
Future annual salary increases (%)	1.0	**17.2**
	(1.0)	**(16.7)**
Retirement age (years)	1.0	**(1.6)**
	(1.0)	**1.6**

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(VIII) The following table provide for the maturity analysis of the undiscounted benefit payments at 31 December 2013.

US$ millions	2013
Less than one year	**9.6**
One year to five years	**70.2**
More than five years	**2,248.9**
Total expected benefit payments	**2,328.7**

The weighted average duration of the defined benefit obligation is 15 years (2012: 15 years).

(IX) The Group expects to contribute US$4.5 million (2012: US$0.7 million) to its defined benefit pension plans in the next year.

(C) Loans to Officers

During 2013 and 2012, there were no loans made by the Group to officers which require disclosure pursuant to Section 161B of the Hong Kong Companies Ordinance.

36. Directors' and Senior Executives' Remuneration

(A) Directors' Remuneration

The table below shows the remuneration of the Directors on an individual basis.

Directors' Remuneration – 2013

	Non-performance based						
US$'000	Salaries	Other benefits	Pension contributions	Performance based payments[i]	Equity-settled share option expense	Fees[ii]	**2013 Total**
Chairman							
Anthoni Salim	3,173	–	–	–	–	35	**3,208**
Executive Directors							
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	3,460	431	162	1,832	4,202	–	**10,087**
Edward A. Tortorici	785	127	600	–	2,828	–	**4,340**
Robert C. Nicholson	1,691	35	2	732	3,039	–	**5,499**
Non-executive Directors							
Tedy Djuhar	–	–	–	–	–	45	**45**
Benny S. Santoso	–	–	–	–	339	119	**458**
Napoleon L. Nazareno	1,696	65	–	868	346	103	**3,078**
Independent Non-executive Directors							
Graham L. Pickles	–	–	–	–	383	155	**538**
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	–	–	–	–	346	140	**486**
Margaret Leung Ko May Yee, *SBS, JP*	–	–	–	–	216	95	**311**
Philip Fan Yan Hok	–	–	–	–	216	90	**306**
Jun Tang[iii]	–	–	–	–	–	25	**25**
Total	10,805	658	764	3,432	11,915	807	**28,381**

(i) Performance based payments comprise performance bonuses and long-term monetary incentive awards.
(ii) For meetings attended
(iii) Mr. Jun Tang retired from the Board of Directors with effect from 30 May 2013.

Directors' Remuneration – 2012

US$'000	Non-performance based Salaries	Other benefits	Pension contributions	Performance based payments[i]	Equity-settled share option expense	Fees[ii]	2012 Total
Chairman							
Anthoni Salim	3,413	–	–	–	–	20	3,433
Executive Directors							
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	3,292	461	156	1,786	290	–	5,985
Edward A. Tortorici	1,358	150	682	–	175	–	2,365
Robert C. Nicholson	1,497	26	2	987	149	–	2,661
Non-executive Directors							
Tedy Djuhar	–	–	–	–	–	25	25
Ibrahim Risjad[iii]	–	–	–	–	–	–	–
Benny S. Santoso	–	–	–	–	–	92	92
Napoleon L. Nazareno	1,717	17	–	3,159	–	91	4,984
Independent Non-executive Directors							
Graham L. Pickles	–	–	–	–	–	75	75
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	–	–	–	–	–	50	50
Jun Tang	–	–	–	–	–	45	45
Margaret Leung Ko May Yee, *SBS, JP*[iv]	–	–	–	–	–	–	–
Philip Fan Yan Hok[iv]	–	–	–	–	–	–	–
Dr. Christine K.W. Loh, *JP, OBE, Chevalier de l'Ordre National du Merite*[v]	–	–	–	–	–	20	20
Total	11,277	654	840	5,932	614	418	19,735

(i) Performance based payments comprise performance bonuses and long-term monetary incentive awards.
(ii) For meetings attended
(iii) The late Mr. Ibrahim Risjad passed away on 16 February 2012.
(iv) Mrs. Margaret Leung Ko May Yee and Mr. Philip Fan Yan Hok were appointed as independent Non-Executive Directors of the Company with effect from 21 December 2012.
(v) Dr. Christine K.W. Loh resigned from the Board of Directors of the Company with effect from 12 September 2012.

Included within the total Directors' remuneration is an amount of US$1.2 million (2012: US$1.8 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 2012 and 2013, 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 2012 and 2013.

(C) Key Management Personnel Compensation

US$ millions	Consolidated 2013	2012
Non-performance based		
– Salaries and benefits	**62.6**	52.4
– Pension contributions	**6.7**	1.6
Performance based		
– Bonuses and long-term monetary incentive awards	**39.2**	29.0
Equity share-based compensation benefit expenses	**21.6**	1.6
Fees	**0.8**	0.4
Total	**130.9**	85.0

(D) Share Options

Particulars of the share options of the Company and its subsidiary companies granted to the Directors and senior executives of the Company and its subsidiary companies at 31 December 2013 are set out below:

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

	Share options held at 1 January 2013(i)	Share options exercised during the year	Share options granted during the year	Adjustment for rights issue	**Share options held at 31 December 2013**	Share options exercise price per share(i) (HK$)	Market price per share at the date of grant(i) (HK$)	Market price per share during the period of exercise(ii) (HK$)	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Directors												
Manuel V. Pangilinan	19,098,934	–	–	429,672	**19,528,606**	4.9457	4.9457	–	5 September 2007	September 2012	September 2008	September 2017
	–	–	10,000,000	224,972	**10,224,972**	10.2299	10.2299	–	22 March 2013	September 2017	September 2013	March 2023
Edward A. Tortorici	–	–	5,000,000	112,486	**5,112,486**	10.2299	10.2299	–	22 March 2013	September 2017	September 2013	March 2023
	–	–	10,121,000	227,694	**10,348,694**	10.2729	9.9951	–	4 June 2013	September 2017	September 2013	June 2023
	–	–	5,112,486	–	**5,112,486**	10.2299	8.11	–	29 August 2013	September 2017	September 2013	August 2023
Robert C. Nicholson	16,337,388	(3,000,000)	–	367,545	**13,704,933**	4.9457	4.9457	8.99	5 September 2007	September 2012	September 2008	September 2017
	–	–	6,500,000	146,232	**6,646,232**	10.2299	10.2299	–	22 March 2013	September 2017	September 2013	March 2023
	–	–	7,121,000	160,203	**7,281,203**	10.2729	9.9951	–	4 June 2013	September 2017	September 2013	June 2023
Non-Executive Directors												
Benny S. Santoso	2,993,431	(2,993,431)	–	–	**–**	1.6331	1.6331	10.29-10.60	1 June 2004	June 2005	June 2005	May 2014
	3,330,719	(2,288,000)	–	23,458	**1,066,177**	4.9457	4.9457	10.47-10.58	5 September 2007	September 2008	September 2008	September 2017
	–	–	700,000	15,748	**715,748**	10.2299	10.2299	–	22 March 2013	September 2017	September 2013	March 2023
	–	–	1,073,000	24,139	**1,097,139**	10.2729	9.9951	–	4 June 2013	September 2017	September 2013	June 2023
	–	–	715,748	–	**715,748**	10.2299	8.11	–	29 August 2013	September 2017	September 2013	August 2023
Napoleon L. Nazareno	3,330,000	–	–	74,916	**3,404,916**	4.9457	4.5086	–	11 December 2009	December 2010	December 2010	December 2019
	–	–	1,073,000	24,139	**1,097,139**	10.2729	9.9951	–	4 June 2013	September 2017	September 2013	June 2023
Independent Non-Executive Directors												
Graham L. Pickles	3,330,719	(3,330,719)	–	–	**–**	4.9457	4.9457	10.39-10.60	5 September 2007	September 2008	September 2008	September 2017
	–	–	1,400,000	31,496	**1,431,496**	10.2299	10.2299	–	22 March 2013	September 2017	September 2013	March 2023
	–	–	1,073,000	24,139	**1,097,139**	10.2729	9.9951	–	4 June 2013	September 2017	September 2013	June 2023
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	412,394	(421,672)	–	9,278	**–**	1.6331	1.6331	8.55	1 June 2004	June 2005	June 2005	May 2014
	3,330,719	–	–	74,932	**3,405,651**	4.9457	4.9457	–	5 September 2007	September 2008	September 2008	September 2017
	–	–	1,073,000	24,139	**1,097,139**	10.2729	9.9951	–	4 June 2013	September 2017	September 2013	June 2023
Margaret Leung Ko May Yee, *SBS, JP*(iii)	–	–	700,000	15,748	**715,748**	10.2299	10.2299	–	22 March 2013	March 2018	March 2015	March 2023
	–	–	1,073,000	24,139	**1,097,139**	10.2729	9.9951	–	4 June 2013	March 2018	March 2015	June 2023
Philip Fan Yan Hok(iii)	–	–	700,000	15,748	**715,748**	10.2299	10.2299	–	22 March 2013	March 2018	March 2015	March 2023
	–	–	1,073,000	24,139	**1,097,139**	10.2729	9.9951	–	4 June 2013	March 2018	March 2015	June 2023
Jun Tang(iv)	3,330,000	(3,330,000)	–	–	**–**	4.9457	4.5086	10.09-10.58	11 December 2009	December 2011	December 2011	December 2019
Senior Executives	6,538,201	(4,687,038)	–	52,894	**1,904,057**	1.6331	1.6331	8.70-10.56	1 June 2004	December 2008	June 2005	May 2014
	743,113	(400,000)	–	16,717	**359,830**	3.0389	3.0156	8.70-8.71	7 June 2006	December 2010	June 2007	June 2016
	41,300,938	(4,569,684)	–	872,635	**37,603,889**	4.9457	4.9457	8.52-9.48	5 September 2007	September 2012	September 2008	September 2017
	4,740,000	(850,000)	–	102,137	**3,992,137**	5.1932	5.1932	8.36-10.58	18 June 2010	June 2015	June 2012	June 2020
	–	–	15,300,000	344,206	**15,644,206**	10.2299	10.2299	–	22 March 2013	September 2017	September 2013	March 2023
	–	–	31,220,000	702,364	**31,922,364**	10.2729	9.9951	–	4 June 2013	September 2017	September 2013	June 2023
	–	–	17,178,000	–	**17,178,000**	10.2514	8.11	–	29 August 2013	July 2018	July 2015	August 2023
Total	108,816,556	(25,870,544)	118,206,234	4,165,915	**205,318,161**(v)							

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

(ii) 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 6 June 2013

(iii) Mrs. Margaret Leung Ko May Yee and Mr. Philip Fan Yan Hok were appointed as Independent Non-executive Directors of the Company with effect from 21 December 2012.

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

(v) The number of outstanding options vested and exercisable at 31 December 2013 was 101,504,776.

	Share options held at 1 January 2012	Share options exercised during the year	Share options cancelled during the year	Share options held at 31 December 2012	Share option exercise price per share[i] (HK$)	Market price per share at the date of grant[i] (HK$)	Market price per share during the period of exercise[i] (HK$)	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Directors											
Manuel V. Pangilinan	31,831,556	(12,732,622)	–	19,098,934	5.0569	5.0569	8.25-8.91	5 September 2007	September 2012	September 2008	September 2017
Edward A. Tortorici	6,483,256	(6,483,256)	–	–	5.0569	5.0569	7.45-8.51	5 September 2007	September 2012	September 2008	September 2017
Robert C. Nicholson	5,000,000	(5,000,000)	–	–	1.6698	1.6698	8.72-9.02	1 June 2004	December 2008	June 2005	May 2014
	16,337,388	–	–	16,337,388	5.0569	5.0569	–	5 September 2007	September 2012	September 2008	September 2017
Non-Executive Directors											
Benny S. Santoso	2,993,431	–	–	2,993,431	1.6698	1.6698	–	1 June 2004	June 2005	June 2005	May 2014
	3,330,719	–	–	3,330,719	5.0569	5.0569	–	5 September 2007	September 2008	September 2008	September 2017
Napoleon L. Nazareno	3,330,000	–	–	3,330,000	5.0569	4.61	–	11 December 2009	December 2010	December 2010	December 2019
Independent Non-Executive Directors											
Graham L. Pickles	3,330,719	–	–	3,330,719	5.0569	5.0569	–	5 September 2007	September 2008	September 2008	September 2017
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	412,394	–	–	412,394	1.6698	1.6698	–	1 June 2004	June 2005	June 2005	May 2014
	3,330,719	–	–	3,330,719	5.0569	5.0569	–	5 September 2007	September 2008	September 2008	September 2017
Jun Tang	3,330,000	–	–	3,330,000	5.0569	4.61	–	11 December 2009	December 2011	December 2011	December 2019
Dr. Christine K.W. Loh, *JP, OBE, Chevalier de l'Ordre National du Merite*[ii]	3,330,000	–	(3,330,000)	–	7.44	7.44	–	30 August 2011	August 2013	August 2013	August 2021
Senior Executives	8,982,843	(2,444,642)	–	6,538,201	1.6698	1.6698	7.47-9.10	1 June 2004	December 2008	June 2005	May 2014
	1,743,113	(1,000,000)	–	743,113	3.1072	3.0834	8.90-9.00	7 June 2006	December 2010	June 2007	June 2016
	42,500,938	(1,200,000)	–	41,300,938	5.0569	5.0569	8.87-9.13	5 September 2007	September 2012	September 2008	September 2017
	5,400,000	(660,000)	–	4,740,000	5.31	5.31	7.98-8.79	18 June 2010	June 2015	June 2012	June 2020
Total	141,667,076	(29,520,520)	(3,330,000)	108,816,556[iii]							

(i) Adjusted for the effect of the Company's rights issue completed in December 2009 for the prices prior to the trading of the Company's shares on an ex-rights basis on 29 October 2009, but before adjusting for the effect of the Company's rights issue completed in July 2013
(ii) Dr. Christine K.W. Loh resigned from the Board of Directors of the Company with effect from 12 September 2012.
(iii) The number of outstanding options vested and exercisable at 31 December 2012 was 105,576,556.

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 will be valid for 10 years and will expire on 23 May 2014.

The maximum number of shares on which options may be granted may not exceed 10% of the Company's issued share capital as at the date of approval of the Scheme by the shareholders, which equaled to 318,599,300 shares. The maximum number of shares in respect of which options may be granted under the Scheme to any one participant in any 12-month period is limited to 1% of the aggregate number of shares of the Company in issue at the time of the proposed grant of options to such participant.

The exercise price in relation to each share option offer shall be determined by the Directors at their absolute discretion, but in any event shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of the SEHK on the date of grant; (ii) the average of the closing prices of the Company's shares as stated in the daily quotation sheets of the SEHK for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share on the date of grant. The terms of the Scheme provide that subject to any other restrictions on vesting imposed by the Directors, share options may be exercised under the Scheme at any time from the date of acceptance until the date of expiry. All options presently outstanding under the Scheme are subject to certain restrictions on exercise including a prohibition on exercise at any time during the period commencing one year after the date on which any option is accepted. Options which lapse or are cancelled prior to their expiry date are deleted from the register of options. No further share options will be granted pursuant to the Scheme before it expires or is terminated.

On 1 June 2004, 134,586,000 share options under the Company's Scheme were granted. The average fair value of options granted as calculated by Watson Wyatt Hong Kong Limited, a Towers Watson company, based on the binomial model, was HK$0.849 per share or an aggregate value of US$14.6 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$1.76 per share[(i)]
Exercise price (before adjusting for the effect of the Company's 2009 and 2013 rights issues)	HK$1.76 per share[(i)]
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	55%
Option life	10 years
Expected dividend yield	1% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	4.06% 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 6.61 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 75% higher than the exercise price.

On 7 June 2006, 4,500,000 share options under the Company's Scheme were granted. The average fair value of options granted as calculated by Watson Wyatt Hong Kong Limited, a Towers Watson company, based on the binomial model, was HK$1.554 per share or an aggregate value of US$0.9 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$3.25 per share[(ii)]
Exercise price (before adjusting for the effect of the Company's 2009 and 2013 rights issues)	HK$3.275 per share[(iii)]
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	50%
Option life	10 years
Expected dividend yield	1% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	4.71% 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 6.79 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 100% higher than the exercise price.

On 5 September 2007, 121,920,000 share options under the Company's Scheme were granted. The average fair value of options granted as calculated by Watson Wyatt Hong Kong Limited, a Towers Watson company, based on the binomial model, was HK$2.596 per share or an aggregate value of US$40.6 million for all options granted. The assumptions used were as follows:

Share price at the date of grant (before adjusting for the effect of the Company's 2009 and 2013 rights issues)	HK$5.33 per share[(iv)]
Exercise price (before adjusting for the effect of the Company's 2009 and 2013 rights issues)	HK$5.33 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	1% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	4.40% per annum

(i) HK$1.6631 after adjusting for the effect of the Company's rights issues in 2009 and 2013
(ii) HK$3.0156 after adjusting for the effect of the Company's rights issues in 2009 and 2013
(iii) HK$3.0389 after adjusting for the effect of the Company's rights issues in 2009 and 2013
(iv) HK$4.9457 after adjusting for the effect of the Company's rights issues in 2009 and 2013

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.

On 11 December 2009, 6,660,000 share options under the Company's Scheme were granted. The average fair value of options granted as calculated by Watson Wyatt Hong Kong Limited, a Towers Watson company, based on the binomial model, was HK$1.935 per share or an aggregate value of US$1.7 million for all options granted. The assumptions used were as follows:

Share price at the date of grant (before adjusting for the effect of the Company's 2013 rights issue)	HK$4.61 per share(v)
Exercise price (before adjusting for the effect of the Company's 2013 rights issues)	HK$5.0569 per share(vi)
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	45%
Option life	10 years
Expected dividend yield	2% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	2.20% per annum

Taking into account the expected turnover rate of the Directors and the early exercise behavior, the average expected life of the options granted was estimated to be around 8 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 250% higher than the exercise price.

On 18 June 2010, 5,400,000 share options under the Company's Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$2.28 per share or an aggregate value of US$1.6 million for all options granted. The assumptions used were as follows:

Share price at the date of grant (before adjusting for the effect of the Company's 2013 rights issue)	HK$5.31 per share(vii)
Exercise price (before adjusting for the effect of the Company's 2013 rights issue)	HK$5.31 per share(vii)
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	45%
Option life	10 years
Expected dividend yield	2% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	2.3% per annum

Taking into account the expected turnover rate of the senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 8 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 250% higher than the exercise price.

On 30 August 2011, 3,330,000 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$2.63 per share or an aggregate value of US$1.1 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$7.44 per share
Exercise price	HK$7.44 per share
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	40%
Option life	10 years
Expected dividend yield	2.3% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	1.3% 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.

(v) HK$4.5086 after adjusting for the effect of the Company's rights issue in 2013
(vi) HK$4.9457 after adjusting for the effect of the Company's rights issue in 2013
(vii) HK$5.1932 after adjusting for the effect of the Company's rights issue in 2013

At the AGM held on 31 May 2012, the Company's shareholders approved a new share option scheme (the New Scheme) under which the Directors may, at their discretion, at any time during the life of the New Scheme, grant Directors and executives of the Company's share options as part of the Company's long-term incentive program. The New Scheme, which complies with the provisions set out in Chapter 17 of the Listing Rules, became effective on 31 May 2012. The New Scheme will be valid for 10 years and will expire on 30 May 2022.

The maximum number of shares on which options may be granted may not exceed 10% of the Company's issued share capital as at the date of approval of the New Scheme by the shareholders, which equaled to 382,827,354 shares. The maximum number of shares in respect of which options may be granted under the New Scheme to any one participant in any 12-month period is limited to 1% of the aggregate number of shares of the Company in issue at the time of the proposed grant of options to such participant.

The exercise price in relation to each share option offer shall be determined by the Directors at their absolute discretion, but in any event shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of the SEHK on the date of grant; (ii) the average of the closing prices of the Company's shares as stated in the daily quotation sheets of the SEHK for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share on the date of grant. The terms of the New Scheme provide that subject to any other restrictions on vesting imposed by the Directors, share options may be exercised under the New Scheme at any time from the date of acceptance until the date of expiry. Any options granted under the New Scheme are subject to certain restrictions on exercise including a prohibition on exercise at any time during the period commencing one year after the date on which any option is accepted. Options which lapse or are cancelled prior to their expiry date are deleted from the register of options.

On 22 March 2013, 40,300,000 share options under the Company's New Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$3.04 per share or an aggregate value of US$15.7 million for all options granted. The assumptions used were as follows:

Share price at the date of grant (before adjusting for the effect of the Company's 2013 rights issue)	HK$10.46 per share(viii)
Exercise price (before adjusting for the effect of the Company's 2013 rights issue)	HK$10.46 per share(viii)
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.

On 4 June 2013, 54,900,000 share options under the Company's New Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$2.94 per share or an aggregate value of US$20.7 million for all options granted. The assumptions used were as follows:

Share price at the date of grant (before adjusting for the effect of the Company's 2013 rights issue)	HK$10.22 per share(ix)
Exercise price (before adjusting for the effect of the Company's 2013 rights issue)	HK$10.504 per share(x)
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

(viii) HK$10.2299 after adjusting for the effect of the Company's rights issue in 2013
(ix) HK$9.9951 after adjusting for the effect of the Company's rights issue in 2013
(x) 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 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.

On 29 August 2013, 5,828,234 share options under the Company's New Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$2.22 per share or an aggregate value of US$1.7 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$8.11 per share
Exercise price	HK$10.2299 per share
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	38%
Option life	10 years
Expected dividend yield	2.7% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	1.9% per annum

Taking into account the expected turnover rate of the Directors 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.

On 29 August 2013, 17,178,000 share options under the Company's New Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$2.36 per share or an aggregate value of US$5.2 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$8.11 per share
Exercise price	HK$10.2514 per share
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	38%
Option life	10 years
Expected dividend yield	2.7% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	1.9% per annum

Taking into account the expected turnover rate of the senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 7.3 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 150% higher than the exercise price.

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.

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 2013	Share options granted during the year	Share options exercised during the year	Share options cancelled during the year	**Share options held at 31 December 2013**	Share option exercise price per share (Peso)	Market price per share at the date of grant (Peso)	Market price per share during the period of exercise (Peso)	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Directors												
Manuel V. Pangilinan	–	6,250,000	–	–	**6,250,000**	4.60	4.59	–	14 October 2013	October 2015	October 2014	October 2018
Edward A. Tortorici	–	5,000,000	–	–	**5,000,000**	4.60	4.59	–	14 October 2013	October 2015	October 2014	October 2018
Robert C. Nicholson	10,000,000	–	–	–	**10,000,000**	2.73	2.65	–	2 July 2010	July 2013	January 2011	July 2015
	–	5,000,000	–	–	**5,000,000**	4.60	4.59	–	14 October 2013	October 2015	October 2014	October 2018
Senior Executives	15,000,000	–	(10,000,000)	(5,000,000)	**–**	2.12	2.10	4.59	9 December 2008	January 2010	January 2009	January 2013
	25,050,000	–	(22,550,000)	(2,500,000)	**–**	2.73	2.65	5.00-5.44	10 March 2009	March 2010	March 2009	March 2013
	77,485,000	–	(41,405,000)	–	**36,080,000**	2.73	2.65	4.47-6.02	2 July 2010	July 2013	January 2011	July 2015
	10,000,000	–	(6,500,000)	–	**3,500,000**	3.50	3.47	4.97-5.89	21 December 2010	August 2013	August 2011	August 2015
	1,000,000	–	(650,000)	–	**350,000**	3.53	3.53	4.97-6.61	8 March 2011	March 2014	March 2012	March 2016
	2,750,000	–	(1,045,000)	–	**1,705,000**	3.66	3.66	4.59-5.87	14 April 2011	April 2013	April 2012	April 2016
	–	103,750,000	–	–	**103,750,000**	4.60	4.59	–	14 October 2013	October 2015	October 2014	October 2018
Total	141,285,000	120,000,000	(82,150,000)	(7,500,000)	**171,635,000[i]**							

(i) The number of outstanding share options vested and exercisable at 31 December 2013 was 51,285,000.

	Share options held at 1 January 2012	Share options exercised during the year	Share options held at 31 December 2012	Share option exercise price per share (Peso)	Market price per share at the date of grant (Peso)	Market price per share during the period of exercise (Peso)	Grant date	Fully vested by	Exercisable from	Exercisable until
Executive Director										
Robert C. Nicholson	10,000,000	–	10,000,000	2.73	2.65	–	2 July 2010	July 2013	January 2011	July 2015
Senior Executives	26,075,000	(11,075,000)	15,000,000	2.12	2.10	3.54-4.58	9 December 2008	January 2010	January 2009	January 2013
	29,000,000	(3,950,000)	25,050,000	2.73	2.65	4.17-4.50	10 March 2009	March 2010	March 2009	March 2013
	82,740,000	(5,255,000)	77,485,000	2.73	2.65	4.12-4.48	2 July 2010	July 2013	January 2011	July 2015
	10,000,000	–	10,000,000	3.50	3.47	–	21 December 2010	August 2013	August 2011	August 2015
	1,000,000	–	1,000,000	3.53	3.53	–	8 March 2011	March 2014	March 2012	March 2016
	3,000,000	(250,000)	2,750,000	3.66	3.66	4.22	14 April 2011	April 2013	April 2012	April 2016
Total	161,815,000	(20,530,000)	141,285,000[i]							

(i) The number of outstanding share options vested and exercisable at 31 December 2012 was 124,455,000.

At the AGM held on 1 June 2007, the Company's shareholders approved a share option scheme under which MPIC's directors may, at their discretion, invite executives of MPIC upon the regularization of employment of eligible executives, to take up share options of MPIC to obtain an ownership interest in MPIC and for the purpose of long-term employment motivation. The scheme was subsequently approved by MPIC's shareholders and became effective on 14 June 2007 and would be valid for 10 years. At a special shareholders' meeting of MPIC held on 20 February 2009, MPIC's shareholders approved the amendments to MPIC's share option scheme which include (i) a refreshment of the number of MPIC options that may be granted to take into account the increase in the capital stock of MPIC or other changes to its capital structure which have either been approved by the shareholders, implemented, in progress, or which may potentially be approved or implemented in the future; and (ii) the inclusion in MPIC's share option plan of a requirement for MPIC to comply with the relevant corporate requirements and regulations applicable to MPIC's parent company. The amendments and the maximum number of MPIC's share options of 941,676,681 (representing 10% of MPIC's shares in issue at the date of approval of the proposed refreshment) were subsequently approved by the Company's shareholders in the AGM held on 3 June 2009.

The maximum number of shares on which options may be granted under the scheme may not exceed 10% of the issued share capital of MPIC at 1 June 2007 (subsequently refreshed to a maximum number of 941,676,681 during 2009 as mentioned above), the date on which the MPIC's share option scheme was approved by the Company's shareholders on the AGM held on 1 June 2007. The aggregate number of shares which may be issued upon exercise of the options granted and to be granted to any eligible participant (whether or not already an option holder) in any 12-month period shall not exceed 1% of the shares in issue at the relevant time.

The exercise price in relation to each option granted under the scheme shall be determined by MPIC's directors at their absolute discretion, but in any event shall not be less than (i) the closing price of MPIC's shares for one or more board lots of such MPIC's shares on the PSE on the option grant date; (ii) the average closing price of MPIC's shares for one or more board lots of such MPIC's shares on the PSE for the five business days on which dealings in the MPIC's shares are made immediately preceding the option grant date; or (iii) the par value of the MPIC's shares, whichever is the highest.

On 9 December 2008, 61,000,000 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 0.37 per share or an aggregate value of Pesos 22.8 million (US$0.5 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 2.10 per share
Exercise price	Pesos 2.12 per share
Expected volatility (based on historical volatility of MPIC's shares commensurate with the average expected life of the options granted)	76%
Option life	4 years
Expected dividend yield	Nil
Average risk-free interest rate (based on the Philippine government zero coupon bond)	6.26% per annum

On 10 March 2009, 62,925,245 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 0.51 per share or an aggregate value of Pesos 31.8 million (US$0.7 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)	64%
Option life	4 years
Expected dividend yield	Nil
Average risk-free interest rate (based on the Philippine government zero coupon bond)	4.53% per annum

On 2 July 2010, 94,300,000 share options under MPIC's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes-Merton formula, was Peso 0.78 per share or an aggregate value of Pesos 73.3 million (US$1.6 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 2.65 per share
Exercise price	Pesos 2.73 per share
Expected volatility (based on historical volatility of MPIC's shares commensurate with the average expected life of the options granted)	63%
Option life	5 years
Expected dividend yield	0.38%
Average risk-free interest rate (based on the Philippine government zero coupon bond)	4.91% per annum

On 21 December 2010, 10,000,000 share options under MPIC's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes-Merton formula, was Pesos 1.13 per share or an aggregate value of Pesos 11.2 million (US$0.2 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 3.47 per share
Exercise price	Pesos 3.50 per share
Expected volatility (based on historical volatility of MPIC's shares commensurate with the average expected life of the options granted)	63%
Option life	5 years
Expected dividend yield	0.29%
Average risk-free interest rate (based on the Philippine government zero coupon bond)	2.73% per annum

On 8 March 2011, 1,000,000 share options under MPIC's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes-Merton formula, was Pesos 1.19 per share or an aggregate value of Pesos 1.2 million (US$0.03 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 3.53 per share
Exercise price	Pesos 3.53 per share
Expected volatility (based on historical volatility of MPIC's shares commensurate with the average expected life of the options granted)	55%
Option life	5 years
Expected dividend yield	0.4%
Average risk-free interest rate (based on the Philippine government zero coupon bond)	3.98% per annum

On 14 April 2011, 3,000,000 share options under MPIC's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes-Merton formula, was Peso 0.95 per share or an aggregate value of Pesos 2.8 million (US$0.1 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 3.66 per share
Exercise price	Pesos 3.66 per share
Expected volatility (based on historical volatility of MPIC's shares commensurate with the average expected life of the options granted)	50%
Option life	5 years
Expected dividend yield	0.41%
Average risk-free interest rate (based on the Philippine government zero coupon bond)	2.94% per annum

On 14 October 2013, 120,000,000 share options under MPIC's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes-Merton formula, was Peso 0.76 per share or an aggregate value of Pesos 91.4 million (US$2.1 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	Pesos 4.59 per share
Exercise price	Pesos 4.60 per share
Expected volatility (based on historical volatility of MPIC's shares commensurate with the average expected life of the options granted)	34%
Option life	5 years
Expected dividend yield	0.76%
Average risk-free interest rate (based on the Philippine government zero coupon bond)	1.53% per annum

(c) Particulars of CMFC's Share Option Scheme

	Share options held at 4 September 2013 (the date of acquisition) and 31 December 2013	Share options exercise price per share (S$)	Market price per share at the date of grant (S$)	Market price per share during the period of exercise (S$)	Grant date	Fully vested by	Exercisable from	Exercisable until
Senior Executives	**2,462,000**	1.26	1.04	–	21 September 2011	September 2012	September 2012	September 2014
	2,678,000	0.74	0.72	–	4 September 2012	September 2013	September 2013	September 2015
Total	**5,140,000**(i)							

(i) The number of outstanding options vested and exercisable at 31 December 2013 was 5,140,000.

The CMFC Employee Share Option Scheme 2010 was approved and implemented on 31 March 2010 as a long-term incentive plan for executive directors, non-executive directors and employees of CMFC based on individual performance.

On 21 September 2011, 2,462,000 share options under CMFC's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes-Merton formula, was S$0.14 per share or an aggregate value of S$0.3 million (US$0.3 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	S$1.04 per share
Exercise price	S$1.26 per share
Expected volatility (based on historical volatility of CMFC's shares commensurate with the average expected life of the options granted)	34%
Option life	3 years
Expected dividend yield	Nil
Average risk-free interest rate (based on a 2-year Singapore government bond)	1.65% per annum

On 4 September 2012, 2,678,000 share options under CMFC's scheme were granted. The average fair value of options granted, as calculated based on the Black-Scholes-Merton formula, was S$0.22 per share or an aggregate value of S$0.6 million (US$0.5 million) for all options granted. The assumptions used were as follows:

Share price at the date of grant	S$0.72 per share
Exercise price	S$0.74 per share
Expected volatility (based on historical volatility of CMFC's shares commensurate with the average expected life of the options granted)	57%
Option life	3 years
Expected dividend yield	Nil
Average risk-free interest rate (based on a 2-year Singapore government bond)	0.21% per annum

The Black-Scholes-Merton formula, applied for determining the estimated values of the share options granted under MPIC's scheme and CMFC's scheme, requires input of highly subjective assumptions, including the expected stock price volatility. Changes in the subjective input assumptions can materially affect the estimated value of the options granted.

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.

(E) Share Award Scheme

Details of the Company's share award scheme and the Group's accounting policy in respect of the share award scheme are set out in Note 2(D)(s)(III) to the Consolidated Financial Statements.

37. Related Party Transactions

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

(A) Asia Link B.V. (ALBV), a wholly-owned subsidiary company of the Company, has a technical assistance agreement with Smart Communications, Inc. (Smart), a wholly-owned subsidiary company of PLDT, for ALBV to provide Smart with technical support services and assistance in the operations and maintenance of cellular mobile telecommunications services for a period of four years from 23 February 2012, subject to renewal upon mutual agreement between the parties. The agreement provides for payments of technical service fees equivalent to 0.5% (2012: 0.5%) of the consolidated net revenue of Smart. Effective 1 February 2014, the parties agreed to reduce the technical service fee rate from 0.5% to 0.4% of the consolidated net revenues of Smart.

The fees under the above arrangement amounted to Pesos 289 million (US$6.8 million) for the year ended 31 December 2013 (2012: Pesos 332 million or US$7.9 million). At 31 December 2013, the outstanding technical service fee payable amounted to Pesos 336 million (US$7.6 million) (2012: Pesos 252 million or US$6.1 million).

(B) In October 2012, the Company agreed to provide Philex an aggregate loan facility of up to US$200 million by installment, principally for financing Philex's capital expenditure of its Silangan project and Padcal mine, and for general working capital purposes. During November 2012 to March 2013, the Company, through certain indirect wholly-owned subsidiary companies, entered into loan agreements of Pesos 2.1 billion (US$48.5 million) and US$150 million with Philex. The loans made under these loan agreements are unsecured, with an interest rate at 5% per annum and 1% of committment fee on the total amount, and are repayable within one year after drawdown. Philex has drawn down loans of Pesos 2.1 billion (US$48.5 million) and US$80 million under these loan agreements during November 2012 to March 2013 (equivalent to approximately US$128.5 million).

In November 2013, the Company reduced the aggregate loan facility to US$150 million and Philex repaid Pesos 2.1 billion (US$48.5 million) in November 2013. At 31 December 2013 the outstanding loan amounted to US$80 million (31 December 2012: Pesos 1.1 billion (US$26.8 million)) and is included in current accounts receivable, other receivables and prepayments. The repayment of this outstanding amount of US$80 million has been extended by the Company to March 2015 upon the original due date of repayment in March 2014. For the year ended 31 December 2013, the Group earned committment fee income of US$1.5 million (2012: US$0.5 million) and interest income of US$6.1 million (2012: US$0.3 million) on these loans to Philex.

(C) On 5 April 2013, ALBV sold 9.6 million of Pitkin Petroleum Plc shares to Philex Petroleum Corporation for a total consideration of US$7.2 million.

(D) In March 2013, Meralco PowerGen, through its wholly-owned subsidiary company, MPG Asia Limited, provided a loan of US$110 million to FPM Power. The loan is unsecured, interest free and have no fixed term of repayment. The loan of US$110 million remained outstanding at 31 December 2013 and is included in accounts payable, other payables and accruals.

(E) At 31 December 2013, Petronas, the 30% shareholder of PLP, has outstanding loans due from PLP of S$72.8 million (US$57.7 million) and US$38.8 million, equivalent to approximately US$96.5 million, which have been included in non-current deferred liabilities, provisions and payables (Note 27). The loans are unsecured, subject to a variable Singapore Swap Offer Rate and London Interbank Offered Rate, which are payable semi-annually. The tenor for each loan is 10 years with principal repayment commencing on 31 December 2014. During April 2013 to December 2013, Petronas earned interest income amounting to approximately US$4.0 million from PLP. All such interest expense incurred by PLP have been capitalized as part of the carrying amount of PLP's property, plant and equipment during April 2013 to December 2013. At 31 December 2013, PLP had approximately US$16,770 of outstanding interest payable due to Petronas which has been included in accounts payable, other payables and accruals.

(F) At 31 December 2013, Mr. Robert C. Nicholson, a Director of the Company, owned US$400,000 (31 December 2012: US$400,000) of bonds due 2017 issued by FPMH Finance Limited, US$200,000 (31 December 2012: US$20 0,000) of bonds due 2020 issued by FPT Finance Limited and US$600,000 (31 December 2012: 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 2013, Mr. Nicholson received interest income of US$78,250 (2012: US$60,250) on these bonds.

(G) At 31 December 2013, Mr. Edward A. Tortorici, a Director of the Company, owned US$600,000 (31 December 2012: 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 2013, Mr. Tortorici received interest income of US$36,000 (2012: US$18,000) on these bonds.

(H) In January 2013, PT Indofood CBP Sukses Makmur (ICBP), a subsidiary company of Indofood, sold a parcel of land to PT Asahi Indofood Beverage Makmur (AIBM), an associated company of Indofood, for a total consideration of Rupiah 42 billion (US$4.0 million).

(I) On 27 September 2013, PT Indofood Asahi Sukses Beverage (IASB) acquired a 100% interest in PT Buana Distrindo (BD) from PT Prima Cahaya Indobeverages (PCIB) (formerly PT Pepsi-Cola Indobeverages), an associated company of Mr. Anthoni Salim, for a consideration of Rupiah 4 billion (US$0.4 million). BD is engaged in general trading and transportation business.

(J) In the ordinary course of business, Indofood has engaged in trade transactions with certain of its associated companies, joint ventures and affiliated companies under certain framework agreements which are related to the Salim Family either through its control or joint control. Mr. Anthoni Salim is the Chairman and a substantial shareholder of the Company and is the President Director and Chief Executive Officer of Indofood.

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

Nature of Transactions

	Consolidated	
For the year ended 31 December US$ millions	**2013**	2012
Income Statement Items		
Sales of finished goods		
– to associated companies and joint ventures	**75.7**	69.6
– to affiliated companies	**79.6**	93.8
Purchases of raw materials		
– from associated companies and joint ventures	**99.9**	103.5
– from affiliated companies	**–**	35.5
Management and technical services fee income and royalty income		
– from associated companies and joint ventures	**2.6**	2.4
– from affiliated companies	**17.1**	14.8
Insurance expenses		
– to affiliated companies	**4.8**	4.5
Rental expenses		
– to affiliated companies	**0.1**	1.6
Transportation and pump services expenses		
– to affiliated companies	**0.5**	0.5

Approximately 3% (2012: 3%) of Indofood's sales and 3% (2012: 4%) of its purchases were transacted with these related parties.

Nature of Balances

	Consolidated	
At 31 December US$ millions	**2013**	2012
Statement of Financial Position Items		
Accounts receivable – trade		
– from associated companies and joint ventures	**7.0**	5.4
– from affiliated companies	**10.5**	19.1
Accounts receivable – non-trade		
– from associated companies and joint ventures	**1.8**	2.3
– from affiliated companies	**14.2**	19.4
Accounts payable – trade		
– to associated companies and joint ventures	**11.8**	12.0
– to affiliated companies	**8.0**	3.4
Accounts payable – non-trade		
– to associated companies and joint ventures	**–**	0.4
– to affiliated companies	**43.9**	35.4

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 85 to 89.

(K) On 20 January 2012, Maynilad renewed (i) the framework agreement with D.M. Consunji, Inc. (Consunji) for the period from 20 January 2012 to 31 December 2014 on substantially the same terms as the previous framework agreement and (ii) the lease agreement with DMCIPD for the period from 1 February 2012 to 31 January 2015. For the year ended 31 December 2013, Maynilad entered into certain construction contracts with DMCI Holdings Inc. (DMCI) (a 27.2% shareholder of DMCI-MPIC Water Company, Inc. (DMWC), Maynilad's parent company) for the latter's construction of water infrastructure for Maynilad. These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules and their details are disclosed in the Corporate Governance Report on page 90.

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

Nature of Transactions

	Consolidated	
For the year ended 31 December US$ millions	**2013**	2012
Capital Expenditure Items		
Construction services for water infrastructure	**4.8**	26.1
Income Statement Items		
Rental expenses	**0.1**	0.1

Nature of Balances

	Consolidated	
At 31 December US$ millions	**2013**	2012
Statement of Financial Position Items		
Accounts payable – trade	**–**	2.7

(L) For the year ended 31 December 2013, MPIC's subsidiary company, MNTC, collected toll fees through TMC, an associated company of MPIC.

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

Nature of Transactions

	Consolidated	
For the year ended 31 December US$ millions	**2013**	2012
Income Statement Items		
Operator's fees	**36.2**	35.5
Management income	**1.3**	1.4
Guarantee income	**0.6**	0.6
Interest income	**0.3**	0.3

Nature of Balances

	Consolidated	
At 31 December US$ millions	**2013**	2012
Statement of Financial Position Items		
Accounts receivable – trade	**3.9**	4.3
Accounts payable – trade	**7.6**	7.9

(M) For the year ended 31 December 2013, MPIC and its subsidiary companies were charged for electricity expenses by Meralco, an associated company of a Group's joint venture.

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

Nature of Transactions

	Consolidated	
For the year ended 31 December US$ millions	**2013**	2012
Income Statement Items		
Electricity expenses	**22.1**	22.4

Nature of Balances

	Consolidated	
At 31 December US$ millions	**2013**	2012
Statement of Financial Position Items		
Accounts receivable – trade	**0.1**	0.1
Accounts payable – trade	**0.5**	1.7

(N) For the year ended 31 December 2013, 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$180.4 million) for Beacon Electric's preferred shares and extended non-interest bearing cash advances to Beacon Electric of Pesos 756 million (US$17.0 million). In June 2012, MPIC acquired approximately Pesos 3.6 billion (US$80.3 million) of Beacon Electric's preferred shares.

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

Nature of Transactions

	Consolidated	
For the year ended 31 December US$ millions	**2013**	2012
Income Statement Items		
Preferred share dividend income	**9.5**	13.3

Nature of Balances

	Consolidated	
At 31 December US$ millions	**2013**	2012
Statement of Financial Position Items		
Associated companies and joint ventures		
– Preferred shares, at cost	**260.7**	281.9
– Amounts due from associated companies and joint ventures	**17.0**	18.4

(O) For the year ended 31 December 2013, MPIC and its subsidiary companies had the following transactions with PLDT, an associated company of the Group.

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

Nature of Transactions

	Consolidated	
For the year ended 31 December US$ millions	**2013**	2012
Income Statement Items		
Voice and data service expenses	**1.4**	1.7
Income from advertising	**1.6**	0.9
Rental expenses	**0.3**	0.2
Income from utility facilities	**–**	0.1

Nature of Balances

	Consolidated	
At 31 December US$ millions	**2013**	2012
Statement of Financial Position Items		
Accounts receivable – trade	**0.2**	1.2
Accounts payable – trade	**1.6**	3.9

38. Financial Instruments by Category and Fair Value Hierarchy

(A) Financial Instruments by Category

(a) Financial Assets

	Consolidated						Company	
	2013			2012			**2013**	2012
US$ millions	**Loans and receivables**	**Available-for-sale financial assets**	**Total**	Loans and receivables	Available-for-sale financial assets	Total	**Loans and receivables**	Loans and receivables
Accounts and other receivables (Non-current)	**18.5**	**–**	**18.5**	190.6	–	190.6	**–**	–
Available-for-sale assets (Non-current)	**–**	**63.7**	**63.7**	–	41.9	41.9	**–**	–
Pledged deposits	**11.1**	**–**	**11.1**	11.1	–	11.1	**–**	–
Other non-current assets	**51.9**	**–**	**51.9**	56.1	–	56.1	**–**	–
Cash and cash equivalents	**2,375.4**	**–**	**2,375.4**	2,175.0	–	2,175.0	**552.5**	558.6
Pledged deposits and restricted cash	**49.3**	**–**	**49.3**	33.1	–	33.1	**–**	–
Available-for-sale assets (Current)	**–**	**101.8**	**101.8**	–	58.7	58.7	**–**	–
Accounts and other receivables (Current)	**707.9**	**–**	**707.9**	564.1	–	564.1	**0.3**	0.1
Amounts due from subsidiary companies	**–**	**–**	**–**	–	–	–	**3,437.5**	2,494.9
Total	**3,214.1**	**165.5**	**3,379.6**	3,030.0	100.6	3,130.6	**3,990.3**	3,053.6

(b) **Financial Liabilities**

The following table summarizes the financial liabilities measured at amortized cost at the end of the reporting period.

	Consolidated		Company	
US$ millions	**2013**	2012	**2013**	2012
Accounts payable, other payables and accruals	**790.1**	775.7	**1.4**	3.7
Short-term borrowings	**1,067.0**	926.5	**–**	–
Current portion of deferred liabilities, provisions and payables	**13.6**	16.8	**–**	–
Long-term borrowings	**4,551.3**	3,438.5	**–**	–
Deferred liabilities, provisions and payables	**178.1**	195.5	**–**	–
Amounts due to subsidiary companies	**–**	–	**1,106.9**	742.0
Loans from subsidiary companies	**–**	–	**1,703.1**	1,643.3
Total	**6,600.1**	5,353.0	**2,811.4**	2,389.0

At 31 December 2013, there were US$7.5 million (2012: Nil) derivative liabilities measured at fair value included in deferred liabilities, provisions and payables.

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, pledged deposits, restricted cash, current accounts and other receivables, accounts payable, other payables and accruals, short-term borrowings and other current liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.
- Fair values of non-current accounts and other receivables and other assets are evaluated based on the discounted values of future cash flows using the interest rates that are specific to the tenor of the instruments' cash flows.
- Fair value of available-for-sale assets is derived from quoted market prices in active markets, if available.
- Fair value of unquoted available-for-sale assets is measured by reference to the most recent transaction prices or carried at cost less any accumulated impairment losses.
- Long-term borrowings with fixed interest rates and other non-current financial liabilities are evaluated based on the discounted value of future cash flows using the prevailing market rates for similar types of liabilities. Long-term borrowings with variable interest rates approximate to their carrying amounts because of regular repricing based on market conditions.
- Derivative assets/liabilities in respect of derivative financial instruments, such as interest rate swaps and foreign exchange forward contracts, are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations of future cash flows. The models incorporate various inputs including the foreign exchange spot and forward rates and interest rate curves.

The following table shows a comparison between the carrying amounts and fair values of the Group's financial instruments with carrying amounts not equal or reasonably approximating to their fair values at 31 December 2013. 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 2013 are not included in this table.

	At 31 December 2013	
US$ millions	**Carrying amount**	**Fair value**
Financial Assets/Liabilities		
Accounts receivables and other receivables (Non-current)	**18.5**	**24.2**
Long-term borrowings	**(4,551.3)**	**(4,707.2)**
Deferred liabilities, provisions and payables (Non-current)	**(178.1)**	**(209.5)**
Net Amount	**(4,710.9)**	**(4,892.5)**

(B) Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair values that are not based on observable market data (unobservable inputs)

The Group held the following financial instruments measured at fair value as at the end of the reporting period:

	Consolidated							
	2013				2012			
US$ million	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
– Listed equity investments	**57.2**	**–**	**–**	**57.2**	57.8	–	–	57.8
– Listed debentures	**34.3**	**–**	**–**	**34.3**	15.6	–	–	15.6
– Unit Investment Trust Funds	**44.9**	**–**	**–**	**44.9**	–	–	–	–
– Unlisted investments	**–**	**2.1**	**–**	**2.1**	–	2.3	–	2.3
Derivative assets(i)	**–**	**9.3**	**–**	**9.3**	–	6.3	–	6.3
Derivative liabilities(ii)	**–**	**(7.5)**	**–**	**(7.5)**	–	–	–	–
Net Amount	**136.4**	**3.9**	**–**	**140.3**	73.4	8.6	–	82.0

(i) Included within accounts receivable, other receivables and prepayments

(ii) Included within deferred liabilities, provisions and payables

The fair values of unlisted investments and derivative liabilities in Level 2 are measured by reference to the most recent transaction prices and using the valuation techniques as described in Note 38(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 between Level 1 and Level 2 fair value measurements, whereas in the Level 3 fair value measurements, the unlisted investments measured at cost less impairment provisions are no longer included and unlisted investments measured at fair value by reference to the most recent transaction prices have been reclassified to Level 2 fair value measurement.

39. 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. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Group's policy is to keep the gearing ratio at an optimal level which supports its business. The Group's net debt includes short-term borrowings and long-term borrowings, less cash and cash equivalents and pledged deposits and restricted cash. The total equity includes equity attributable to owners of the parent and non-controlling interests.

	Consolidated	
US$ millions	**2013**	2012
Short-term borrowings	**1,067.0**	926.5
Long-term borrowings	**4,551.3**	3,438.5
Less: Cash and cash equivalents	**(2,375.4)**	(2,175.0)
Less: Pledged deposits and restricted cash	**(60.4)**	(44.2)
Net debt	**3,182.5**	2,145.8
Equity attributable to owners of the parent	**3,509.9**	3,240.0
Non-controlling interests	**4,008.3**	4,010.7
Total equity	**7,518.2**	7,250.7
Gearing ratio (times)	**0.42**	0.30

(B) Financial Risk Management

The Group's principal financial instruments include the various financial assets (which comprise accounts receivable, other receivables, available-for-sale assets, cash and cash equivalents, pledged deposits and restricted cash) and financial liabilities (which comprise accounts payable, other payables and accruals, short-term borrowings, long-term borrowings and deferred liabilities and provisions). The main purpose of the cash and cash equivalents, and short-term and long-term borrowings is to finance the Group's operations and investments. The other financial assets and liabilities, such as accounts receivable and accounts payable, mainly arise directly from its operations.

The Group also issues fixed interest rate bonds, arranges borrowings in local currencies and enters into derivative transactions, including principally long-term currency swaps, foreign currency forwards, interest rate swaps and commodity swaps. The purpose is to manage the currency, interest rate risks and price risk arising from the Group's sources of finance and its operations and investments.

The foreign currency swaps and foreign currency forwards are used to manage the risk arising from fluctuations in foreign exchange rates. Under foreign currency swaps, the Group agrees with other parties to exchange, at specified intervals, the foreign currency amounts at the agreed exchange rates. The fair value of foreign currency swaps is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Under the foreign currency forwards, the Group agrees with other parties to exchange, at the maturity date the foreign currency amounts at the agreed exchange rates. The fair value of foreign currency forwards is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The interest rate swaps are used to manage the risk arising from fluctuations in interest rates. Under the interest rate swaps, the Group agrees with other parties to exchange at the maturity date the difference between the fixed interest rates and floating interest rate of the notional amount. The fair value of interest rate swap contracts is determined by reference to forward interest rates for similar instruments with similar maturity profiles.

The commodity swaps are used to manage the risk arising from fluctuations in CPO and wheat prices and fuel cost. Under the commodity swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed price and floating price amounts calculated by reference to the agreed notional purchase quantity. The fair value of commodity swaps is calculated by reference to current forward commodity prices for contracts with similar maturity profiles.

The Group applies hedge accounting for these contracts which qualify as effective hedges for applying hedge accounting. For the purpose of hedge accounting, these hedges are classified as cash flow hedges, as the contracts are used to hedge exposure to variability of cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

The movements of the Group's unrealized gains/(losses) on cash flow hedges attributable to owners of the parent in relation to its derivative financial instruments are as follows:

Analysis of Unrealized Gains/(Losses) on Cash Flow Hedges Attributable to Owners of the Parent, Net of Tax

	Consolidated	
US$ millions	**2013**	2012
At 1 January	**(0.1)**	(2.9)
Transfer to consolidated income statement	**(0.5)**	0.3
Net gain during the year	**3.6**	2.7
Attributable to taxation	**(0.5)**	(0.2)
Subtotal	**2.5**	(0.1)
Share of net gain of associated companies and joint ventures	**3.3**	3.3
At 31 December	**5.8**	3.2

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. However, some of the aforementioned derivative instruments of the Group do not qualify as effective hedges and therefore are not designated as cash flow hedges for accounting purposes in accordance with the provisions of HKAS 39.

The following table summarizes (i) the Group's exposure at the end of the reporting period to currency risk arising from recognized financial assets and liabilities denominated in U.S. dollars, which is a currency different from the functional currencies of the peso, the rupiah and the Singapore dollar used by the Group's subsidiary companies in the Philippines, Indonesia and Singapore and (ii) the Company's exposure at the end of the reporting period to currency risk arising from recognized financial assets and liabilities denominated in the peso, which is a currency different from the functional currency of U.S. dollars used by the Company.

	Consolidated		**Company**	
US$ millions	**2013**	2012	**2013**	2012
Account receivables and other receivables	**55.0**	61.4	**–**	–
Cash and cash equivalents	**394.5**	359.3	**5.1**	45.8
Amounts due from subsidiary companies	**–**	–	**894.9**	1,400.5
Short-term borrowings and long-term borrowings	**(1,394.5)**	(589.3)	**–**	–
Accounts payable, other payables and accruals	**(207.3)**	(58.6)	**(0.7)**	(0.1)
Amounts due to subsidiary companies	**–**	–	**(1.9)**	(0.2)
Net Amount	**(1,152.3)**	(227.2)	**897.4**	1,446.0

The following table demonstrates the sensitivity arising from the Group's and the Company's financial assets and liabilities as listed above to a reasonably possible change in the exchange rates of the peso, rupiah and S$, with all other variables held constant, of the Group's and the Company's profit attributable to owners of the parent and retained earnings (due mainly to foreign exchange gains/losses on translation of (i) the U.S. dollar denominated financial assets and liabilities for the Group and (ii) the peso denominated financial assets and liabilities of the Company). There is no significant impact on the other components of the Group's and the Company's equity.

	Consolidated				**Company**			
	2013		2012		**2013**		2012	
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	**Depreciation against the U.S. dollar (%)**	**(Decrease) in profit attributable to owners of the parent and retained earnings**	Appreciation/ (depreciation) against the U.S. dollar (%)	Increase in profit attributable to owners of the parent and retained earnings
Peso	**(0.7)**	**(0.1)**	0.1	0.1	**(0.7)**	**(5.6)**	0.1	1.4
Rupiah	**(2.5)**	**(4.9)**	(0.3)	(0.2)	**(2.5)**	**–**	(0.3)	–
S$	**(0.6)**	**(1.3)**	0.9	(0.2)	**(0.6)**	**–**	0.9	–

(II) Price Risk

The Group's price risk 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 due to certain factors, such as weather, government policies, cost of raw materials, the level of demand and supply in the market and the global economic environment. Such exposure mainly arises from its purchase of CPO and the usage of fuel in the generation of energy where the profit margin on sale of its finished products may be affected if the cost of sales increases and the Group is unable to pass such cost increases to its customers.

The Group has future commodity contracts for which the purpose is primarily to hedge its exposures on risks of losses arising from the fluctuations in the prices of the commodities that are produced and traded by the Group.

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). To the extent it is unable to do so, the Group may minimize such risks through forward contracts. As such, it may also be exposed to commodity price risk as changes in fair value of future commodity contracts are recognized directly in the consolidated income statement.

At 31 December 2013, there was no outstanding or open CPO contract. At 31 December 2012, had the CPO prices been 10% higher or lower with all other variables held constant, the Group's profit attributable to owners of the parent and retained earnings would have been US$0.1 million lower or higher, mainly as a result of higher or lower quoted market prices of the open position future CPO contracts.

The Group has entered into fuel swap contracts that oblige it to make payments for fuel at fixed prices on agreed notional purchase quantity and receive payments for fuel at floating prices on the same amounts.

At 31 December 2013, if the fuel price increased/decreased by 10%, the Group's unrealized gains/(losses) on cash flow hedges and equity attributable to equity holders of the parent would have been US$6.6 million higher/lower with, all other variables including tax rate being held constant.

(b) Credit Risk

For the consumer food products business, the Group has credit risk arising from the credit given to the customers, but it has policies in place to ensure that wholesales of products are made to creditworthy customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any particular customer, such as requiring sub-distributors to provide bank guarantees. For the water distribution business, the Group allows 14 days of credit to its customers. For the toll road business, the Group collects its toll fees by CIC, and through its associated company, TMC, by cash, by prepaid and reloadable electronic toll collection devices and by credit card payment. For the hospital business, the Group ensures that receivables are from transactions entered into with customers who have the ability to pay. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts.

The credit risk of the Group's other financial assets, which include other receivables, certain investments in debt securities classified as available-for-sale assets, cash and cash equivalents, pledged deposits and restricted cash, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments and the unrealized losses, if any, on available-for-sale assets charged directly to the Group's equity. The Group is also exposed to credit risk through the granting of financial guarantees. Further details of which are set out in Note 34(C)(a) to the Consolidated Financial Statements.

The Group has no significant concentrations of credit risk.

(c) Liquidity Risk

The Group manages its liquidity profile to be able to finance its capital expenditure and service its maturing debts by maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The Group regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These initiatives may include bank loans, debt capital and equity capital issues.

The maturity profile of the Group's and Company's financial liabilities based on the contractual undiscounted payments, including future interest payments, and contingent liabilities in terms of guarantees given at 31 December 2013, is as follows:

	Accounts payable, other payables and accruals		Borrowings		Deferred liabilities and provisions		Guarantees for plantation farmers' loan facilities		**Consolidated Total**	
US$ millions	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Not exceeding one year	**790.1**	775.7	**1,257.4**	1,092.2	**43.5**	46.4	**12.8**	13.7	**2,103.8**	1,928.0
More than one year but not exceeding two years	**–**	–	**477.4**	710.0	**27.7**	32.3	**15.0**	14.9	**520.1**	757.2
More than two years but not exceeding five years	**–**	–	**2,235.1**	2,035.5	**82.0**	86.8	**56.8**	55.0	**2,373.9**	2,177.3
More than five years	**–**	–	**2,827.0**	1,581.6	**396.5**	348.4	**32.8**	55.4	**3,256.3**	1,985.4
Total	**790.1**	775.7	**6,796.9**	5,419.3	**549.7**	513.9	**117.4**	139.0	**8,254.1**	6,847.9

	Amounts due to subsidiary companies		Loans from subsidiary companies		Other payables and accruals		Guarantees for subsidiary companies' loan facilities		**Company Total**	
US$ millions	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Not exceeding one year	**1,106.9**	742.8	**90.4**	82.4	**1.1**	3.4	**–**	–	**1,198.4**	828.6
More than one year but not exceeding two years	**–**	–	**90.4**	174.5	**–**	–	**–**	1.4	**90.4**	175.9
More than two years but not exceeding five years	**–**	–	**754.6**	971.7	**–**	–	**17.3**	22.8	**771.9**	994.5
More than five years	**–**	–	**1,309.0**	894.4	**–**	–	**6.3**	5.0	**1,315.3**	899.4
Total	**1,106.9**	742.8	**2,244.4**	2,123.0	**1.1**	3.4	**23.6**	29.2	**3,376.0**	2,898.4

(d) **Fair Value and Cash Flow Interest Rate Risks**

The Group's interest rate risk arises from interest-bearing borrowings, cash and cash equivalents, pledged deposits and restricted cash. Borrowings and cash and cash equivalents with variable interest rate terms expose the Group to cash flow interest rate risk. Borrowings and cash and cash equivalents with fixed interest rate terms expose the Group to fair value interest rate risk. At 31 December 2013, 63.0% (2012: 53.0%) of the Group's borrowings were effectively at fixed rates.

The following table demonstrates the sensitivity arising from the Group's and the Company's financial assets and liabilities at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and the Company's profit attributable to owners of the parent and retained earnings (through the impact on variable rate borrowings, cash and cash equivalents, receivables and payables). There is no significant impact on the other components of the Group's and the Company's equity.

	Consolidated				**Company**			
	2013		2012		**2013**		2012	
US$ millions	**Increase (Basis points)**	**(Decrease) in profit attributable to owners of the parent and retained earnings**	Increase (Basis points)	(Decrease)/ increase in profit attributable to owners of the parent and retained earnings	**Increase (Basis points)**	**Increase in profit attributable to owners of the parent and retained earnings**	Increase (Basis points)	(Decrease) in profit attributable to owners of the parent and retained earnings
Interest rates for								
– U.S. dollar	**25**	**(1.1)**	25	(0.5)	**25**	**0.8**	25	(0.2)
– Rupiah	**25**	**(0.5)**	100	0.9	**25**	**–**	100	–
– Peso	**50**	**(1.4)**	50	(1.2)	**50**	**–**	50	–
– S$	**25**	**(0.1)**	25	0.1	**25**	**–**	25	–

40. Comparative Amounts

As explained in Note 2(B) to the Consolidated Financial Statements, due to the changes in the Group's accounting policies for obligations for defined benefit pension plans and other employee benefits following its adoption of HKAS 19 (2011) "Employee Benefits" with effect from 1 January 2013, certain prior year adjustments have been made and certain comparative amounts have been restated to conform with the current year's accounting treatments and presentation. In addition, as explained in Note 9 to the Consolidated Financial Statements, the comparative basic and diluted earnings per share figures for the year ended 31 December 2012 have been adjusted retrospectively to take into account the effects of the Company's rights issue completed in July 2013.

41. 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 25 March 2014.

Glossary of Terms

Financial Terms

ADJUSTED NAV PER SHARE Total valuation calculated based on quoted share prices of listed investments and book values of unlisted investments and Head Office assets and liabilities divided by the number of shares in issue

CONCESSION ASSETS Value of concessions of right granted by governments under service concession arrangements to charge users of public service provided

DEFINED BENEFIT SCHEME A retirement scheme in which the rules specify the benefits to be paid and the scheme is financed accordingly. Generally, benefits are determined using actuarial valuations which involve by a formula that takes into account of the final salary and the number of years of service of each member

DEFINED CONTRIBUTION SCHEME A retirement scheme under which the benefits are directly determined by the value of contributions paid in respect of each member

EBIT Earnings Before Interest and Tax

EBIT MARGIN EBIT divided by turnover

EBITDA Earnings Before Interest, Tax, Depreciation and Amortization

EBITDA MARGIN EBITDA divided by turnover

GROSS MARGIN Gross profit divided by turnover

IMPAIRMENT PROVISION Provision made to reduce the carrying amount of an asset to its recoverable amount

NAV Net Asset Value

NET ASSETS Total assets less total liabilities, equivalent to total equity

NET CURRENT ASSETS/LIABILITIES Current assets less current liabilities

NET DEBT Total of short-term and long-term borrowings, net of cash and cash equivalents and pledged deposits and restricted cash

RECURRING PROFIT Profit attributable to owners of the parent excluding foreign exchange and derivative gains/losses, gain/loss on changes in fair value of plantations and non-recurring items

Financial Ratios

BASIC EARNINGS PER SHARE Profit attributable to owners of the parent divided by the weighted average number of shares in issue during the year

CASH INTEREST COVER Dividend and fee income less overhead expense divided by net cash interest expense

CURRENT RATIO Current assets divided by current liabilities

DILUTED EARNINGS PER SHARE Profit attributable to owners of the parent adjusted for the effect of assumed conversion of all dilutive potential ordinary shares divided by the weighted average number of shares in issue during the year plus the weighted average number of ordinary shares which would be issued on the assumed conversion of all dilutive potential ordinary shares

DIVIDEND PAYOUT RATIO Ordinary share dividends paid and recommended divided by recurring profit

DIVIDEND YIELD Dividends per share divided by share price

GEARING RATIO Net debt divided by total equity

INTEREST COVER Profit before taxation (excluding foreign exchange and derivative gains/losses, gain/loss on changes in fair value of plantations and non-recurring items) and net finance costs divided by net finance costs

NET CASH FLOWS FROM OPERATING ACTIVITIES Net cash flows from operating activities divided by the weighted average number of shares in issue during the year

NET TANGIBLE ASSETS PER SHARE Total assets (excluding goodwill and other intangible assets) divided by the number of 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 SHARE Total assets divided by the number of shares in issue

Other

ADR American Depositary Receipts

AGM Annual General Meeting

ARPU Average Revenue Per User

CNO Coconut Oil

CPO Crude Palm Oil

DSL Digital Subscriber Line

FFB Fresh Fruit Brunches

GAAP Generally Accepted Accounting Principles

GSM Global System for Mobile Communications

GWH Gigawatt Hour

HKAS Hong Kong Accounting Standards

HKFRS Hong Kong Financial Reporting Standards

HKICPA Hong Kong Institute of Certified Public Accountants

HK(IFRIC)-Int Hong Kong (International Financial Reporting Interpretations Committee) - Interpretation

IDX Indonesia Stock Exchange

IFRS International Financial Reporting Standards

LISTING RULES The Rules Governing the Listing of Securities on SEHK

NYSE The New York Stock Exchange

PKO Palm Kernel Oil

PSE The Philippine Stock Exchange, Inc.

RSS1 Rubber Smoke Sheet 1

SEHK The Stock Exchange of Hong Kong Limited

SGM Special General Meeting

3G The third generation of mobile phone technology

Information for Investors

Financial Diary

Preliminary announcement of 2013 results	25 March 2014
Annual report posted to shareholders	26 April 2014
Annual General Meeting	28 May 2014
Last day to register for final dividend	6 June 2014
Payment of final dividend	23 June 2014
Preliminary announcement of 2014 interim results	26 August 2014*
Interim report posted to shareholders	26 September 2014*
Financial year-end	31 December 2014
Preliminary announcement of 2014 results	24 March 2015*

* Subject to confirmation

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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: 4,309,671,110

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
26 Burnaby Street
Hamilton HM11, Bermuda

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

Registrar Office
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Principal Bankers

Bank of America NA
Malayan Banking Berhad
Mizuho Corporate Bank, Ltd.
Standard Chartered Bank (Hong Kong) Limited
The Hongkong & Shanghai Banking Corporation
Bank of Philippine Islands
China Banking Corporation
Metropolitan Bank & Trust Company

Summary of Principal Investments

As at 31 December 2013

Philippine Long Distance Telephone Company

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

Sector	:	Telecommunications
Place of incorporation/business area	:	The Philippines
Outstanding number of shares	:	216.1 million
Particulars of outstanding shares held	:	Common shares of Pesos 5 par value
Economic/voting interest	:	25.6%/15.1%

Further information on PLDT can be found at www.pldt.com

Metro Pacific Investments Corporation

MPIC (PSE: MPI; ADR code: MPCIY) is a Philippine-listed investment management and holding company focused on infrastructure development.

Sector	:	Infrastructure, Utilities and Hospitals
Place of incorporation/business area	:	The Philippines
Issued number of shares	:	26.0 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic/voting interest	:	55.8%/62.9%

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

PT Indofood Sukses Makmur Tbk

Indofood (IDX: INDF) is a leading Total Food Solutions company with operations in all stages of food manufacturing from the production of raw materials and their processing through to consumer products and distribution to wholesalers and retailers. It is based and listed in Jakarta; its Consumer Branded Products subsidiary PT Indofood CBP Sukses Makmur Tbk ("ICBP") and agribusiness subsidiaries PT Salim Ivomas Pratama Tbk ("SIMP") and PT PP London Sumatra Indonesia Tbk ("Lonsum") are also listed in Jakarta. Two agribusiness subsidiaries, Indofood Agri Resources Ltd. ("IndoAgri") and China Minzhong Food Corporation Limited ("CMFC"), 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 ("CBP") (noodles, dairy, beverage drinks, snack foods, food seasonings and nutrition and special foods), Bogasari (flour and pasta), Agribusiness (oil palm, rubber, sugar cane, cocoa and tea plantations, cooking oils, margarine and shortening), Distribution and Cultivation Processed Vegetables (fresh and processed vegetables).

Indofood is one of the world's largest wheat flour instant noodle manufacturers by volume, one of the largest plantation companies by area and the largest flour miller in Indonesia. Indofood also has an extensive distribution network.

Sector	:	Consumer Food Products
Place of incorporation/business area	:	Indonesia
Issued number of shares	:	8.8 billion
Particulars of issued shares held	:	Shares of Rupiah 100 par value
Economic and voting interests	:	50.1%

Further information on Indofood can be found at www.indofood.com

Philex Mining Corporation

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

Sector	:	Natural Resources
Place of incorporation/business area	:	The Philippines
Issued number of shares	:	4.9 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic and voting interests	:	31.2%[1]

[1] Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, holds an additional 15.0% economic and voting interests in Philex.

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

FPM Power Holdings Limited

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

Sector	:	Infrastructure/Utilities
Place of incorporation/business area	:	British Virgin Islands/Singapore
Issued number of shares	:	10,000
Particulars of issued shares held	:	Shares of US$1 par value
Economic/voting interests	:	68.1%[2]/60.0%

[2] Includes a 8.1% effective economic interest in FPM Power held by First Pacific through its indirect interests in Meralco.

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

Don Muang Tollway Public Company Limited

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

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

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

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

Roxas Holdings, Inc.

FP Natural Resources holds **RHI (PSE: ROX)**. RHI is a Philippine based and listed company. It is the Philippines' largest raw sugar producer and its fourth largest sugar refiner. RHI is also one of the Philippines' largest bioethanol producers.

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

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

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

FIRST PACIFIC

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