FIRST PACIFIC

FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

Website: http://www.firstpacific.com

(Stock code: 00142)

2010 Annual Results - Audited

FINANCIAL HIGHLIGHTS

- Recurring profit improved by 40.3% to US$402.1 million (HK$3,136.4 million) from US$286.6 million (HK$2,235.5 million).
- Profit contribution from operations increased by 41.4% to US$474.0 million (HK$3,697.2 million) from US$335.2 million (HK$2,614.6 million).
- Profit attributable to owners of the parent increased by 0.5% to US$403.7 million (HK$3,148.9 million) from US$401.6 million (HK$3,132.5 million).
- Non-recurring losses of US$8.8 million (HK$68.6 million) were recorded compared with non-recurring gains of US$81.3 million (HK$634.1 million).
- Turnover increased by 18.2% to US$4,640.2 million (HK$36,193.6 million) from US$3,925.6 million (HK$30,619.7 million).
- Recurring basic earnings per share (calculated based on recurring profit) increased by 23.9% to U.S. 10.36 cents (HK80.8 cents) from U.S. 8.36 cents (HK65.2 cents).
- A final dividend of HK12.00 cents (U.S. 1.54 cents) (2009: HK8.00 cents or U.S. 1.03 cents) per ordinary share has been recommended, making a total dividend per ordinary share equivalent to HK19.88 cents (U.S. 2.55 cents) (2009: HK12.00 cents or U.S. 1.54 cents) for the full year or a dividend payout ratio of approximately 25% (2009: 20%) of recurring profit.
- Equity attributable to owners of the parent increased by 34.4% to US$2,575.2 million (HK$20,086.6 million) at 31 December 2010 from US$1,916.2 million (HK$14,946.4 million) at 31 December 2009.
- Consolidated gearing ratio improved to 0.33 times at 31 December 2010 from 0.67 times at 31 December 2009.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Notes	2010 US$m	2009 US$m	2010 HK$m*	2009 HK$m*
Turnover	2	**4,640.2**	3,925.6	**36,193.6**	30,619.7
Cost of sales		**(2,992.8)**	(2,739.9)	**(23,343.8)**	(21,371.2)
Gross profit		**1,647.4**	1,185.7	**12,849.8**	9,248.5
Gain on disposals and dilutions		**22.6**	85.9	**176.3**	670.0
Distribution costs		**(371.4)**	(289.0)	**(2,896.9)**	(2,254.2)
Administrative expenses		**(357.3)**	(286.8)	**(2,787.0)**	(2,237.1)
Other operating (expenses)/income, net		**(4.5)**	105.1	**(35.1)**	819.8
Net borrowing costs	3	**(243.0)**	(230.3)	**(1,895.4)**	(1,796.3)
Share of profits less losses of associated companies and joint ventures		**284.9**	233.4	**2,222.2**	1,820.5
Profit before taxation	4	**978.7**	804.0	**7,633.9**	6,271.2
Taxation	5	**(203.2)**	(143.7)	**(1,585.0)**	(1,120.9)
Profit for the year from continuing operations		**775.5**	660.3	**6,048.9**	5,150.3
Profit for the year from a discontinued operation		**-**	1.1	**-**	8.6
Profit for the year		**775.5**	661.4	**6,048.9**	5,158.9
Attributable to:					
Owners of the parent	6	**403.7**	401.6	**3,148.9**	3,132.5
Non-controlling interests		**371.8**	259.8	**2,900.0**	2,026.4
		775.5	661.4	**6,048.9**	5,158.9

		US¢	US¢	HK¢*	HK¢*
Earnings per share attributable to owners of the parent	7				
Basic					
- For profit from continuing operations		**10.40**	11.64	**81.1**	90.8
- For profit from a discontinued operation		**-**	0.07	**-**	0.5
- For profit for the year		**10.40**	11.71	**81.1**	91.3
Diluted					
- For profit from continuing operations		**10.08**	11.28	**78.6**	88.0
- For profit from a discontinued operation		**-**	0.07	**-**	0.5
- For profit for the year		**10.08**	11.35	**78.6**	88.5

For the year ended 31 December	Note	2010 US$m	2009 US$m	2010 HK$m*	2009 HK$m*
Ordinary share dividends	8				
Interim - HK6.00 cents (U.S. 0.77 cent) (2009: HK4.00 cents or U.S. 0.51 cent) per share		**29.9**	16.5	**233.2**	128.7
Special - HK1.88 cents (U.S. 0.24 cent) (2009: Nil) per share		**9.5**	-	**74.1**	-
Proposed final - HK12.00 cents (U.S. 1.54 cents) (2009: HK8.00 cents or U.S. 1.03 cents) per share		**60.0**	39.6	**468.0**	308.9
Total		**99.4**	56.1	**775.3**	437.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	2010 US$m	2009 US$m	2010 HK$m*	2009 HK$m*
Profit for the year	**775.5**	661.4	**6,048.9**	5,158.9
Other comprehensive income/(loss)				
Exchange differences on translating foreign operations	**201.8**	298.6	**1,574.1**	2,329.1
Unrealized gains on available-for-sale assets	**12.3**	16.9	**95.9**	131.8
Realized gains on available-for-sale assets	**-**	(3.6)	**-**	(28.1)
Unrealized losses on cash flow hedges	**(7.2)**	(5.8)	**(56.2)**	(45.2)
Realized losses on cash flow hedges	**3.8**	1.5	**29.6**	11.7
Income tax related to cash flow hedges	**(1.3)**	1.1	**(10.1)**	8.6
Share of revaluation increment of an associated company's assets	**1.8**	12.7	**14.1**	99.0
Realized exchange and capital reserve upon dilution of interest in subsidiary companies	**-**	9.0	**-**	70.2
Other comprehensive income for the year, net of tax	**211.2**	330.4	**1,647.4**	2,577.1
Total comprehensive income for the year	**986.7**	991.8	**7,696.3**	7,736.0
Attributable to:				
Owners of the parent	**500.4**	540.7	**3,903.1**	4,217.5
Non-controlling interests	**486.3**	451.1	**3,793.2**	3,518.5
	986.7	991.8	**7,696.3**	7,736.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2010 US$m	At 31 December 2009 (Restated)(i) US$m	At 1 January 2009 (Restated)(i) US$m	At 31 December 2010 HK$m*	At 31 December 2009 (Restated)(i) HK$m*	At 1 January 2009 (Restated)(i) HK$m*
Non-current assets							
Property, plant and equipment		**1,419.3**	1,249.0	966.6	**11,070.5**	9,742.2	7,539.5
Plantations		**1,162.6**	1,009.2	744.5	**9,068.3**	7,871.8	5,807.1
Associated companies and joint ventures		**2,439.4**	2,068.0	1,202.3	**19,027.3**	16,130.4	9,377.9
Goodwill		**817.1**	775.2	675.6	**6,373.4**	6,046.5	5,269.7
Other intangible assets		**1,960.1**	1,728.4	1,538.5	**15,288.8**	13,481.5	12,000.3
Accounts receivable, other receivables and prepayments	9	**23.8**	6.6	3.0	**185.7**	51.5	23.4
Available-for-sale assets		**13.8**	2.1	1.7	**107.6**	16.4	13.2
Deferred tax assets		**82.8**	58.3	38.7	**645.8**	454.7	301.9
Other non-current assets		**212.0**	305.9	217.1	**1,653.6**	2,386.1	1,693.4
		8,130.9	7,202.7	5,388.0	**63,421.0**	56,181.1	42,026.4
Current assets							
Cash and cash equivalents		**1,538.8**	936.6	625.9	**12,002.6**	7,305.5	4,882.0
Restricted cash and pledged deposits		**53.4**	29.2	12.0	**416.5**	227.8	93.6
Available-for-sale assets		**62.8**	40.4	56.9	**489.8**	315.1	443.8
Accounts receivable, other receivables and prepayments	9	**492.7**	632.1	430.5	**3,843.1**	4,930.4	3,357.9
Inventories		**635.5**	549.2	557.4	**4,956.9**	4,283.8	4,347.8
Assets held for sale		**-**	7.1	-	**-**	55.3	-
		2,783.2	2,194.6	1,682.7	**21,708.9**	17,117.9	13,125.1
Assets of a disposal group classified as held for sale		**-**	-	128.3	**-**	-	1,000.7
		2,783.2	2,194.6	1,811.0	**21,708.9**	17,117.9	14,125.8
Current liabilities							
Accounts payable, other payables and accruals	10	**707.5**	628.2	667.4	**5,518.5**	4,900.0	5,205.7
Short-term borrowings		**645.4**	829.7	1,207.0	**5,034.1**	6,471.7	9,414.6
Provision for taxation		**54.4**	68.9	55.8	**424.3**	537.4	435.3
Current portion of deferred liabilities and provisions		**97.5**	73.5	39.4	**760.5**	573.3	307.3
		1,504.8	1,600.3	1,969.6	**11,737.4**	12,482.4	15,362.9
Liabilities directly associated with the assets classified as held for sale		**-**	-	106.1	**-**	-	827.6
		1,504.8	1,600.3	2,075.7	**11,737.4**	12,482.4	16,190.5
Net current assets/(liabilities)		**1,278.4**	594.3	(264.7)	**9,971.5**	4,635.5	(2,064.7)
Total assets less current liabilities		**9,409.3**	7,797.0	5,123.3	**73,392.5**	60,816.6	39,961.7
Equity							
Issued share capital		**39.0**	38.6	32.1	**304.2**	301.1	250.4
Retained earnings		**858.7**	556.4	196.0	**6,697.9**	4,339.9	1,528.8
Other components of equity		**1,677.5**	1,321.2	902.0	**13,084.5**	10,305.4	7,035.6
Equity attributable to owners of the parent		**2,575.2**	1,916.2	1,130.1	**20,086.6**	14,946.4	8,814.8
Non-controlling interests		**3,036.9**	2,122.9	1,245.1	**23,687.8**	16,558.6	9,711.8
Total equity		**5,612.1**	4,039.1	2,375.2	**43,774.4**	31,505.0	18,526.6
Non-current liabilities							
Long-term borrowings		**2,793.8**	2,855.6	1,951.7	**21,791.6**	22,273.7	15,223.2
Deferred liabilities and provisions		**573.1**	507.0	432.4	**4,470.2**	3,954.6	3,372.7
Deferred tax liabilities		**430.3**	395.3	364.0	**3,356.3**	3,083.3	2,839.2
		3,797.2	3,757.9	2,748.1	**29,618.1**	29,311.6	21,435.1
		9,409.3	7,797.0	5,123.3	**73,392.5**	60,816.6	39,961.7

(i) Refer to Note 1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US$ millions	Equity attributable to owners of the parent												
	Issued share capital	Share premium	Share options issued	Exchange reserve	Unrealized gains on available-for-sale assets	Unrealized gains/ (losses) on cash flow hedges	Income tax related to cash flow hedges	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 2009	32.1	974.1	34.7	(116.0)	11.7	2.7	(0.8)	-	(4.4)	196.0	1,130.1	1,245.1	2,375.2
Total comprehensive income for the year	-	-	-	117.2	10.7	(3.9)	1.1	-	14.0	401.6	540.7	451.1	991.8
Issue of shares upon the exercise of share options	-	1.2	(0.4)	-	-	-	-	-	-	-	0.8	-	0.8
Issue of shares in respect of rights issue	6.5	270.6	-	-	-	-	-	-	-	-	277.1	-	277.1
Equity-settled share option arrangements	-	-	8.8	-	-	-	-	-	-	-	8.8	0.5	9.3
2008 final dividend	-	-	-	-	-	-	-	-	-	(24.7)	(24.7)	-	(24.7)
2009 interim dividend	-	-	-	-	-	-	-	-	-	(16.5)	(16.5)	-	(16.5)
Disposal of a disposal group classified as assets held for sale	-	-	-	-	-	-	-	-	(0.1)	-	(0.1)	(6.4)	(6.5)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(8.4)	(8.4)
Change in attributable interests	-	-	-	-	-	-	-	-	-	-	-	481.9	481.9
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(40.9)	(40.9)
Balance at 31 December 2009	38.6	1,245.9	43.1	1.2	22.4	(1.2)	0.3	-	9.5	556.4	1,916.2	2,122.9	4,039.1
Balance at 1 January 2010	38.6	1,245.9	43.1	1.2	22.4	(1.2)	0.3	-	9.5	556.4	1,916.2	2,122.9	**4,039.1**
Total comprehensive income for the year	-	-	-	94.5	5.3	(3.6)	(1.3)	-	1.8	403.7	500.4	486.3	**986.7**
Issue of shares upon the exercise of share options	0.7	27.1	(8.9)	-	-	-	-	-	-	-	18.9	-	**18.9**
Repurchase and cancellation of shares	(0.3)	-	-	-	-	-	-	-	0.3	(22.4)	(22.4)	-	**(22.4)**
Equity-settled share option arrangements	-	-	6.6	-	-	-	-	-	-	-	6.6	0.2	**6.8**
2009 final dividend	-	-	-	-	-	-	-	-	-	(39.6)	(39.6)	-	**(39.6)**
2010 interim dividend	-	-	-	-	-	-	-	-	-	(29.9)	(29.9)	-	**(29.9)**
2010 special dividend	-	-	-	-	-	-	-	-	-	(9.5)	(9.5)	-	**(9.5)**
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(82.4)	**(82.4)**
Disposal of an associated company	-	-	(0.6)	(0.3)	-	-	-	-	-	-	(0.9)	-	**(0.9)**
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	-	-	-	5.0	**5.0**
Acquisition, dilution and divestment of interests in subsidiary companies	-	-	-	-	-	-	-	234.7	-	-	234.7	504.9	**739.6**
Acquisition of interests in subsidiary companies by associated companies	-	-	-	-	-	-	-	0.7	-	-	0.7	-	**0.7**
Balance at 31 December 2010	**39.0**	**1,273.0**	**40.2**	**95.4**	**27.7**	**(4.8)**	**(1.0)**	**235.4**	**11.6**	**858.7**	**2,575.2**	**3,036.9**	**5,612.1**

HK$ millions*	Equity attributable to owners of the parent												
	Issued share capital	Share premium	Share options issued	Exchange reserve	Unrealized gains on available-for-sale assets	Unrealized gains/ (losses) on cash flow hedges	Income tax related to cash flow hedges	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 2009	250.4	7,598.0	270.7	(904.8)	91.2	21.1	(6.3)	-	(34.3)	1,528.8	8,814.8	9,711.8	18,526.6
Total comprehensive income for the year	-	-	-	914.2	83.5	(30.4)	8.6	-	109.2	3,132.4	4,217.5	3,518.5	7,736.0
Issue of shares upon the exercise of share options	-	9.3	(3.1)	-	-	-	-	-	-	-	6.2	-	6.2
Issue of shares in respect of rights issue	50.7	2,110.7	-	-	-	-	-	-	-	-	2,161.4	-	2,161.4
Equity-settled share option arrangements	-	-	68.6	-	-	-	-	-	-	-	68.6	3.9	72.5
2008 final dividend	-	-	-	-	-	-	-	-	-	(192.6)	(192.6)	-	(192.6)
2009 interim dividend	-	-	-	-	-	-	-	-	-	(128.7)	(128.7)	-	(128.7)
Disposal of a disposal group classified as assets held for sale	-	-	-	-	-	-	-	-	(0.8)	-	(0.8)	(49.9)	(50.7)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(65.5)	(65.5)
Change in attributable interests	-	-	-	-	-	-	-	-	-	-	-	3,758.8	3,758.8
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(319.0)	(319.0)
Balance at 31 December 2009	301.1	9,718.0	336.2	9.4	174.7	(9.3)	2.3	-	74.1	4,339.9	14,946.4	16,558.6	31,505.0
Balance at 1 January 2010	301.1	9,718.0	336.2	9.4	174.7	(9.3)	2.3	-	74.1	4,339.9	14,946.4	16,558.6	**31,505.0**
Total comprehensive income for the year	-	-	-	737.1	41.3	(28.1)	(10.1)	-	14.0	3,148.9	3,903.1	3,793.2	**7,696.3**
Issue of shares upon the exercise of share options	5.5	211.4	(69.5)	-	-	-	-	-	-	-	147.4	-	**147.4**
Repurchase and cancellation of shares	(2.4)	-	-	-	-	-	-	-	2.4	(174.7)	(174.7)	-	**(174.7)**
Equity-settled share option arrangements	-	-	51.5	-	-	-	-	-	-	-	51.5	1.5	**53.0**
2009 final dividend	-	-	-	-	-	-	-	-	-	(308.9)	(308.9)	-	**(308.9)**
2010 interim dividend	-	-	-	-	-	-	-	-	-	(233.2)	(233.2)	-	**(233.2)**
2010 special dividend	-	-	-	-	-	-	-	-	-	(74.1)	(74.1)	-	**(74.1)**
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(642.7)	**(642.7)**
Disposal of an associated company	-	-	(4.7)	(2.3)	-	-	-	-	-	-	(7.0)	-	**(7.0)**
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	-	-	-	39.0	**39.0**
Acquisition, dilution and divestment of interests in subsidiary companies	-	-	-	-	-	-	-	1,830.7	-	-	1,830.7	3,938.2	**5,768.9**
Acquisition of interests in subsidiary companies by associated companies	-	-	-	-	-	-	-	5.4	-	-	5.4	-	**5.4**
Balance at 31 December 2010	**304.2**	**9,929.4**	**313.5**	**744.2**	**216.0**	**(37.4)**	**(7.8)**	**1,836.1**	**90.5**	**6,697.9**	**20,086.6**	**23,687.8**	**43,774.4**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	**2010** US$m	2009 (Restated) US$m	**2010** HK$m*	2009 (Restated) HK$m*
Profit before taxation					
From continuing operations		**978.7**	804.0	**7,633.9**	6,271.2
From a discontinued operation		**-**	0.1	**-**	0.8
Adjustments for:					
Interest expenses	3	**274.9**	257.8	**2,144.2**	2,010.8
Depreciation	4	**119.0**	102.3	**928.2**	798.0
Decrease/(increase) in other non-current assets		**98.0**	(71.0)	**764.4**	(553.8)
Amortization of other intangible assets	4	**71.9**	83.7	**560.8**	652.8
Equity-settled share option expense		**7.2**	9.3	**56.2**	72.6
Impairment losses recognized	4	**1.4**	12.4	**10.9**	96.7
Loss/(gain) on dilution and divestment of interest in an associated company	4	**0.4**	(1.2)	**3.1**	(9.4)
Share of profits less losses of associated companies and joint ventures		**(284.9)**	(233.4)	**(2,222.2)**	(1,820.5)
Gain on changes in fair value of plantations	4	**(34.0)**	(60.2)	**(265.2)**	(469.6)
Interest income	3	**(31.9)**	(27.5)	**(248.8)**	(214.5)
Increase in accounts receivable, other receivables and prepayments (Non-current)		**(27.5)**	(1.5)	**(214.5)**	(11.7)
Gain on disposal of an associated company	4	**(21.2)**	-	**(165.4)**	-
Foreign exchange and derivative gains, net	4	**(9.5)**	(72.6)	**(74.1)**	(566.3)
Preferred shares dividend income from a joint venture	4	**(8.3)**	-	**(64.7)**	-
(Gain)/loss on sale of property, plant and equipment	4	**(5.8)**	9.6	**(45.2)**	74.9
Gain on disposal of a joint venture	4	**(1.8)**	-	**(14.0)**	-
Dividend income from available-for-sale assets	4	**(0.1)**	(0.1)	**(0.8)**	(0.8)
Gain on dilution of interest in subsidiary companies	4	**-**	(84.7)	**-**	(660.6)
Realized gain on sale of available-for-sale assets	4	**-**	(3.6)	**-**	(28.1)
Others		**(8.7)**	3.3	**(68.0)**	25.8
		1,117.8	726.7	**8,718.8**	5,668.3
Increase/(decrease) in accounts payable, other payables and accruals		**232.5**	(229.4)	**1,813.5**	(1,789.4)
(Increase)/decrease in inventories		**(58.3)**	91.2	**(454.7)**	711.4
Increase in accounts receivable, other receivables and prepayments (Current)		**(58.7)**	(155.5)	**(457.9)**	(1,212.9)
Net cash generated from operations		**1,233.3**	433.0	**9,619.7**	3,377.4
Interest received		**29.7**	21.3	**231.7**	166.1
Interest paid		**(211.0)**	(244.3)	**(1,645.8)**	(1,905.6)
Taxes paid		**(232.1)**	(150.9)	**(1,810.4)**	(1,177.0)
Net cash flows from operating activities		**819.9**	59.1	**6,395.2**	460.9
Proceeds from divestment of interest in subsidiary companies		**755.5**	-	**5,892.9**	-
Decrease in loan receivables		**248.8**	-	**1,940.6**	-
Dividends received from associated companies		**238.2**	210.6	**1,858.0**	1,642.7
Proceeds from disposal of an associated company		**23.3**	-	**181.7**	-
Proceeds from sale of property, plant and equipment		**10.4**	5.6	**81.1**	43.7
Preferred shares dividends received from a joint venture		**8.3**	-	**64.7**	-
Proceeds from disposal of a joint venture		**5.4**	-	**42.1**	-
Proceeds from disposal of assets held for sale		**1.1**	-	**8.6**	-
Dividends from available-for-sale assets		**0.1**	-	**0.8**	-
Purchase of property, plant and equipment		**(243.0)**	(221.8)	**(1,895.4)**	(1,730.0)
Investments in other intangible assets		**(198.3)**	(99.3)	**(1,546.7)**	(774.5)
Investments in plantations		**(72.4)**	(68.7)	**(564.7)**	(535.9)
Increased investments in associated companies		**(59.4)**	(271.2)	**(463.3)**	(2,115.4)
Increased investments in subsidiary companies		**(40.1)**	(10.4)	**(312.8)**	(81.1)
Acquisition of subsidiary companies		**(5.9)**	(0.8)	**(46.0)**	(6.2)
Proceeds from disposal of available-for-sale assets		**-**	43.3	**-**	337.7
Proceeds from divestment of interest in an associated company		**-**	2.5	**-**	19.5
Investments in associated companies		**-**	(274.5)	**-**	(2,141.1)
Investment in a joint venture		**-**	(5.3)	**-**	(41.3)
Acquisition of available-for-sale assets		**-**	(0.9)	**-**	(7.1)
Net cash flows from/(used in) investing activities		**672.0**	(690.9)	**5,241.6**	(5,389.0)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December	2010	2009 (Restated)	2010	2009 (Restated)
	US$m	US$m	HK$m*	HK$m*
Proceeds from new borrowings	**1,364.9**	1,805.4	**10,646.2**	14,082.1
Decrease/(increase) in time deposits with original maturity of more than three months	**53.9**	(50.9)	**420.4**	(397.0)
Proceeds from the issue of shares upon the exercise of share options	**20.3**	1.5	**158.3**	11.7
Proceeds from sale of treasury shares by a subsidiary company	**19.1**	18.2	**149.0**	141.9
Borrowings repaid	**(1,957.1)**	(1,384.8)	**(15,265.4)**	(10,801.4)
Investment in preferred shares of a joint venture	**(146.5)**	-	**(1,142.7)**	-
Dividends paid to non-controlling shareholders by subsidiary companies	**(82.4)**	(40.9)	**(642.7)**	(319.0)
Dividends paid to shareholders	**(79.0)**	(41.2)	**(616.2)**	(321.4)
Increase in restricted cash	**(23.2)**	(16.7)	**(180.9)**	(130.2)
Repurchase of shares	**(22.1)**	-	**(172.4)**	-
Shares issued to non-controlling interests by subsidiary companies	**(1.6)**	286.9	**(12.5)**	2,237.8
Proceeds from rights issue of the Company	**-**	277.1	**-**	2,161.4
Net cash flows (used in)/from financing activities	**(853.7)**	854.6	**(6,658.9)**	6,665.9
Net increase in cash and cash equivalents	**638.2**	222.8	**4,977.9**	1,737.8
Cash and cash equivalents at 1 January	**883.9**	625.9	**6,894.4**	4,882.0
Exchange translation	**16.6**	35.2	**129.5**	274.6
Cash and cash equivalents at 31 December	**1,538.7**	883.9	**12,001.8**	6,894.4
Representing				
Cash and cash equivalents	**1,538.8**	936.6	**12,002.6**	7,305.5
Less time deposits with original maturity of more than three months	**(0.1)**	(52.7)	**(0.8)**	(411.1)
Cash and cash equivalents at 31 December	**1,538.7**	883.9	**12,001.8**	6,894.4

Notes:-

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

During 2010, the Group has adopted the following new and revised Hong Kong Financial Reporting Standards (HKFRSs) (which include all HKFRSs, Hong Kong Accounting Standards (HKASs), Hong Kong (International Financial Reporting Interpretations Committee)-Interpretations (HK(IFRIC)-Ints) and Hong Kong Interpretations (HK Int)) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) for the first time for the current year's financial statements:

HKAS 27 (Revised)	"Consolidated and Separate Financial Statements"(i)
HKAS 39 Amendment	"Eligible Hedged Items"(i)
HKFRS 1 (Revised)	"First-time Adoption of Hong Kong Financial Reporting Standards"(i)
HKFRS 1 Amendments	"Additional Exemptions for First-time Adopters"(ii)
HKFRS 2 Amendments	"Group Cash-settled Share-based Payment Transactions"(ii)
HKFRS 3 (Revised)	"Business Combinations"(i)
HKFRS 5 Amendments	"Plan to Sell the Controlling Interest in a Subsidiary"(i)(ii)
HK(IFRIC)-Int 17	"Distributions of Non-cash Assets to Owners"(i)
HK Int 4 Amendment	"Leases - Determination of the Length of Lease Term in respect of Hong Kong Land Leases"(ii)
HK Int 5	"Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"(iii)
Improvements to HKFRSs	"Improvements to HKFRSs" and "Improvements to HKFRSs 2009"(iv)

(i) Effective for annual periods commencing on or after 1 July 2009
(ii) Effective for annual periods commencing on or after 1 January 2010
(iii) Effective on 29 November 2010
(iv) Generally effective for annual periods commencing on or after 1 January 2010, unless otherwise stated in the specific HKFRSs

The adoption of the above pronouncements (except for HKAS 27 (Revised) and HKFRS 3 (Revised)) has had no effect on both the profit attributable to owners of the parent for the years ended 31 December 2010 and 31 December 2009 and the equity attributable to owners of the parent at 31 December 2010 and 31 December 2009, but only results in certain changes in the financial statement presentation and disclosures. In particular, the adoption of the amendments to HKAS 17 included in Improvements to HKFRSs 2009 has resulted in changes in classification of certain items on the statement of financial position and income statement. The adoption affects the Group's accounting treatments for (i) transactions between the owners and the non-controlling interests of subsidiary companies; (ii) business combinations and (iii) classification of certain items on the statement of financial position and income statement in relation to leasehold land. The impacts of adopting HKAS 27 (Revised), HKFRS 3 (Revised) and the amendments to HKAS 17 are summarized as follows.

The Group's adoption of HKAS 27 (Revised) and HKFRS 3 (Revised) results in changes in the Group's accounting policies which have been applied prospectively starting 1 January 2010, whereas, the Group's retrospective adoption of the amendments to HKAS 17 result in changes in the Group's accounting policies and comparative amounts of certain items in the Group's financial statements for the prior years.

HKAS 27 (Revised) changes (a) the term "minority interest" to "non-controlling interest" and (b) the accounting treatments of the Group in respect of (i) changes in its ownership interests in subsidiary companies, for cases which result in either a loss of control or not, and (ii) losses incurred by its subsidiary companies. For the changes in the Group's ownership interest in a subsidiary company that do not result in a loss of control, the Group is required by the revised standard to account for such changes as equity transactions. Accordingly, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. For the changes in the Group's ownership interest in a subsidiary company that result in a loss of control, the Group is required by the revised standard to (a) remeasure the retained investment at its fair value at the date when control was lost and (b) recognize the difference between (i) the fair value of consideration received and the retained investment and (ii) the carrying amounts of assets (including the attributable carrying amount of goodwill), liabilities, non-controlling interests (including any components of other comprehensive income attributable to them) as an additional gain or loss on disposal. For losses incurred by loss-making subsidiary companies, the Group is required by the revised standard to account for losses attributable to its non-controlling interests even if that results in a deficit balance for the non-controlling interests in the Group's accounts.

HKFRS 3 (Revised) introduces certain changes in the accounting requirements for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results of the Group after the date of its adoption. These changes include, but are not limited to, the new requirements of (a) for partial acquisitions, allowing non-controlling interests to be measured either as their proportionate interests in the net identifiable assets or at their fair value; (b) for step acquisitions, (i) measuring goodwill as the difference at the acquisition date between the fair value of any investment in the business held before the acquisition plus the consideration transferred and the net assets acquired and (ii) recognizing gains or losses from remeasuring to the fair value the interest in the acquiree held by the Group immediately before the business combination; (c) recognizing acquisition-related costs as expenses, rather than including them in goodwill; and (d) recognizing the fair value of contingent considerations at the acquisition date and reflecting the subsequent changes of such contingent considerations either in profit or loss or in other comprehensive income in accordance with the requirements of HKAS 39 "Financial Instruments: Recognition and Measurement".

Amendments to HKAS 17 remove the specific guidance on classifying leasehold land as an operating lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance of HKAS 17 which requires an assessment of whether substantially all the risks and rewards incidental to ownership of a leased asset have been transferred from the lessors to the lessees upon the inception of the leases. The Group has reassessed its leases in Indonesia, previously classified as operating leases, upon the adoption of the amendments. As substantially all the risks and rewards associated with the leases in Indonesia have been transferred to the Group, the leases in Indonesia have been reclassified from operating leases under "Prepaid land premiums" to finance leases under "Property, plant and equipment". The corresponding amortization has also been reclassified to depreciation.

(a) Effect on the consolidated income statement for the years ended 31 December 2010 and 2009

Effect of new accounting policies **For the year ended 31 December**	**2010** **US$m**	2009 US$m	**2010** **HK$m***	2009 HK$m*
Decrease in gain on disposal and dilutions	**(513.4)**	-	**(4,004.5)**	-
Decrease in share of profits less losses of associated companies and joint ventures	**(4.5)**	-	**(35.1)**	-
Decrease in profit for the year	**(517.9)**	-	**(4,039.6)**	-
Attributable to:				
Owners of the parent	**(250.4)**	-	**(1,953.1)**	-
Non-controlling interests	**(267.5)**	-	**(2,086.5)**	-
Decrease in profit for the year	**(517.9)**	-	**(4,039.6)**	-
Decrease in earnings per share attributable to owners of the parent (U.S. cents)				
Basic	**(6.45)**	-	**(50.3)**	-
Diluted	**(6.45)**	-	**(50.3)**	-

(b) Effect on the consolidated statement of financial position at 31 December 2010 and 2009 and 1 January 2009

Effect of new accounting policies	**At 31 December 2010 US$m**	At 31 December 2009 US$m	At 1 January 2009 US$m	**At 31 December 2010 HK$m***	At 31 December 2009 HK$m*	At 1 January 2009 HK$m*
Assets						
Increase in property plant and equipment	**201.7**	190.0	158.2	**1,573.3**	1,482.0	1,234.0
Decrease in associated companies and joint ventures	**(3.8)**	-	-	**(29.6)**	-	-
Decrease in prepaid land premiums	**(195.8)**	(183.0)	(153.2)	**(1,527.3)**	(1,427.4)	(1,195.0)
Decrease in accounts receivable, other receivables and prepayments (Current)	**(5.9)**	(7.0)	(5.0)	**(46.0)**	(54.6)	(39.0)
Decrease in goodwill	**(19.0)**	-	-	**(148.2)**	-	-
	(22.8)	-	-	**(177.8)**	-	-
Equity						
Increase in differences arising from changes in equities of subsidiary companies	**235.4**	-	-	**1,836.1**	-	-
Decrease in retained earnings	**(250.4)**	-	-	**(1,953.1)**	-	-
Decrease in non-controlling interests	**(7.8)**	-	-	**(60.8)**	-	-
	(22.8)	-	-	**(177.8)**	-	-

2. **Turnover and segmental information**

For the year ended 31 December	**2010 US$m**	2009 US$m	**2010 HK$m***	2009 HK$m*
Turnover				
Sale of goods	**4,118.8**	3,511.8	**32,126.7**	27,392.0
Rendering of services	**521.4**	413.8	**4,066.9**	3,227.7
Total	**4,640.2**	3,925.6	**36,193.6**	30,619.7

Segmental information

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

The Board of Directors considers the business from both product or service and geographical perspectives. From the product or service perspective, the Group business interests are divided into four main segments, which are telecommunications, infrastructure, consumer food products and natural resources. Geographically, the Board of Directors considers that the businesses of the Group are operating in the Philippines and Indonesia.

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 2010 and 2009, and total assets and total liabilities at 31 December 2010 and 2009 regarding the Group's reportable businesses are as follows.

By principal business activity - 2010

For the year ended/at 31 December	The Philippines Telecom-munications US$m	The Philippines Infrastructure US$m	The Philippines Natural Resources US$m	Indonesia Consumer Food Products US$m	Head Office US$m	**2010 Total US$m**	**2010 Total HK$m***
Revenue							
Turnover	-	412.2	-	4,228.0	-	**4,640.2**	**36,193.6**
Results							
Recurring profit	224.1	46.9	30.9	172.1	(71.9)	**402.1**	**3,136.4**
Assets and liabilities							
Associated companies and joint ventures	1,078.9	751.5	606.0	3.0	-	**2,439.4**	**19,027.3**
Other assets	-	2,199.5	-	5,999.8	275.4	**8,474.7**	**66,102.7**
Total assets	1,078.9	2,951.0	606.0	6,002.8	275.4	**10,914.1**	**85,130.0**
Borrowings	-	741.9	-	1,593.4	1,103.9	**3,439.2**	**26,825.7**
Other liabilities	-	608.6	-	1,144.0	110.2	**1,862.8**	**14,529.9**
Total liabilities	-	1,350.5	-	2,737.4	1,214.1	**5,302.0**	**41,355.6**
Other information							
Depreciation and amortization	-	(57.0)	-	(134.3)	(6.8)	**(198.1)**	**(1,545.2)**
Interest income	-	12.7	-	18.1	1.1	**31.9**	**248.8**
Interest expenses	-	(92.8)	-	(129.2)	(52.9)	**(274.9)**	**(2,144.2)**
Share of profits less losses of associated companies and joint ventures	242.8	11.2	32.9	(2.2)	0.2	**284.9**	**2,222.2**
Taxation	-	(2.3)	-	(181.9)	(19.0)	**(203.2)**	**(1,585.0)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	243.6	-	294.7	-	**538.3**	**4,198.7**

By principal business activity - 2009

For the year ended/at 31 December	The Philippines Telecom-munications US$m	The Philippines Infrastructure US$m	The Philippines Natural Resources US$m	Indonesia Consumer Food Products US$m	Head Office US$m	2009 Total US$m	2009 Total HK$m*
Revenue							
Turnover	-	336.9	-	3,588.7	-	3,925.6	30,619.7
Results							
Recurring profit	205.3	33.0	7.7	89.2	(48.6)	286.6	2,235.5
Assets and liabilities							
Associated companies and joint ventures	1,050.8	568.8	441.2	3.7	3.5	2,068.0	16,130.4
Other assets	-	2,214.1	-	4,882.1	233.1	7,329.3	57,168.6
Total assets	1,050.8	2,782.9	441.2	4,885.8	236.6	9,397.3	73,299.0
Borrowings	-	926.1	-	1,837.7	921.5	3,685.3	28,745.3
Other liabilities	-	571.4	-	1,008.7	92.8	1,672.9	13,048.7
Total liabilities	-	1,497.5	-	2,846.4	1,014.3	5,358.2	41,794.0
Other information							
Depreciation and amortization (Restated)	-	(68.8)	-	(116.8)	(0.4)	(186.0)	(1,450.8)
Interest income	-	10.5	-	15.6	1.4	27.5	214.5
Interest expenses	-	(83.9)	-	(149.0)	(24.9)	(257.8)	(2,010.8)
Share of profits less losses of associated companies and joint ventures	210.9	9.1	12.5	0.3	0.6	233.4	1,820.5
Taxation	-	1.0	-	(132.5)	(12.2)	(143.7)	(1,120.9)
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	162.2	-	363.4	2.3	527.9	4,117.6

3. **Net borrowing costs**

For the year ended 31 December	**2010 US$m**	2009 US$m	**2010 HK$m***	2009 HK$m*
Total borrowing costs	**274.9**	257.8	**2,144.2**	2,010.8
Less: interest income	**(31.9)**	(27.5)	**(248.8)**	(214.5)
Net borrowing costs	**243.0**	230.3	**1,895.4**	1,796.3

4. **Profit before taxation**

For the year ended 31 December	**2010**	2009	**2010**	2009
		(Restated)		(Restated)
	US$m	US$m	**HK$m***	HK$m*
Profit before taxation is stated after (charging)/crediting[(i)]				
Cost of inventories sold	**(2,079.6)**	(1,959.1)	**(16,220.9)**	(15,281.0)
Employees' remuneration	**(463.1)**	(376.5)	**(3,612.2)**	(2,936.7)
Cost of services rendered	**(176.3)**	(140.5)	**(1,375.1)**	(1,095.9)
Depreciation	**(119.0)**	(102.3)	**(928.2)**	(798.0)
Amortization of other intangible assets	**(71.9)**	(83.7)	**(560.8)**	(652.8)
Operating lease rentals				
- Land and buildings	**(10.6)**	(13.7)	**(82.7)**	(106.9)
- Hire of plant and equipment	**(8.6)**	(4.4)	**(67.1)**	(34.3)
Auditors' remuneration				
- Audit services	**(3.5)**	(2.1)	**(27.3)**	(16.4)
- Other services[(ii)]	**(0.8)**	(0.3)	**(6.2)**	(2.3)
Impairment losses				
- Goodwill[(iii)]	**(1.2)**	-	**(9.4)**	-
- Accounts receivable[(iv)]	**(0.2)**	(7.3)	**(1.6)**	(56.9)
- Property, plant and equipment	**-**	(5.1)	**-**	(39.8)
(Loss)/gain on dilution and divestment of interest in an associated company	**(0.4)**	1.2	**(3.1)**	9.4
Gain on changes in fair value of plantations	**34.0**	60.2	**265.2**	469.6
Gain on disposal of an associated company	**21.2**	-	**165.4**	-
Foreign exchange and derivative gains, net	**9.5**	72.6	**74.1**	566.3
Preferred shares dividend income from a joint venture	**8.3**	-	**64.7**	-
Gain/(loss) on sale of property, plant and equipment	**5.8**	(9.6)	**45.2**	(74.9)
Gain on disposal of a joint venture	**1.8**	-	**14.0**	-
Gain/(loss) on change in fair value of assets held for sale	**0.8**	(2.8)	**6.2**	(21.8)
Dividend income from available-for-sale assets	**0.1**	0.1	**0.8**	0.8
Gain on dilution of interest in subsidiary companies	**-**	84.7	**-**	660.6
Realized gain on sale of available-for-sale assets	**-**	3.6	**-**	28.1

(i) Includes amounts (charged)/credited in respect of a discontinued operation
(ii) Excludes an amount of US$1.2 million (HK$9.4 million) (2009: Nil) which has been charged directly to equity under differences arising from changes in equities of subsidiary companies
(iii) Included in other operating (expenses)/income, net
(iv) Included in distribution costs

5. **Taxation**

No Hong Kong profits tax (2009: Nil) has been provided as the Group had no estimated assessable profits (2009: Nil) in Hong Kong for the year. Taxation on assessable profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the countries in which the Company's subsidiary companies operate.

For the year ended 31 December	**2010**	2009	**2010**	2009
	US$m	US$m	**HK$m***	HK$m*
Subsidiary companies - overseas				
Current taxation	**198.2**	144.7	**1,546.0**	1,128.7
Deferred taxation	**5.0**	(1.0)	**39.0**	(7.8)
Total	**203.2**	143.7	**1,585.0**	1,120.9

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$99.8 million (HK$778.4 million) (2009: US$84.3 million or HK$657.5 million) and which is analyzed as follows.

For the year ended 31 December	**2010**	2009	**2010**	2009
	US$m	US$m	**HK$m***	HK$m*
Associated companies and joint ventures - overseas				
Current taxation	**90.5**	78.3	**705.9**	610.7
Deferred taxation	**9.3**	6.0	**72.5**	46.8
Total	**99.8**	84.3	**778.4**	657.5

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

The profit attributable to owners of the parent includes US$2.8 million (HK$21.8 million) (2009: US$23.7 million or HK$184.9 million) of net foreign exchange and derivative 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$7.6 million (HK$59.3 million) (2009: US$10.0 million or HK$78.0 million) of gain on changes in fair value of plantations and US$8.8 million (HK$68.6 million) of net non-recurring losses (2009: US$81.3 million or HK$634.1 million of net non-recurring gains).

Analysis of foreign exchange and derivative gains

For the year ended 31 December	**2010 US$m**	2009 US$m	**2010 HK$m***	2009 HK$m*
Foreign exchange and derivative gains				
- Subsidiary companies	**9.5**	72.6	**74.1**	566.3
- Associated companies and joint ventures	**1.8**	2.6	**14.0**	20.3
Subtotal	**11.3**	75.2	**88.1**	586.6
Attributable to taxation and non-controlling interests	**(8.5)**	(51.5)	**(66.3)**	(401.7)
Total	**2.8**	23.7	**21.8**	184.9

The non-recurring losses of US$8.8 million (HK$68.6 million) for 2010 mainly represents the Group's share of Meralco's non-recurring losses, and provision and write-off of certain assets, partly offset by the Group's gain on disposal of its interest in an associated company. The non-recurring gains of US$81.3 million (HK$634.1 million) for 2009 mainly represent gains on dilution of the Group's interest in MPIC.

Included within the profit attributable to owners of the parent for the year ended 31 December 2010 is a profit of US$55.7 million (HK$434.5 million) (2009: US$5.1 million or HK$39.8 million) attributable to the Company.

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

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the parent of US$403.7 million (HK$3,148.9 million) (2009: US$401.6 million or HK$3,132.5 million), and the weighted average number of ordinary shares of 3,880.4 million (2009: 3,428.5 million) in issue 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$403.7 million (HK$3,148.9 million) (2009: US$401.6 million or HK$3,132.5 million) reduced by the dilutive impacts of (i) US$5.8 million (HK$45.2 million) (2009: Nil) in respect of the conversion of convertible bonds issued by a subsidiary company and (ii) US$4.3 million (HK$33.5 million) (2009: US$6.8 million or HK$53.0 million) in respect of the exercise of share options issued by its subsidiary and associated companies and (b) a share base equal to the aggregate of the weighted average number of ordinary shares of 3,880.4 million (2009: 3,428.5 million) in issue during the year (as used in the basic earnings per share calculation) and the weighted average number of ordinary shares of 24.8 million (2009: 50.6 million) assumed to have been issued at no consideration on the deemed exercise of all share options of the Company during the year.

8. **Ordinary share dividends**

	Per ordinary share				Total			
	2010 US¢	2009 US¢	**2010 HK¢***	2009 HK¢*	**2010 US$m**	2009 US$m	**2010 HK$m***	2009 HK$m*
Interim	**0.77**	0.51	**6.00**	4.00	**29.9**	16.5	**233.2**	128.7
Special	**0.24**	-	**1.88**	-	**9.5**	-	**74.1**	-
Proposed final	**1.54**	1.03	**12.00**	8.00	**60.0**	39.6	**468.0**	308.9
Total	**2.55**	1.54	**19.88**	12.00	**99.4**	56.1	**775.3**	437.6

In connection with the global offering carried out by PT Indofood CBP Sukses Makmur (ICBP), a subsidiary company of Indofood, in October 2010, the Company was required, under Practice Note 15 (PN15) of the Listing Rules, to subscribe and distribute a certain number of new ICBP shares to its shareholders. For the purpose of meeting the requirement of PN15, the Company subscribed for 17,492,500 ICBP shares which represented 1.5% of the total number of offered shares and declared a special dividend, payable to shareholders by way of a distribution in specie on the basis of eight ICBP shares for every 2,000 ordinary shares of the Company held by them. Each qualified shareholder holding 2,000 ordinary shares or more of the Company might elect to receive cash in lieu of the distributable ICBP shares as calculated by making reference to the ICBP offer price of Rupiah 5,395 (U.S. 60.6 cents or HK$4.70) per share. The special dividend was distributed to the shareholders on 6 December 2010.

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

9. **Accounts receivable, other receivables and prepayments**
Included in accounts receivable, other receivables and prepayments are accounts receivable of US$299.7 million (HK$2,337.7 million) (2009: US$238.4 million or HK$1,859.5 million), with an ageing profile as below.

At 31 December	2010 US$m	2009 US$m	2010 HK$m*	2009 HK$m*
0 to 30 days	**271.5**	190.9	**2,117.7**	1,489.0
31 to 60 days	**12.5**	10.5	**97.5**	81.9
61 to 90 days	**4.7**	11.4	**36.7**	88.9
Over 90 days	**11.0**	25.6	**85.8**	199.7
Total	**299.7**	238.4	**2,337.7**	1,859.5

Indofood generally allows export customers 60 days of credit and local customers an average of 30 days of credit. MPIC (a) allows 60 days of credit for its water service customers and (b) collects toll fees through its associated company, Tollways Management Corporation (TMC), by cash, by prepaid and reloadable electronic toll collection devices and by credit card payment.

10. **Accounts payable, other payables and accruals**
Included in accounts payable, other payables and accruals are accounts payables of US$211.1 million (HK$1,646.6 million) (2009: US$185.0 million or HK$1,443.0 million), with an ageing profile as below.

At 31 December	2010 US$m	2009 US$m	2010 HK$m*	2009 HK$m*
0 to 30 days	**188.5**	162.9	**1,470.3**	1,270.6
31 to 60 days	**10.6**	5.1	**82.7**	39.8
61 to 90 days	**7.9**	11.6	**61.6**	90.5
Over 90 days	**4.1**	5.4	**32.0**	42.1
Total	**211.1**	185.0	**1,646.6**	1,443.0

11. **Contingent liabilities**
At 31 December 2010, except for US$68.6 million (HK$535.1 million) (2009: US$62.1 million or HK$484.4 million) guarantees given by Indofood for loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of fresh fruit bunches to Indofood, neither the Group nor the Company had any significant contingent liabilities (2009: Nil).

12. **Employee information**

For the year ended 31 December	2010 US$m	2009 US$m	2010 HK$m*	2009 HK$m*
Employee's remuneration (including Directors' remuneration)	**463.1**	376.5	**3,612.2**	2,936.7

Number of employees	2010	2009
At 31 December	**70,525**	68,416
Average for the year	**70,121**	67,344

13. **Comparative amounts**
As explained in Note 1, due to the adoption of the amendments to HKAS 17 included in Improvements to HKFRSs 2009 during the year, the presentation of certain balances has been revised to comply with such changes. Accordingly, certain comparative amounts have been reclassified or restated to conform with the current year's accounting treatments and presentation and a third statement of financial position as at 1 January 2009 has been presented.

14. **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 21 March 2011.

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

REVIEW OF OPERATIONS

First Pacific

First Pacific Group companies continued to grow and strengthened their market positions during the year. Consolidated contribution from operations increased 41.4% to US$474.0 million. PLDT, MPIC and Philex declared dividends which enabled First Pacific's Board of Directors to recommend an increase in its final dividend of 50% in line with its improvement in recurring profit and its commitment to distribute at least 25% of recurring profit to shareholders as dividends.

Below is an analysis of results by individual company.

Contribution Summary

For the year ended 31 December	Turnover		Contribution to Group profit(i)	
	2010	2009	**2010**	2009
US$ millions				
PLDT(ii)	**-**	-	**224.1**	205.3
MPIC	**412.2**	336.9	**46.9**	33.0
Indofood	**4,228.0**	3,588.7	**172.1**	89.2
Philex(ii)	**-**	-	**30.9**	7.7
From operations	**4,640.2**	3,925.6	**474.0**	335.2
Head Office items:				
- Corporate overhead			**(20.9)**	(17.6)
- Net interest expense			**(45.0)**	(24.0)
- Other expenses			**(6.0)**	(7.0)
Recurring profit			**402.1**	286.6
Foreign exchange and derivative gains(iii)			**2.8**	23.7
Gain on changes in the fair value of plantations			**7.6**	10.0
Non-recurring items(iv)			**(8.8)**	81.3
Profit attributable to owners of the parent			**403.7**	401.6

(i) After taxation and non-controlling interests, where appropriate
(ii) Associated companies
(iii) Foreign exchange and derivative gains represent the 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.
(iv) 2010's non-recurring losses of US$8.8 million mainly represent the Group's share of Meralco's non-recurring losses, and provision and write-off of certain assets, partly offset by the Group's gain on disposal of its interest in an associated company. 2009's non-recurring gains of US$81.3 million mainly represent gains on dilution of the Group's interest in MPIC.

Turnover ↑18%
- to US$4,640.2 million from US$3,925.6 million
- principally reflecting an approximately 14% appreciation of the average rupiah exchange rate against the U.S. dollar and a 22% increase in MPIC's revenues

Recurring profit ↑40%
- to US$402.1 million from US$286.6 million
- comprising a significantly improved performance and contribution from all operating companies
- partially offset by higher net interest expenses and corporate overhead at the Head Office level

Non-recurring losses
- US$8.8 million
- mainly representing the Group's share of Manila Electric Company ("Meralco")'s non-recurring losses, and provision and write-off of certain assets, partly offset by the Group's gain on disposal of its interest in an associated company, compared with gains of US$81.3 million for 2009 representing gains on dilution of the Group's interest in MPIC

Reported profit ↑1%
- to US$403.7 million from US$401.6 million
- reflecting the increase in recurring profit, partly offset by the reduction in foreign exchange and derivative gains, and non-recurring losses recorded in 2010 as compared with non-recurring gains in 2009

The Group's operating results are denominated in local currencies, principally the Peso and Rupiah, 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	**2010**	2009	One year change
Closing			
Peso	**43.84**	46.20	+5.4%
Rupiah	**8,991**	9,400	+4.5%

Exchange rates against the U.S. dollar			
For the year ended 31 December	**2010**	2009	One year change
Average			
Peso	**45.04**	47.81	+6.2%
Rupiah	**9,083**	10,349	+13.9%

During 2010, the Group recorded net foreign exchange and derivative gains of US$2.8 million (2009: US$23.7 million), which can be further analyzed as follows:

US$ millions	**2010**	2009
Head Office	**(3.0)**	(3.0)
PLDT	**2.1**	2.0
MPIC	**0.1**	1.8
Indofood	**4.3**	23.9
Philex	**(0.7)**	(1.0)
Total	**2.8**	23.7

Additional Investments

Additional investments made in 2010:

Infrastructure/Telecommunications

- Beacon Electric Asset Holdings, Inc. ("Beacon Electric"), a special purpose vehicle for holding PLDT/PCEV and MPIC's investment in Meralco, exercised a call option to acquire an additional 6.6% interest in Meralco for Pesos 22.4 billion (US$497.3 million) in March 2010
- MPIC invested Pesos 276 million (US$6.0 million) for a 51% stake in Riverside Medical Center in May 2010
- In October 2010, MPIC's wholly-owned subsidiary East Manila Hospital Managers Corporation secured a 20-year contract to manage and operate Our Lady of Lourdes Hospital

Natural Resources

- First Pacific acquired an additional 5.9% interest in Philex in January 2010 (US$129.3 million)
- Philex acquired 1.14% interest in FEC Resources, Inc. in January 2010 (US$2.5 million)
- Philex's wholly-owned subsidiary Philex Petroleum Corporation acquired an additional 2.4% interest in Forum Energy Plc. in February 2010 (US$0.8 million)
- Philex acquired the remaining 19% equity interest in Philex Gold Inc. through a tender offer in April 2010 (US$5.8 million)

First Pacific Group has built a portfolio of assets which have strong growth and cash flow prospects. The Company's focus remains on raising the performance of these businesses, delivering higher profits, increasing cash flows and driving value appreciation.

Capital Management

Dividends

The First Pacific Board has recommended a final dividend of HK12.00 cents (U.S. 1.54 cents) per share, up 50% from HK8.00 cents (U.S. 1.03 cents) per share in 2009. Together with the interim dividend of HK6.00 cents (U.S. 0.77 cent) (2009: HK4.00 cents (U.S. 0.51 cent)) per share, and a special dividend of HK1.88 cents (U.S. 0.24 cent), the total dividend amounts to HK19.88 cents (U.S. 2.55 cents), up 66% from HK12.00 cents (U.S. 1.54 cents) per share in 2009. 2010 dividend payments represent a payout ratio of 25% of recurring profit (2009: 20%), meeting the Company's earlier commitment to pay out this proportion of recurring profit.

Share Repurchase Program

In June 2010, the Board approved a two-year program to buy back up to US$130 million of First Pacific shares by way of "on-market repurchases". Since the program was announced, US$22.4 million has been invested in the repurchases for a total of 26.3 million shares.

Debt Profile

At 31 December 2010, gross debt at the Head Office stood at US$1.1 billion. In July 2010, FPMH Finance Limited, a wholly owned subsidiary of First Pacific, issued US$300 million of seven-year senior guaranteed secured bonds as part of its refinancing and overall debt management program. In September 2010, FPT Finance Limited, also a wholly owned subsidiary of First Pacific, issued US$400 million of 10-year senior guaranteed secured bonds as the second leg of the same program. The two fixed rate bonds enhance First Pacific's interest rate risk management by reducing the Head Office's floating-rate borrowings to approximately 4% of the total from approximately 69% and doubled the average maturity of the Head Office's borrowings.

Net interest expense increased 88% during the year to US$45.0 million as a result of a higher average debt level and higher interest rates.

Interest Cover

For the year, Head Office's recurring operating cash inflow was approximately US$258 million and cash interest payments were approximately US$20 million. Cash interest cover stood at approximately 12.9 times.

Foreign Currency Hedging

A two-year forward contract was entered in December 2009 to hedge a portion of the Peso dividend income from PLDT. Rupiah dividends from Indofood are not hedged due to the high cost of hedging in that currency.

Interest Rate Hedging

Together with the issuance of fixed rate bonds, only 4% of the Head Office's borrowings were on a floating rate basis as at 31 December 2010. To manage the interest rate risk, a 3.75-year interest rate swap contract to convert the interest rate of a US$200 million loan from floating to fixed was entered in April 2009. Another three-year interest rate swap contract was entered in November 2009 to hedge another US$45 million floating interest rate exposure.

2011 Outlook

Each of First Pacific's operating companies expressed cautious optimism with respect to their outlook for 2011. PLDT is investing in network improvements and expansions to capture the next wave of growth in telecommunications, wireless and fixed-line broadband to further secure its market domination in this new and growing sector of the industry. MPIC, the infrastructure arm of First Pacific, continues to explore opportunities to invest in infrastructure, such as airports and light rail while Meralco gears up for a move into electricity generation and explores the possibility of expanding the reach of its distribution network. Indofood's strong operating margins are continuing to drive improved performance. Philex continues to focus on maximizing efficiency to maintain high production volumes while developing the Silangan project and exploring other areas of expansion, both organically and via acquisition.

PLDT

PLDT contributed a profit of US$224.1 million to the Group (2009: US$205.3 million). This represents approximately 47% (2009: 61%) of First Pacific's aggregate contribution derived from the operations of subsidiary and associated companies for 2010. The increase in profit contribution (after the impact of an approximately 6% appreciation of the average Peso rate against the U.S. dollar) was a reflection of PLDT's equity share in net earnings of associates, principally from its share of earnings of Meralco, and lower tax charge, partly offset by a decrease in service revenues.

Consolidated core net income ↑2%	• to Pesos 42.0 billion (US$932.5 million) from Pesos 41.1 billion (US$859.7 million) • due to higher earnings contributions from Meralco, ePLDT/SPi and a lower tax charge
Reported net income ↑1%	• to Pesos 40.2 billion (US$892.5 million) from Pesos 39.8 billion (US$832.5 million)
Consolidated service revenues ↓2%	• to Pesos 142.2 billion (US$3.2 billion) from Pesos 145.6 billion (US$3.0 billion) • due to 21% decrease in national long distance (NLD) revenues • a 16% reduction in international long distance (ILD) revenues • a 12% decline in cellular text revenues • offset by a 15% growth in combined fixed and wireless broadband and internet revenues • a 16% rise in revenues from fixed data and other network services to third parties • a 9% increase in cellular voice revenues (including a 19% increase in domestic voice revenues offset in part by a 5% decline in international voice revenues)
EBITDA ↓3%	• to Pesos 83.7 billion (US$1.9 billion) from Pesos 86.2 billion (US$1.8 billion) • due to lower service revenues and higher cash operating expenses, particularly a one-time cost of Pesos 2.1 billion (US$46.6 million) resulting from a manpower reduction program undertaken in 4Q10 affecting nearly 1,100 personnel
EBITDA margin	• stable at 59% of service revenues with 63% for wireless, 47% for fixed line and 16% for Information and Communications Technology (ICT)
Consolidated free cash flow ↓2%	• to Pesos 43.7 billion (US$970.2 million) from Pesos 44.0 billion (US$928.7 million) • resulting from an increase in capex to Pesos 28.8 billion (US$639.4 million) from Pesos 28.1 billion (US$587.7 million) • an increase in net interest expenses to Pesos 4.4 billion (US$97.7 million) from Pesos 3.9 billion (US$81.6 million) • offset by a higher cash from operations of Pesos 77.3 billion (US$1.7 billion) compared with Pesos 74.4 billion (US$1.6 billion)
Consolidated debt (gross)	• at US$2.1 billion from US$2.2 billion as at 31 December 2009 • U.S. dollar-denominated debts further declined to 45% from 48% at the end of 2009; only 25% of total debt remains unhedged taking into account Peso borrowings, hedges and U.S. dollar cash holdings • 76% of total debt are fixed-rate loans while 24% are floating-rate loans • more than 50% of total debt matures in and after 2014
Consolidated net debt	• stable at US$1.3 billion
Net debt/EBITDA	• stable at 0.7 times

Capital Management

Dividend

PLDT maintained its strong performance despite continuing signs of increasing maturity in its core market. It declared a final dividend of Pesos 78 (US$1.73) per share, fulfilling its commitment to pay out a minimum ratio of 70% of core earnings, and, consistent with its year-end "look back approach," declared a special dividend of Pesos 66 (US$1.47) per share. In addition to the interim dividend of Pesos 78 (US$1.73) per share paid in September 2010, total dividends for the year will amount to Pesos 222 (US$4.93) per share, representing a payout of 100% of 2010 core earnings, equaling the payout ratio of the previous three years. Total dividend payments for 2010 will amount to Pesos 41.4 billion (US$919.2 million).

Share Buyback

In 2008, PLDT's board approved a share buyback program of up to 5 million shares. As of 31 December 2010, PLDT had bought back 2.7 million shares into treasury at an average cost of Pesos 2,388 (US$53.02) 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.

Wireless

Smart's cellular subscriber base grew 10% to 45.6 million (2009: 41.3 million) representing approximately 52% of the total cellular market in the Philippines based on subscribers and approximately 58% in terms of revenue.

At the end of December 2010, the cellular SIM penetration rate in the Philippines was approximately 94%. About 99% of Smart's subscribers are prepaid. Net blended average revenue per user (ARPU) declined 16% year-on-year to Pesos 158 (US$3.51).

Combined broadband subscribers – Digital Subscriber Line (DSL) fixed and wireless – grew 25% year-on-year to 2.02 million, which accounted for approximately 58% of the broadband market in the Philippines. Total DSL, wireless broadband and internet service revenues were up 16% to Pesos 16.9 billion (US$375.2 million) with DSL ARPU at approximately Pesos 1,137 (US$25.24) and net blended wireless ARPU at Pesos 413 (US$9.17).

Cellular voice revenues rose 9% in 2010 to Pesos 42.3 billion (US$939.2 million) compared with Pesos 38.9 billion (US$813.6 million) in the previous year. Voice revenues contributed 49% of total cellular service revenues in 2010 compared with 44% in 2009. Response to PLDT's low-cost/unlimited voice promotional offerings (*SmartTalk*, *SmartTalk Plus*, *Red Mobile Unlimited*) remains strong with 82% year-on-year growth in domestic call minutes with yield lower at Pesos 1.19 (U.S. 2.64 cents) per minute. The increase in voice traffic generated by the low-cost/unlimited voice promotions is to be carried by the Red Mobile/second network PLDT has put into place.

SMS/data services in 2010 accounted for 48% of cellular service revenues compared with 53% in 2009. SMS volumes rose 19% but yield was at Pesos 0.13 (U.S. 0.29 cents) per text due to the popularity of bucket plans.

Wireless service revenues ↓2%	• to Pesos 93.8 billion (US$2.1 billion) from Pesos 95.8 billion (US$2.0 billion) • due largely to a 12% reduction in cellular data/text revenues • a 17% decline in satellite and other revenues due to the sale of transponders • offset in part by a 17% increase in wireless broadband revenues • 9% growth in cellular voice revenues, including a 19% rise in domestic voice revenues
Wireless EBITDA ↓1%	• to Pesos 58.9 billion (US$1.3 billion) from Pesos 59.4 billion (US$1.2 billion) • reflecting a 2% reduction in service revenues • offset in part by a 3% decline in cash opex
EBITDA margin	• to 63% from 62%
Net blended ARPU ↓16%	• to Pesos 158 (US$3.51) from Pesos 188 (US$3.93) • due to the continuing preference for bucket-priced and unlimited offers which accounted for 56% of cellular data revenues

Smart continues to invest in its cellular and multi-platform broadband networks while upgrading its existing transmission, core and access facilities. Smart's 3G and fixed wireless broadband networks now cover 52% and 69% of the country's population, respectively.

Fixed Line

Revenues generated from the fixed line business amounted to Pesos 48.6 billion (US$1.1 billion) in 2010 from Pesos 51.1 billion (US$1.1 billion) in 2009.

Fixed line service revenue ↓5%	• to Pesos 48.6 billion (US$1.1 billion) from Pesos 51.1 billion (US$1.1 billion) • accounted for 28% of PLDT's consolidated service revenues • the strong Peso impacted the business unfavorably with approximately 25% of fixed line service revenues being dollar-denominated or dollar-linked. Had the Peso remained stable, service revenues would have been higher by Pesos 700 million (US$15.5 million). • local exchange revenues declined by 2% despite the increase in the average number of postpaid billed lines as ARPU declined due to bundled voice and data services • NLD revenues were lower by 21% compared with a year earlier on account of a 29% decrease in call volumes • ILD revenues decreased by 16% due to the decline in the average settlement rate for inbound calls and the unfavorable impact of the Peso appreciation partially offset by stable corporate data and DSL revenues • revenues from data service accounted for 45% (2009: 42%) of total fixed line service revenues reflecting a 16% increase in international data services revenues offsetting a 22% decline in domestic data service revenues
Fixed line EBITDA ↓10%	• to Pesos 22.7 billion (US$504.0 million) from Pesos 25.2 billion (US$527.1 million) • reflecting lower service revenues and higher cash opex

EBITDA margin • to 47% from 49%

The ongoing network upgrading to an all-IP next generation network (NGN) will significantly improve the network's efficiency and capability, particularly data-related services.

Information and Communications Technology (ICT)

The reorganization of the ICT businesses aims to create better focus and maximize scale. SPi CRM, Inc., which handles customer interaction services (more commonly known as "call center") and SPi Technologies, Inc., the knowledge processing arm (also known as business process outsourcing or "BPO") have combined their operations and are managed under SPi Global Holdings, Inc.

Service revenues ↓2%

- to Pesos 10.7 billion (US$237.6 million) from Pesos 10.9 billion (US$228.0 million)
- due to a 15% decline in call center/CRM revenues largely owing to lower domestic sales and international revenues and the impact of the Peso appreciation
- offset in part by a 25% increase in data center revenues on account of increases in co-location and disaster recovery contracts
- a 1% rise in BPO revenues as a result of an 8% increase in dollar-based revenues offset by the Peso appreciation
- with 70% of their revenues being dollar-denominated, the ICT business' results were particularly hard hit by the appreciation of the Peso. Had the Peso remained stable, service revenues for the year would have increased by 2% year-on-year
- accounted for 7% of PLDT's consolidated service revenues.

EBITDA ↑30%

- to Pesos 1.7 billion (US$37.7 million) from Pesos 1.3 billion (US$27.2 million)
- 5% decrease in cash operating expenses, largely due to a reduction in headcount
- slightly offset by a 2% decrease in service revenues

EBITDA margin

- to 16% from 12%

Under the new business structure of ICT, SPi is focusing on creating end-to-end BPO solutions through consolidation, with the end of accelerating growth in all three of its verticals - call center, healthcare and content solutions. ePLDT will continue to expand its data center businesses while exploring cloud computing initiatives and other ICT programs.

Meralco

PCEV, a 99.5% owned subsidiary of Smart, has a direct stake of approximately 6.1% in Meralco, the largest electricity distributor in the Philippines. PCEV also owns 50% of Beacon Electric, a special purpose company jointly owned with MPIC. Beacon Electric presently owns approximately 34.8% of Meralco. Meralco's franchise allows it to distribute electricity in most of Luzon until 2028. The franchise area produces over 55% of the country's gross domestic product and is home to half of the Philippines' population. Meralco accounts for approximately 60% of total electricity sales in the Philippines.

On 25 May, 2010, Manuel V. Pangilinan, Chairman of PLDT and Managing Director and Chief Executive Officer of First Pacific, was appointed by the Meralco Board of Directors to the position of President and Chief Executive Officer of Meralco as well as Chairman of the Executive Committee. Napoleon L. Nazareno, Chief Executive Officer of PLDT and Non-executive Director of First Pacific, was re-elected to the Meralco Board of Directors and Executive Committee on the same date.

Details of Meralco's performance in 2010 can be found in the MPIC section of this report.

2011 Outlook

The cellular business faces challenges given the high market penetration, the market's increasing preference for bucket plans and unlimited offers and multiple SIM ownership, competition from social networking and broadband, as well as continuing aggressive competition among industry participants. Demand for data/broadband is anticipated to explode, with a consequent impact on traditional revenues sources such as SMS and ILD. Competition is expected to shift to data/broadband even as revenues from traditional voice and SMS will remain sizable in the medium-term.

Broadband subscribers require speed, reliability, capacity and greater customer service and have low tolerance for poor quality of service. This creates the opportunity for PLDT to leverage its superior integrated fixed and wireless network to create a significant competitive advantage.

In confirming its undisputed market leadership, PLDT will invest approximately Pesos 67 billion (US$1.5 billion) in capex for 2011-2012, to be funded by debt.

Consequently, PLDT expects core net income to be in the region of Pesos 40.5 billion (US$899.2 million) in each of 2011 and 2012 due to increasingly intense competition on price and for market share as well as incremental depreciation and interest expense before returning to growth starting in 2013 and onwards. The current dividend policy of a commitment to pay out 70% of core earnings with a "look back approach" policy is not expected to be significantly impacted by the higher capex plan.

Reconciliation of reported results between PLDT and First Pacific

PLDT's operations are principally denominated in Peso, which averaged Pesos 45.04 (2009: 47.81) 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 International Financial Reporting Standards (IFRSs), however, certain adjustments need to be made to PLDT's reported Peso results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

Peso millions	**2010**	2009
Net income under Philippine GAAP	**40,217**	39,781
Preference dividends[(i)]	**(458)**	(456)
Net income attributable to common shareholders	**39,759**	39,325
Differing accounting and presentational treatments[(ii)]		
- Reclassification of non-recurring items	**2,169**	1,708
- Others	**(3,429)**	(3,502)
Adjusted net income under Hong Kong GAAP	**38,499**	37,531
Foreign exchange and derivative gains [(iii)]	**(358)**	(351)
PLDT's net income as reported by First Pacific	**38,141**	37,180
US$ millions		
Net income at prevailing average rates for 2010: Pesos 45.04 and 2009: Pesos 47.81	**846.8**	777.7
Contribution to First Pacific Group profit, at an average shareholding of 2010: 26.5% and 2009: 26.4%	**224.1**	205.3

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

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

- *Reclassification of non-recurring items: Certain items, through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 2010 of Pesos 2.2 billion (2009: Pesos 1.7 billion) represents asset impairment provisions of Pesos 1.5 billion (2009: Pesos 1.7 billion) and share of Meralco's non-recurring losses of Pesos 0.7 billion (2009: Nil).*
- *Others: The adjustment principally relates to the accrual of withholding tax on PLDT'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 gains (net of related tax) are excluded and presented separately.

MPIC

MPIC's quality infrastructure portfolio comprises the following assets offering water distribution, toll roads, electricity distribution and healthcare services:

- 58% in Maynilad Water Services, Inc. ("Maynilad")
- 99.9% in Metro Pacific Tollways Corporation ("MPTC") which owns 67.1% of Manila North Tollways Corporation ("MNTC")
- 50.0% in Beacon Electric which owns 34.8% of Manila Electric Company ("Meralco")
- 34.9% in Medical Doctors, Inc. ("MDI"), which owns 100% of Colinas Verdes Hospital Managers Corporation ("CVHMC"), the operator of Cardinal Santos Medical Center ("CSMC")
- 34.9% in Davao Doctors Hospital, Inc. ("DDH")
- 51.0% in Riverside Medical Center, Inc. ("RMCI")
- 100% in East Manila Hospital Managers Corporation ("EMHMC"), operator of Our Lady of Lourdes Hospital

MPIC's contribution to the Group increased 42.1% to US$46.9 million (2009: US$33.0 million) reflecting higher contribution from all its businesses with the exception of healthcare.

Consolidated core net income ↑88%	• to Pesos 3.9 billion (US$85.6 million) from Pesos 2.0 billion (US$42.8 million) • as a result of the inclusion of full-year contribution from Meralco and continuing improvements at most operating companies • Maynilad, Meralco, MPTC and Healthcare accounted for 44%, 27%, 26% and 3%, respectively, of MPIC consolidated profit contribution from operations
Revenues ↑15%	• to Pesos 18.6 billion (US$412.2 million) from Pesos 16.1 billion (US$336.9 million) • reflecting improved performance from Maynilad and MPTC
Consolidated reported net income ↑25%	• to Pesos 2.9 billion (US$63.7 million) from Pesos 2.3 billion (US$48.1 million) • reflecting slower growth than core net income due to significant non-recurring income recorded in 2009 as part of the rate rebasing exercise for Maynilad in May 2009 and non-recurring losses of Pesos 985 million (US$21.9 million) recorded in 2010 from provisions at Meralco and MPTC
Consolidated debt ↓24%	• to Pesos 32.5 billion (US$741.9 million) from Pesos 42.8 billion (US$926.1 million) • reflecting loan repayments in the first quarter of 2010

Dividend

The MPIC Board of Directors declared a final cash dividend of Peso 0.015 (U.S. 0.033 cent) per share, bringing full-year dividend to Peso 0.025 (U.S. 0.056 cent) per share.

Maynilad

Maynilad operates a franchise that runs until 2037 for the sole water distribution system for the western half of Metro Manila, with a population of 9.3 million as at 31 December 2010. During MPIC's operation of Maynilad, pipeline network expansion and leak repair have reduced the unserved population within the franchise area to 21% or 1.95 million and reduced the underserved population to 23% or 2.15 million.

Total billed water volume ↑7%	• to 373.8 million cubic meters from 350.1 million cubic meters • reflecting a rise in total billed customers • partially offset by a 7% decline in average daily consumption to 1.13 cubic meters per day as supply decreased due to below-average rainfall and the customer mix shifted to a higher proportion of residential and semi-business customers
Total billed customers ↑11%	• to 903,682 from 814,645 • 77% of the customers are residential and semi-business and the remaining 23% are commercial and industrial
Average non-revenue water ↓10%	• to 53.5% from 59.7% • 51.0% in December 2010 • reflecting successes in leakage identification and repair, and redirecting available water to areas with fewer leaks
Revenues ↑13%	• to Pesos 12.0 billion (US$267.5 million) from Pesos 10.6 billion (US$222.1 million) • reflecting higher billed water volume, additional water service connections, a higher average tariff and increased sewer service income
Core net income ↑45%	• to Pesos 4.8 billion (US$106.6 million) from Pesos 3.3 billion (US$69.6 million) • higher than the growth in revenues as amortization of concession assets was lowered by the extension of the concession from 2022 to 2037

Core EBITDA ↑13%	• to Pesos 7.9 billion (US$175.4 million) from Pesos 7.0 billion (US$146.4 million)
Reported net income ↑69%	• to Pesos 4.8 billion (US$106.6 million) from Pesos 2.8 billion (US$58.6 million)

Maynilad's major source of water is the Angat Dam which dipped to the critically low level of 157.57 meters in July 2010 compared with 190.20 meters a year earlier. This compelled Maynilad to off-take 7% less water in 2010 than a year earlier. To minimize the impact of the water shortage, Maynilad implemented the following initiatives:

- opening the Putatan Water Treatment Plant ("Putatan") in July 2010 with an initial capacity of 25 MLD which has been increased to 60 MLD by year-end
- aggressive leak repair, eliminating 40,392 leaks in 2010 compared with 18,149 a year earlier
- increased efficiency of pressure and supply management coupled with pipe rehabilitation

Putatan is the first water treatment facility to tap into Laguna Lake as an alternative water source to the Angat Dam and is the largest membrane-based water treatment plant in the Philippines. As the first water treatment plant in the country to use large-scale microfiltration and reverse osmosis, the facility is a vital part of Maynilad's plan to develop alternative sources of water to ensure long-term water security for its customers.

Maynilad's revised capital expenditure plan enabled it to secure a six-year income tax holiday commencing in January 2010. It plans to reinvest additional funds arising from the tax holiday into network improvements. These major improvements are being realized under Maynilad's five-year, Pesos 38 billion (US$866.8 million) capex program.

Meralco

The volume of electricity sold by Meralco rose 10% in 2010 to 30,247 GWh, driven by strong growth from all sectors led by industry. System loss declined to a 36-year low of 7.94% from 8.61%, largely on the strength of energy sales to the industrial sector. Large industrial customers are served at the primary distribution voltage-level, with the result that an increase in their share of electricity consumption reduces the possibility of technical losses, which account for the bulk of total system loss. Meralco continues to institutionalize loss-reduction initiatives through improving pilferage management and expanding its partnership with local government units as part of system loss management in high-density residential areas.

Service revenues ↑34%	• to Pesos 239.1 billion (US$5.3 billion) from Pesos 178.7 billion (US$3.7 billion) • reflecting a 10% increase in energy sales to 30,247 GWh, higher average purchased power and transmission pass-through cost, and higher average tariffs under the Performance Based Regulatory ("PBR") regime
Core net income ↑74%	• to record high Pesos 12.2 billion (US$270.9 million) from Pesos 7.0 billion (US$146.5 million) • due to higher tariffs and energy sales
EBITDA margin ↑4%	• to 7.4% from 7.1% • on higher average tariffs
Consolidated debt ↓3%	• to Pesos 21.2 billion (US$483.6 million) from Pesos 21.8 billion (US$471.9 million) • reflecting an improved cash position of Meralco due to improved earnings in the year • 79% of the total debt is long-term

In February 2010, Meralco's board of directors approved a dividend policy of a regular payout of 50% of core net income plus a "look back" approach at the end of the year for any supplementary special dividend. The Board approved the declaration of cash dividend of Pesos 2.65 per share, payable on 20 April 2011, bringing total 2010 payout to Pesos 6.45 per share or 60% of core earnings.

Looking ahead, Meralco is focused on capturing a greater share of the electricity business and providing greater service efficiency to all consumers – residential, commercial and industrial. This will be achieved through its relentless pursuit of efficiency as an electricity distributor and entry into power generation and retail electricity supply. Meralco has announced it is initially targeting 900 MW-1,500 MW of generating capacity in conjunction with various partners.

MPTC

MPTC, through its 67.1% interest in MNTC and 46.0% interest in Tollways Management Corporation ("TMC"), operates the North Luzon Expressway ("NLEX"), the Subic Clark Tarlac Expressway ("SCTEX") and the Subic Freeport Expressway. The franchise for NLEX runs until 2037.

In November 2010, the Bases Conversion and Development Authority granted MNTC a franchise to operate and maintain the 94-kilometer SCTEX for 25 years and renewable for another 8 years to 2043. The total MPTC toll road network comprises a total of 187 kilometers for a 62% share of all toll roads in the Philippines.

MPTC's improvement in operational performance continues. The 2.7-kilometer Segment 8.1 opened in June 2010 and average daily traffic rose 6% to 159,882 vehicle entries per day in 2010 from 150,395 a year earlier as a result of marketing initiatives and stable fuel prices leading to longer average journeys as well as increases in the number of vehicles entering the toll road system.

Revenues ↑7%	• to Pesos 5.9 billion (US$130.1 million) from Pesos 5.5 billion (US$114.8 million) • reflecting higher traffic volumes and longer average journeys as a result of marketing initiatives aimed at boosting local tourism and higher traffic from commercial vehicles in spite of the gradual increase in fuel prices
Core net income ↑20%	• to Pesos 1.5 billion (US$33.3 million) from Pesos 1.2 billion (US$25.5 million) • reflecting a higher number of vehicles entering the system, longer journey times and lower maintenance costs • in part to non-recurring payment of Pesos 53 million (US$1.2 million) from PLDT for access to fiber-optic cables • reclassification of debt issue costs as part of loan restructuring
Core EBITDA ↑11%	• to Pesos 3.7 billion (US$82.1 million) from Pesos 3.3 billion (US$69.0 million) • reflecting a 6% decline in cost of services on lower provisioning for heavy maintenance
Reported net income ↑71%	• to Pesos 996 million (US$22.1 million) from Pesos 582 million (US$12.2 million)

Completion of a detailed engineering study in December 2010 for the building of Segments 9 and 10 – collectively called the Harbour Link – paves the way for connection of NLEX to the Port Area of Manila, with construction beginning by the end of 2011 and expected to be completed in 2014. The Harbour Link will promote commerce by allowing 24-hour access for commercial vehicles to the Port Area to and from NLEX, while reducing travel time for motorists accessing NLEX from Western Metro Manila.

Segment 11, or the Connector Road Project, aims to improve convenience for all motorists by slashing the travel time between the Northern and Southern toll road systems to no more than 20 minutes from well over an hour today. In detail, Segment 11 is a 13.5-kilometer, four-lane elevated expressway that will be routed over the existing Philippine National Railway tracks to reduce right-of-way issues. It will connect the Harbour Link to South Luzon Expressway/Skyway via Buendia Avenue in Makati City.

The Harbour Link and Connector Road projects will see MPTC invest a total of Pesos 25 billion (US$570.3 million) to complete construction. The takeover of SCTEX is now expected to be completed by the second quarter of 2011. Once SCTEX is integrated with NLEX, motorists traveling between the two toll roads will enjoy seamless travel to Northern Luzon.

Healthcare

MPIC is developing the Philippines' first nationwide premier healthcare portfolio of hospitals to deliver world-class services including diagnostic, therapeutic and preventive medicine services. The Hospital Group now comprises Makati Medical Center, Cardinal Santos Medical Center, and Our Lady of Lourdes Hospital in Metro Manila, Riverside Medical Center, Inc. in Bacolod and Davao Doctors Hospital Inc. in Davao. With an increased focus on marketing improved services, it is expected that investments in equipment and personnel will begin to add to the Hospital Group's bottom line in 2011. The MPIC healthcare division's total bed capacity rose 61% to 1,599 beds at the end of the year. There is a total of 3,105 accredited medical doctors and 4,931 hospital staff as well as 4,663 students at the end of 2010.

Revenues ↑18%	• to Pesos 6.6 billion (US$146.7 million) from Pesos 5.5 billion (US$115.5 million) • owing to the consolidation of RMCI from June 2010 and Our Lady of Lourdes Hospital from November 2010
EBITDA ↑7%	• to Pesos 1.34 billion (US$28.9 million) from Pesos 1.25 billion (US$26.1 million) • due to the addition of RMCI and Our Lady of Lourdes Hospital during the year • partially offset by reduced earnings at MMC and DDH due to lower enrollees in schools
Core net income ↓10%	• to Pesos 474 million (US$10.5 million) from Pesos 528 million (US$11.0 million) • principally reflecting higher operating expenses for personnel, equipment and infrastructure following investments in improved facilities, and lower revenues from the nursing colleges

The healthcare division continues to invest in improving infrastructure, equipment and facilities, leveraging its technical and professional expertise to expand services and enhance operational efficiency across its hospitals. The division continues to evaluate opportunities for expansion through the acquisition of additional hospitals in strategic areas in the Philippines.

Manila North Harbour – Divested

In June 2010, MPIC divested its entire 35.0% interest in Manila North Harbour Port, Inc. to its joint venture partner Harbour Center Port Terminal, Inc. with investment costs fully recovered.

2011 Outlook

The longer term prospects for each portfolio company are very positive. Meralco plans to participate in electricity generation and retail electricity sales; Maynilad is accelerating its development to reach unserved and underserviced customers in the water franchise area; MPTC is pushing ahead with plans to increase traffic volumes by connecting the Northern and Southern toll road networks through Metro Manila while exploring possible acquisitions; and the integration of the existing five hospitals under the healthcare division is ongoing with further additions to the division possible in 2011. MPIC is actively exploring opportunities for further investment in infrastructure such as expansion and modernization of airports and expansion and improvement of light rail in Metro Manila.

Reconciliation of reported results between MPIC and First Pacific

MPIC's operations are principally denominated in Peso, which averaged Pesos 45.04 (2009: 47.81) 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	**2010**	2009
Net income under Philippine GAAP	**2,871**	2,300
Differing accounting and presentational treatments(i)		
- Reclassification of non-recurring items	**994**	(118)
- Others	**(58)**	-
Adjusted net income under Hong Kong GAAP	**3,807**	2,182
Foreign exchange and derivative gains(ii)	**(9)**	(135)
MPIC's net income as reported by First Pacific	**3,798**	2,047
US$ millions		
Net income at prevailing average rates for 2010: Pesos 45.04 and 2009: Pesos 47.81	**84.3**	42.8
Contribution to First Pacific Group profit, at an average shareholding of 2010: 55.6% and 2009: 77.0%	**46.9**	33.0

(i) 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 2010 of Pesos 994 million principally represents share of Meralco's non-recurring losses. Adjustment for 2009 of Pesos 118 million principally represents Maynilad's reversal of provision for deferred credits following a resolution of the issue of new tariff rates with the regulator.*
- *Others: The adjustment principally relates to revenue recognition regarding pre-completion contracts for sale of development properties. Under Philippine GAAP, MPIC recognizes revenue from pre-completion contracts for sale of development properties based on the percentage of completion method. HKAS 18 "Revenue" and Hong Kong (International Financial Reporting Interpretation Committee) - Interpretation (HKIFRIC-Int) 15 "Agreements for the Construction of Real Estate" requires the recognition of revenue for such contracts based on the satisfaction of certain conditions, which includes the transfer of significant risks and rewards of ownership of the properties to the buyers and the absence of continuing managerial involvement to the degree usually associated with ownership and effective control over the properties sold.*

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

INDOFOOD

Indofood's improved financial performance continued into its sixth year in 2010 with increased contributions from all of its four complementary strategic businesses: Consumer Branded Products ("CBP"), Bogasari, Agribusiness and Distribution. Indofood is a vertically integrated food company with production operations ranging from raw materials through to consumer branded products to the distribution of these products to a market of more than 230 million people across the archipelago of Indonesia.

Indofood's contribution to the Group increased 93% to US$172.1 million (2009: US$89.2 million), principally reflecting the stronger performance across the strategic business group and a 14% appreciation of the average Rupiah rate against the U.S. dollar.

Consolidated net sales ↑3%	• to Rupiah 38.4 trillion (US$4.2 billion) from Rupiah 37.4 trillion (US$3.6 billion) • reflecting the increase in sales of all groups except Bogasari due to lower flour price in conjunction with lower global wheat price • contributions from CBP, Bogasari, Agribusiness and Distribution groups were 46.0%, 25.7%, 20.6% and 7.7% respectively
Gross profit margin	• to 32.5% from 27.3% • reflecting strong performance across the groups
Consolidated operating expenses ↑6%	• to Rupiah 5.7 trillion (US$627.5 million) from Rupiah 5.4 trillion (US$521.8 million) • due to higher variable selling expenses in conjunction with increases in sales volumes • higher employee-related expenses
EBIT margin	• to 17.5% from 13.4% • resulting from the increase in gross profit, despite higher operating expenses
Core net income ↑72%	• to Rupiah 3.0 trillion (US$328.0 million) from Rupiah 1.7 trillion (US$166.9 million) • reflecting stronger operating results
Net income ↑42%	• to Rupiah 3.0 trillion (US$325.0 million) from Rupiah 2.1 trillion (US$200.6 million) • reflecting strong operating results and lower net interest expenses
Net gearing	• to 0.16 times from 0.83 times at the end of 2009 after taking into account the equity of minority interests in subsidiaries

Refinancing and Debt Profile

As at the end of December 2010, Indofood recorded gross debt of Rupiah 14.3 trillion (US$1.6 billion), down from Rupiah 17.3 trillion (US$1.8 billion) a year earlier. Of the end-2010 debt total, Rupiah 5.1 trillion (US$0.6 billion) matures within a year. The remaining Rupiah 9.2 trillion (US$1.0 billion) matures between 2012 and 2018.

Consumer Branded Products (CBP)

The CBP group comprises Noodles, Dairy, Food Seasonings, Snack Foods (including Biscuits) and Nutrition & Special Foods. The CBP group reported significantly improved performance in 2010 as a result of its competitiveness, strong brand equity and distribution network.

All of the consumer branded product subsidiaries were consolidated under a single wholly-owned subsidiary, PT Indofood CBP Sukses Makmur (ICBP) on 17 March 2010. It was listed on the Indonesia Stock Exchange on 7 October 2010.

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 15.7 billion packs per year. *Indomie, Supermi, Sarimi, Sakura, Pop Mie, Pop Bihun* and *Mi Telur Cap 3 Ayam* are the popular brands. Sales volumes continued to grow in 2010 partly due to a strengthening economy and also as a result of focusing on higher value-added products and improved distribution penetration.

The Dairy division, Indolakto, 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 as well as powdered milk, ice cream, yogurt drinks and butter. Consumption per capita for dairy products in Indonesia remains low at around 10 liters per year. In conjunction with increasing consumer awareness of the nutritional value of dairy products, volume continued to increase in 2010. To meet increasing demand, Indolakto plans to build a new factory with completion coming in stages starting in 2012.

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. All of its culinary products are marketed by PT Nestlé Indofood Citarasa Indonesia, a joint venture between Indofood and Nestlé. The division also manufactures, markets and sells syrup, a product whose sales have grown in the last few years as a result of strengthening brand equity and visibility. The Food Seasoning division's sales volumes in 2010 improved as a result of the success of *bumbu Racik*, and higher chili sauce and syrup sales.

The Snack Foods division maintained its leadership position through its leading brands *Chitato* and *Lays* (potato chips), and *Qtela* (cassava chips), and the introduction of new products and packaging. Biscuits are marketed under the brand names *Trenz* and *Wonderland*. Sales volumes increased, led by high growth in cassava chips, potato chips and biscuits, stimulated by focused marketing programs, enhanced product visibility in modern and traditional outlets as well as by increased distribution penetration in traditional outlets.

The Nutrition & Special Foods division produces food for babies, children, and milk for expectant and lactating mothers under two brands: *Promina* caters to higher-income groups, while *SUN* is marketed to the lower-middle segment. Sales volumes in 2010 continued to increase through focused marketing strategies.

Sales ↑10%

- to Rupiah 18.2 trillion (US$2.0 billion) from Rupiah 16.5 trillion (US$1.6 billion)
- accounted for 46.0% (2009: 43.4%) of Indofood's consolidated sales
- reflecting higher sales volumes across all divisions driven by enhanced marketing strategies and higher average selling prices, and higher domestic demand in conjunction with the general improvement in the economy

Sales volume

- Noodles up 4.5% to 11.5 billion packs from 11.0 billion packs
- Dairy up 5.0% to 176.4 thousand tonnes from 168.0 thousand tonnes and in liters up 2.8% to 92.1 million liters from 89.6 million liters
- Food Seasonings up 15.5% to 73.5 thousand tonnes from 63.7 thousand tonnes
- Snack Foods up 26.8% to 20.1 thousand tonnes from 15.9 thousand tonnes
- Nutrition & Special Foods up 16.8% to 14.6 thousand tonnes from 12.5 thousand tonnes

EBIT margin

- to 14.4% from 10.9%
- reflecting margin improvement across the divisions
- the Noodle division's margins rose to 16.4% from 12.7% on higher volume and average selling prices
- the Dairy division's margins improved significantly to 12.5% from 7.5% due to on higher volume and average selling prices
- the Food Seasoning division's margins rose to 2.5% from 2.3% because of on improved sales
- the Snack Foods division's margins rose to 6.4% from 5.7% on higher volume
- the Nutrition & Special Foods division's margins improved to 10.3% from 7.5% reflecting higher volume, despite the increase in raw material cost

Despite increasing concerns on inflation rate, the outlook of domestic economy in 2011 is still positive. Demand for packaged food products is expected to continuously grow along with the rising income per capita, urbanization level and lifestyle changes. To capture increasing in demand, CBP group will expand its production capacity particularly in Dairy, Food Seasonings and Snack Foods.

Bogasari

Bogasari has been operating in Indonesia for more than three decades and has long been a member of the Indofood group, with flour mills located in Jakarta and Surabaya. Bogasari produces wheat flour as well as pasta for both domestic and international markets. Its brands, among others, are Cakra Kembar, Segitiga Biru, Kunci Biru and Lencana Merah for wheat flour, and La Fonte for pasta. It also has its own maritime unit which has 2 panamax and 4 handymax vessels that are used mainly to transport wheat from suppliers in Australia and the northern hemisphere. In addition, it also operates a packaging factory that produces polypropylene bags.

Sales ↓9%

- to Rupiah 12.7 trillion (US$1.4 billion) from Rupiah 14.0 trillion (US$1.3 billion)
- accounted for 25.7% (2009: 28.6%) of Indofood's consolidated net sales
- reflecting a decline in flour price in conjunction to lower global wheat price

Sales volume of food flour ↑2%

- to 2.29 million tonnes from 2.24 million tonnes

EBIT margin

- to 14.1% from 9.5%
- reflecting the group's strategy of focusing on margin improvement

The flour industry is expected to continue growing, as consumption per capita at 18 kg per year is still low in comparison with neighboring countries. Urbanization will also catalyze the industry's growth in light of the growing popularity of modern Western fast-food franchises and associated lifestyle changes, primarily within younger generation. However, competition will likely to intensify with the continuing entrance of new players.

Agribusiness

The Agribusiness group consists of two divisions: "Plantations" and "Edible Oils and Fats," which operate through Indofood's 57.8%-owned Singapore-listed subsidiary Indofood Agri Resources Ltd. ("IndoAgri") and IndoAgri's 53.5% owned Indonesia-listed subsidiary, PT PP London Sumatra Indonesia Tbk ("Lonsum"). The Agribusiness group is a market leader in Indonesia's branded cooking oil and margarine segments, 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 derivative products. It also operates rubber, sugar cane, cocoa, tea and coconut plantations.

Plantations: IndoAgri and Lonsum have a combined planted area of 242,107 hectares at the end of 2010, up 6.3% from 227,721 hectares a year earlier. Oil palm is the dominant crop, and 43% of the oil palms are younger than seven years old. During the year, new plantings of oil palms was 15,041 hectares and the crude palm oil ("CPO") extraction rate was at 22.3%. The planted area of sugar cane increased by 2,630 hectares to 11,302 hectares. The group operates 20 palm oil mills with a total annual processing capacity of 4.5 million tonnes of fresh fruit bunches. The North Sumatra oil palm estates and mills, which produce 170,000 tonnes of sustainable CPO annually, have attained certification from the Roundtable on Sustainable Palm Oil.

Edible Oils and Fats: This division manufactures cooking oils and fats and markets products under various brands for both export and domestic consumption. IndoAgri's main premium branded products, *Bimoli* and *Simas Palmia*, have leading market shares in the branded cooking oils and margarine segment in Indonesia. Approximately 75% of margarine and shortening sales were industrial packs supplied to domestic bakeries, snack and biscuit manufacturers. The division has refinery capacity of 1.0 million tonnes per annum as of 31 December 2010 and approximately 90% of this division's refinery needs are sourced from the plantation division's CPO production. The division also produces crude coconut oil and derivative products, most of which are exported to the United States, Europe, and Asia. The division operates three copra-crushing plants with a combined annual production capacity of 270,000 tonnes.

Sales ↑14%
- to Rupiah 13.7 trillion (US$1.5 billion) from Rupiah 12.0 trillion (US$1.2 billion)
- reflecting higher commodity prices despite lower sales of edible oil products and flat CPO sales due to lower production caused by adverse weather
- accounted for 20.6% (2009: 20.4%) of Indofood's consolidated sales
- Plantations and Edible Oils and Fats accounted for 51% and 49%, respectively, of the total sales of Agribusiness

EBIT margin
- to 16.7% from 14.7%
- reflecting higher average selling prices of plantation crops
- offset in part by a decline in the Edible Oils and Fats margin to 0.2% from 0.6% owing to stiffening competition

Sales volume of CPO ↓4%
- decreased to 728 thousand tonnes from 759 thousand tonnes
- reflecting lower production
- mature oil palm plantation increased by 22,840 hectares as more trees came into maturity in South Sumatra and Kalimantan

The Agribusiness group's expansion focus is on new palm and sugar plantings. It is building two palm oil mills, in Kalimantan and South Sumatra, each capable of processing 45 tonnes of fresh fruit bunches per hour. The Agribusiness group also plans to complete construction in 2011 of a sugar refinery in South Sumatra capable of processing 8,000 tonnes per day of sugar cane. The Jakarta refinery with annual refining capacity of 420 thousand tonnes has been completed in the fourth quarter of 2010.

The Medan fractionation plant capacity increased by 100 tonnes per day in June 2010 and its margarine capacity increased by 60 tonnes per day in May 2010. The Surabaya fractionation plant will increase capacity by 300 tonnes per day in the first quarter of 2011.

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. It distributes the majority of Indofood's consumer products and third-party products across the archipelago. 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 further improve product visibility and increase availability, the Distribution group engaged merchandisers and canvassers, in conjunction with marketing efforts and promotions with its principals.

Sales ↑3%	• to Rupiah 3.0 trillion (US$326.0 million) from Rupiah 2.9 trillion (US$277.4 million) • accounted for 7.7% (2009: 7.7%) of Indofood's consolidated net sales • reflecting higher sales volumes from CBP group
EBIT margin	• to 3.2% from 2.6%

The Distribution group will further leverage its distribution system for increasing penetration in rural areas. Internal controls will continue to ensure higher cost efficiency. Its sales force will enhance communication with retail outlets to better understand and respond to customers' needs, while its team of merchandisers will ensure high product visibility in retail outlets.

2011 Outlook

The Indonesian economy is expected to continue growing at a healthy pace, fueled by domestic consumption. Demand for Indofood's products is expected to be strong as the largest portion of private consumption expenditures is on food. Indofood will focus on maximizing synergies within the group through enhancement of marketing strategies, increasing product visibility and penetration in rural areas, as well as further enhancement of product innovation capabilities and expansion of product categories.

On the Agribusiness side, the company expects to commence sugar production in 2011 in conjunction with the completion of its South Sumatra sugar mill.

The CBP group will continue refinement of its marketing strategies and expand its product offerings in 2011.

The flour industry is expected to continue growing, as consumption per capita at 18 kg per year is still low in comparison with other neighboring countries. Urbanization will also spur industry growth in light of the growing popularity of modern Western fast-food franchises and associated lifestyle changes, primarily among the younger generation.

Competition is likely to intensify with the continuing entry of new players. To address the challenges, Bogasari will strive to retain market leadership by implementing sound strategies in marketing, distribution and operations. Efforts to increase brand equity and deepen customer loyalty will be continued through the use of above-the-line and below-the-line activities, while relationships with SMEs will be strengthened through various educational and other programs. Distribution channels will also be improved to implement an effective channel strategy aimed at enhancing Bogasari's ability to reach target customers and penetrate untapped areas of the market. Additionally, the group will also enhance research and development activities for product innovation and continuous improvement of product quality.

Reconciliation of reported results between Indofood and First Pacific

Indofood's operations are principally denominated in rupiah, which averaged Rupiah 9,083 (2009: 10,349) 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 compliance with Hong Kong GAAP. An analysis of these adjustments follows.

Rupiah billions	**2010**	2009
Net income under Indonesian GAAP	**2,953**	2,076
Differing accounting and presentational treatments(i)		
- Reclassification of non-recurring items	**104**	145
- Gain on changes in fair value of plantations	**139**	206
- Foreign exchange accounting	**54**	54
- Others	**88**	63
Adjusted net income under Hong Kong GAAP	**3,338**	2,544
Foreign exchange and derivative gains(ii)	**(77)**	(494)
Gain on changes in fair value of plantations(ii)	**(139)**	(206)
Indofood's net income as reported by First Pacific	**3,122**	1,844
US$ millions		
Net income at prevailing average rates for 2010: Rupiah 9,083 and 2009: Rupiah 10,349	**343.7**	178.2
Contribution to First Pacific Group profit, at an average shareholding of 2010: 50.1% and 2009: 50.1%	**172.1**	89.2

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

- *Reclassification of non-recurring items: Certain items, through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 2010 of Rupiah 104 billion represents Rupiah 126 billion of founder's tax in relation to the spin-off of its Consumer Branded Product businesses and Rupiah 6 billion of impairment provision for assets, partly offset by Rupiah 29 billion of gain on divestment of interest in subsidiary companies. Adjustment for 2009 of Rupiah 145 billion represents Rupiah 63 billion of taxes in relation to the restructuring of its Consumer Branded Product businesses, Rupiah 53 billion of manpower rightsizing costs and Rupiah 29 billion of impairment provision for assets.*
- *Gain on changes in fair value of plantations: Under Indonesian GAAP, Indofood measures its plantations (biological assets) on a historical cost basis. HKAS 41 "Agriculture" requires the measurement of plantations at fair value less estimated point-of-sale costs. 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 relates to reversal of amortization of goodwill. Under Indonesian GAAP, Indofood amortize goodwill arising from business combinations over their estimated useful lives. HKAS 36 "Impairment of Assets" requires annual review (or more frequently if events or changes in circumstances indicate that it might be impaired) instead of amortization.*

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

PHILEX

Philex's natural resources portfolio comprises:

Metals Group

- Philex Mining Corporation
- Philex Gold Philippines, Inc.
- Silangan Mindanao Mining Co., Inc.

Energy Group

- Philex Petroleum Corporation, a holding company of Forum Energy Plc, FEC Resources, Inc, Pitkin Petroleum Plc and Brixton Energy and Mining Corporation

Philex's contribution to the Group increased 301% to US$30.9 million (2009: US$7.7 million) reflecting the Group's higher average economic interest in Philex, higher realized gold and copper prices and increased ore output at the Padcal Mine during the year.

Philex is currently the largest mining company operating a gold-copper mine in the Philippines. It has been operating the Padcal Mine since 1958 and was the first operator of an underground block cave in the Far East. Philex's copper concentrate is mainly shipped to Pan Pacific Copper Company Limited, a smelter based in Saganoseki, Japan. The Padcal Mine has a work force of 2,230. Its operating life is currently slated to end in 2017 but is expected to be extended as total measured resources as of 31 December 2010 amounted to 149 million tonnes.

Total ore milled in 2010 increased 15% to 9.4 million tonnes (2009: 8.2 million tonnes), the highest in over a decade, at an average grade of 0.552 grams of gold per tonne (2009: 0.567 grams per tonne) and copper average grade at 0.210% (2009: 0.228%). Concentrate production increased 5% to 65,340 dry metric tonnes (2009: 62,458). Gold production rose 12% to 133,516 ounces (2009: 119,171 ounces) and copper production improved 5% to 35.6 million pounds (2009: 33.8 million pounds). In 2010, the average realized price for gold increased 29% to US$ 1,217 per ounce (2009: US$946 per ounce) and the average realized copper price increased 62% to US$3.63 per pound (2009: US$2.24 per pound). The production cost of ore per tonne was Pesos 534 (US$11.86) versus Pesos 559 (US$11.69) in 2009. Operating revenue increased 48% to Pesos 13.4 billion (US$297.5 million) from Pesos 9.1 billion (US$190.4 million) in 2009. Revenue from gold contributed 54% of total, with copper accounting for 43% and the balance of 3% attributable to silver, coal and petroleum.

As at 31 December 2010, Philex had Pesos 3.8 billion (US$86.2 million) of cash and Pesos 150 million (US$3.4 million) of short-term bank loans.

Core net income ↑124%	• to Pesos 4.2 billion (US$92.1 million) from Pesos 1.8 billion (US$37.6 million) • due to higher metal prices and ore production • partially offset by lower ore grades from Padcal Mine
Net income attributable to owners of the parent company ↑40%	• to Pesos 4.0 billion (US$88.0 million) from Pesos 2.8 billion (US$59.2 million) • reflecting largely copper revenue up 53% to Pesos 5.7 billion (US$126.6 million) and gold revenue up 41% to Pesos 7.2 billion (US$159.9 million) • tonnes milled increased 14% to 9.4 million tonnes while the volume of copper produced rose 5% to 35.6 million pounds and gold increased 12% to 133,516 ounces
Operating costs and expenses ↑10%	• to Pesos 7.3 billion (US$162.1 million) from Pesos 6.7 billion (US$139.9 million) • due to higher volumes of ore produced and higher energy costs
Capital expenditure (including exploration costs) ↑13%	• to Pesos 2.6 billion (US$57.7 million) from Pesos 2.3 billion (US$48.6 million) • comprises a slight decline in capital expenditure on existing operations in Padcal Mine and in coal mine in Zamboanga del Norte to Pesos 1.4 billion (US$31.1 million) from Pesos 1.5 billion (US$31.4 million) • a 46% increase in exploration, survey, and drilling expenditures in 2010 for new mining projects to Pesos 1.2 billion (US$26.6 million) from Pesos 855 million (US$17.9 million), reflecting its increasing emphasis in the search for, and development of, new mining opportunities.
Net foreign exchange loss ↑40%	• To Pesos 97 million (US$2.2 million) from Pesos 69 million (US$1.4 million) • Due to a 5.4% appreciation in the Peso/US$ exchange rate

Dividend

The board of directors of Philex declared a final dividend of Peso 0.16 (U.S. 0.36 cent) per share, bringing the full-year payout to Peso 0.21 (U.S. 0.47 cent), representing a payout ratio of 25% of core earnings.

Silangan Project

The development project is located in Surigao del Norte, Northern Mindanao in the Philippines, and comprises two gold and copper deposits: Boyongan and Bayugo.

Independent Resources Estimations ("IRES") of South Africa completed a pre-feasibility study on Boyongan in October 2008 and concluded that based on the assumptions used in their report, the Boyongan deposit is technically and financially feasible, with proven mineral reserves of 65.8 million tonnes containing 1.39 grams of gold and 0.87% copper per tonne.

Listed below are the resources and proved reserves of the Padcal Mine and Silangan Project based on the latest status:

		Silangan Project		
			Bayugo (as of November 2009)	
	Padcal Mine (as at 31 December 2010)	Boyongan (as of October 2008)	Indicated	Inferred
Resources (million tonnes)	149	105	86	33
Gold (gram/tonne)	0.49	0.98	0.73	0.63
Copper (%)	0.24	0.80	0.88	0.75
Proved Reserves (million tonnes)	90.2	66		
Gold (gram/tonne)	0.41	1.39	Resource estimation ongoing	
Copper (%)	0.21	0.87		

** Measured and indicated*

2011 Outlook

The production volume and metal grades from Padcal Mine are expected to remain steady in 2011, and with copper and gold prices remaining stable to strong, revenues are expected to remain likewise stable to strong.

The Silangan Project is expected to move forward on its prefeasibility study in 2011 ahead of entering the development phase. At the same time there is ongoing exploration at the Padcal Mine tenement which Philex is optimistic will result in a significant extension of mining operations there. Mining engineers are as well exploring the possibility of reopening the mothballed Bulawan Gold Mine.

Development of the oil and gas operations is on track to deliver an increased contribution to Philex.

Reconciliation of reported results between Philex and First Pacific

Philex's operations are principally denominated in Peso, which averaged Pesos 45.04 (2009: Pesos 47.81) 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	**2010**	2009
Net income under Philippine GAAP	**3,963**	2,830
Differing accounting and presentational treatments(i)		
- Depreciation of revaluation increment for assets	**(570)**	(636)
- Revenue recognition regarding sale of mine products	**(22)**	59
- Reclassification of non-recurring items	**120**	(703)
- Others	**(526)**	(283)
Adjusted net income under Hong Kong GAAP	**2,965**	1,267
Foreign exchange and derivative losses(ii)	**67**	164
Philex's net income as reported by First Pacific	**3,032**	1,431
US$ millions		
Net income at prevailing average rates for 2010: Pesos 45.04 and 2009: Pesos 47.81	**67.3**	29.9
Contribution to First Pacific Group, at an average shareholding of 2010: 45.9% and 2009: 25.7%	**30.9**	7.7

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

- *Depreciation of revaluation increment of assets: 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.*
- *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.*
- *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 2010 of Pesos 120 million represents a loss arising upon a reclassification of an investment from associated company to available-for-sale assets due to loss of significant influence in the investment. Adjustment for 2009 of Pesos 703 million principally represents a recognition of Pesos 766 million excess of the fair value over its acquisition cost as income in respect of Philex's acquisition of an additional 50% interest in the Silangan Project.*
- *Others: The adjustments principally relate to the accrual of withholding tax on Philex's net income in accordance with the requirements of HKAS 12 "Income Taxes".*

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

REVIEW OF 2010 GOALS

First Pacific

Goal: Promote the continuing growth in profitability across all group companies
Achievement: Achieved and ongoing. All operating companies reported strong financial results in 2010, lifting First Pacific's recurring profit 40% to US$402.1 million. Overall performance in 2011 is expected to remain strong with stronger results at MPIC, Indofood and Philex slightly offset by small decline in core net income at PLDT.

Goal: Drive an increase in head office cashflow
Achievement: Achieved and ongoing. The Head Office operating cash inflow increased 28% to approximately US$258 million as a result of higher cash dividend payments from the operating companies. Cash inflow going forward is expected to increase given PLDT's recommitment to paying out 70% of its recurring earnings plus a "look-back" approach, Indofood's 40% payout ratio, and 25% at Philex. In addition, the full-year dividend from MPIC, still in its growth stage, amounted to a payout ratio of 10% and can be expected to grow looking ahead.

Goal: Continue to explore investment opportunities in existing core businesses across the region
Achievement: Ongoing. First Pacific continues to evaluate complementary investment opportunities in telecoms, infrastructure, consumer food products and natural resources in the emerging markets of Asia. We are very bullish about the economic prospects for our markets and are confident that forthcoming investments will be rewarding to the Company and its shareholders.

PLDT

Goal: Achieve core net income for 2010 of over Pesos 41 billion
Achievement: Achieved. Core net income increased by 2% to Pesos 42 billion (US$932.5 million) in the year, primarily from higher earnings contributions from Meralco, ePLDT/SPi and a lower tax charge.

Goal: Achieve continued growth of the broadband business in terms of subscribers and revenues, as a key driver to overall revenue growth in 2010
Achievement: Ongoing. Combined broadband subscribers – Digital Subscriber Line ("DSL") fixed and wireless – grew 25% to more than 2 million, accounting for approximately 58% of the broadband market in the Philippines. Total DSL, wireless broadband and internet service revenues rose 16% in the year to Pesos 16.9 billion (US$375.2 million) with DSL ARPU at approximately Pesos 1,137 (US$25.24) and net blended wireless ARPU at Pesos 413 (US$9.17). Broadband revenues accounted for 12% of total PLDT group service revenues in 2010.

Goal: Upgrade the fixed and wireless networks within a capex budget of Pesos 28.6 billion to support broadband growth and the group's new initiatives in the wireless business, including more aggressive voice offers
Achievement: Achieved and ongoing. Capex reached Pesos 28.8 billion (US$639.4 million) in 2010 or approximately 20% of service revenues and consisted of investments for increased capacity and coverage to support higher broadband and voice usage, including: build-out of PLDT's second network for low-cost voice delivery; modernization of PLDT's core and access networks to improve operating and cost efficiencies; and continuing upgrade of the fixed-line network to the next generation network or NGN standard.

Goal: Complete the consolidation of SPi CRM's voice/customer interaction services and SPi's business process outsourcing/knowledge processing solutions business into one entity
Achievement: Achieved. SPi CRM and SPi are now managed under SPi Global Holdings Inc. SPi CRM is well poised for future growth with the launch of three U.S.-based clients in the first quarter of 2011, a price increase agreed with its largest client and expansion of existing accounts. SPi's Healthcare and Content Solutions divisions are expected to grow by at least 15% in 2011 from existing and new clients.

Goal: Consolidate PLDT Communications and Energy Ventures, Inc.'s ("PCEV") (formerly Pilipino Telephone Corporation) interest in Meralco with MPIC's Meralco stake into Beacon Electric
Achievement: Achieved. In March 2010, MPIC and PCEV completed the consolidation of their combined 28.2% interest in Meralco into Beacon Electric which is a special purpose company jointly owned by MPIC and PCEV. Beacon Electric subsequently exercised a call option to acquire an additional 6.6% interest in Meralco which increased its total interest in Meralco to 34.8%. Additionally, PCEV's current direct interest in Meralco is approximately 6.1%.

MPIC

Goal: Complete the consolidation of MPIC's and Piltel's Meralco stake into Beacon Electric
Achievement: Achieved. In March 2010, MPIC and PCEV (formerly Piltel) completed the consolidation of their combined 28.2% interest in Meralco into Beacon Electric. Beacon Electric subsequently exercised a call option to acquire an additional 6.6% interest in Meralco which increased its total interest in Meralco to 34.8%. An additional 6.1% stake held by PCEV is under negotiation for possible transfer into Beacon Electric.

Goal: Continue to grow billed volumes at Maynilad and minimize the impact of El Niño
Achievement: Achieved and ongoing. Total billed water volume increased 7% to 373.8 million cubic meters from 350.1 million cubic meters while water service connections increased 11% to 903,682. To minimize the negative impact of water shortages, Maynilad opened the Putatan Water Treatment Plant in September 2010 with capacity quickly ramping

up to 100 million liters per day ("MLD") and plans to increase it further by an additional 200MLD by 2013. Maynilad is further actively evaluating new water sources in partnership with Manila Water and the regulator.

Goal: Conclude further investments in the Southern Tollway system and conclude the negotiations for the SCTEX franchise. Secure equity at the Metro Pacific Tollways Corporation level in order to fund these expansion projects
Achievement: Achieved and ongoing. In November 2010, the Bases Conversion and Development Authority granted MNTC the franchise to operate and maintain the 94-kilometer Subic Clark Tarlac Expressway ("SCTEX") for 25 years and renewable for another 8 years to 2043. MPTC continues to evaluate expansion opportunities in southern Luzon while awaiting word of a "Swiss Challenge" on its bid to build the 13.5-kilometer Segment 11 connecting the North Luzon and South Luzon Expressways.

Goal: Conclude the acquisition of the largest hospital in the Visayas region, complete the renovation of Makati Medical Center, finish redevelopment of Cardinal Santos Medical Center and build out additional doctors' clinics at Davao Doctors Hospital
Achievement: Achieved and ongoing. The acquisition of a 51.0% interest in Riverside Medical Center, Inc. ("RMCI"), the largest hospital in Bacolod with bed capacity of 310, was completed in May 2010. This was followed six months later by an agreement to manage Our Lady of Lourdes Hospital Inc., increasing the number of hospital beds in the Healthcare Group to about 1,600. Renovation, redevelopment, upgrading of facilities and integration of the existing hospitals are on track.

Goal: Complete the takeover of Manila North Harbour
Achievement: Divested. In June 2010, as a result of inconclusive negotiation with the proposed partner, MPIC divested its entire 35.0% interest in Manila North Harbour Port, Inc. to its joint venture partner Harbour Center Port Terminal, Inc. Investment costs fully recovered.

Goal: Continue evaluating promising infrastructure projects
Achievement: Ongoing. MPIC continues to evaluate promising infrastructure opportunities in the Philippines such as airport and light rail projects.

Indofood
Goal: Focus on organic growth through product innovations and distribution penetration
Achievement: Achieved and ongoing. Sales volume grew across the divisions and several new products were introduced in 2010, while distribution penetration increased, particularly in the rural areas.

Goal: Expand oil palm and sugar plantation area through new planting
Achievement: Achieved and ongoing. Expanded the planted area with 15,041 hectares and 2,630 new planting for oil palm and sugar cane, respectively.

Goal: Enhance supply chain through increasing partnerships with farmers
Achievement: Achieved and ongoing.

Goal: To strengthen balance sheet and reduce debt
Achievement: Achieved and ongoing. As at 31 December 2010, Indofood recorded gross debt of Rupiah 14.3 trillion (US$1.6 billion), down from Rupiah 17.3 trillion (US$1.8 billion) as at 31 December 2009. Net debt was Rupiah 3.9 trillion (US$432.3 million) as at 31 December 2010, down from Rupiah 12.8 trillion (US$1.4 billion) a year earlier.

Goal: Continue harmonization of IT system
Achievement: Achieved. The majority of IT systems investment has been completed. This is delivering increased efficiency.

Philex
Goal: Improve the output from the Padcal Mine to approximately 9 million tonnes of ore
Achievement: Achieved. Total ore milled in 2010 increased 14% to 9.36 million dry metric tonnes, the highest in over a decade, despite ore grades being slightly lower in 2010 at an average of 0.552 grams gold per tonne (2009: 0.567 grams per tonne) and copper average grade at 0.210% (2009: 0.228%).

Goal: Complete the prefeasibility study of the Silangan Project
Achievement: Ongoing. The Silangan Project is moving forward with its prefeasibility study and onward to the development phase.

Goal: Start commercial operation of the Zamboanga coal mine of Brixton Energy & Mining Corporation
Achievement: Achieved. Commercial operations commenced in the fourth quarter of 2010.

Goal: Further evaluate the opportunities of the energy group and the petroleum/hydro-carbon assets
Achievement: Ongoing. Exploration work for oil and gas deposits continues. The GSEC 101 over the Sampaguita natural gas discovery, northwest of Palawan under Forum Energy Plc has been converted into Service Contract (SC) 72.

GOALS FOR 2011

First Pacific
- Fortify PLDT's position of market leadership in telecommunications
- Invest in a new infrastructure project in the Philippines via MPIC
- Grow MPIC's toll road network by building roads and/or by investment in other toll road assets
- Continue moving into higher-margin products at Indofood
- Grow the plantation business so that Indofood become a net seller of crude palm oil ("CPO")
- Expand sources of production at Philex from just one mine, Padcal, to others, through organic growth and/or via acquisition
- Further explore Philex's hydrocarbon assets
- Continue to explore investment opportunities in existing core businesses across the region

PLDT
- Achieve core net income for 2011 of around Pesos 40.5 billion
- Achieve continued growth of the broadband business in terms of subscribers and revenues
- Fortify PLDT's position of having undisputed market leadership in network quality and customer experience, and focus on margins and profitability
- Upgrade the fixed and wireless networks within a capital expenditure budget of Pesos 34.4 billion (US$784.7 million) for increased capacity and coverage

MPIC
- Grow billed volume through an increase in connections while managing Non-Revenue Water down to a maximum of 48% average for the year. Continue to mitigate the risks of drought and a single primary source of water for the concession by fast-tracking the expansion of the Putatan Water Treatment Plant and developing alternative sources of water in partnership with Manila Water and the regulator. Additionally, investigate opportunities to provide bulk water supply and distribution in other regions of the Philippines.
- For the electricity business, move towards transfer of remaining 6.1% of Meralco held by PCEV into Beacon Electric, finalize plans to enter power generation and continue preparation for Retail Electricity Sales
- Conclude evidentiary hearings for the Third Regulatory Period for Meralco beginning in July 2011
- Continue to expand the toll road portfolio at MPTC by targeting acquisitions and new builds on heavily trafficked areas
- Focus existing hospitals on marketing improved services to realize the value of investments in infrastructure, equipment and people. Improve synergies across the group by leveraging purchasing and operational efficiencies. Develop joint venture or partnership ideas with companies focused on education to reverse the decline of the medical schools. Continue to grow the hospital network through the acquisition of hospitals across the country
- Participate in further development of the country's infrastructure, such as airports or Manila's MRT 3 light rail system

Indofood
- Expand business/product categories
- Increase market share in some categories
- Improve product and service quality
- Enhance R&D capabilities
- Optimize operational efficiencies

Philex
- Extend Padcal's mine life beyond 2017
- Move forward on Silangan prefeasibility study and development of the mine
- Continue exploring opportunities to acquire new mining operations
- Determine the feasibility and cost-effectiveness of reopening the Bulawan Gold Mine
- Intensify exploration of areas with permits in the environs of the Padcal Mine, Bulawan Mine, Silangan Project and Sibutad Project for further mining opportunities
- Improve public perception of the benefits of mining to the Philippines

FINANCIAL REVIEW
LIQUIDITY AND FINANCIAL RESOURCES
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] 2010**	**Total equity 2010**	**Gearing[ii] (times) 2010**	Net debt/ (cash)[i] 2009	Total equity 2009	Gearing[ii] (times) 2009
Head Office	**816.9**	**1,787.9**	**0.46x**	651.7	1,808.3	0.36x
MPIC	**597.8**	**1,465.3**	**0.41x**	706.1	1,303.6	0.54x
Indofood	**432.3**	**3,247.9**	**0.13x**	1,361.7	2,022.6	0.67x
Group adjustments[iii]	**-**	**(889.0)**	**-**	-	(1,095.4)	-
Total	**1,847.0**	**5,612.1**	**0.33x**	2,719.5	4,039.1	0.67x
Associated						
PLDT	**1,209.2**	**2,221.4**	**0.54x**	1,309.0	2,145.6	0.61x
Philex	**(82.8)**	**473.5**	**-**	(62.4)	386.4	-

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

Head Office's gearing increased principally because of its investments in MPIC's convertible bonds and additional interests in Philex. MPIC's gearing decreased principally due to a lower net debt level and a growth of its equity as a result of its profit recorded for the year. Indofood's gearing decreased principally because of the net proceeds from the spin-off of its consumer branded products businesses, ICBP, and a growth of its equity mainly as a result of its profit recorded for the year. PLDT's gearing decreased as strong free cash flows were used to reduce debts. Philex's net cash increased principally because of strong free cash flows and profit enhanced total equity.

The Group's gearing improved to 0.33 times principally because of a lower net debt level and a growth of the Group's total equity principally as a result of the spin-off of ICBP as well as the profit recorded for the year.

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

Consolidated

	Carrying amounts		Nominal values	
US$ millions	**2010**	2009	**2010**	2009
Within one year	**645.4**	829.7	**646.5**	830.4
One to two years	**650.6**	764.5	**657.8**	775.5
Two to five years	**1,062.7**	1,408.2	**1,064.5**	1,412.9
Over five years	**1,080.5**	682.9	**1,099.0**	692.9
Total	**3,439.2**	3,685.3	**3,467.8**	3,711.7

The change in the Group's debt maturity profile from 31 December 2009 to 31 December 2010 principally reflects (a) Head Office's issuance of US$300 million and US$400 million of bonds due in July 2017 and September 2020, respectively (through the Company's wholly-owned subsidiary companies, FPMH Finance Limited and FPT Finance Limited, respectively), of which approximately US$600 million has been used for the early repayment of Head Office's bank borrowings; and a vendor financing of Pesos 5.4 billion (US$123.6 million) arranged for the purchase of a 5.9% interest in Philex, (b) MPIC's early repayment of Pesos 11.2 billion (US$255.6 million) borrowings and (c) Indofood's repayment of borrowings principally by using the proceeds from the spin-off of ICBP.

Associated

	PLDT				**Philex**			
	Carrying amounts		Nominal values		Carrying amounts		Nominal values	
US$ millions	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Within one year	**314.8**	275.3	**318.6**	278.5	**3.4**	-	**3.4**	-
One to two years	**408.9**	232.3	**442.7**	265.1	**-**	-	**-**	-
Two to five years	**894.2**	1,079.4	**923.2**	1,125.6	**-**	-	**-**	-
Over five years	**427.9**	551.4	**428.5**	552.7	**-**	-	**-**	-
Total	**2,045.8**	2,138.4	**2,113.0**	2,221.9	**3.4**	-	**3.4**	-

The change in PLDT's debt maturity profile from 31 December 2009 to 31 December 2010 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.

CHARGES ON GROUP ASSETS

At 31 December 2010, the total borrowings include secured bank and other borrowings of US$1,880.6 million (2009: US$1,971.7 million). Such bank and other borrowings were secured by the Group's property, plant and equipment, plantations, other intangible assets, other non-current assets, cash and cash equivalents and inventories equating to a net book value of US$1,121.9 million (2009: US$1,032.0 million) and the Group's interests of 14.9% (2009: 24.3%) in PLDT, 55.6% (2009: Nil) in MPIC, 5.8% (2009: 2.0%) in Philex, 99.8% (2009: 99.8%) in MPTC, 9.9% (2009: 9.9%) in Maynilad, none (2009: 16.5%) in DMWC and none (2009: 10.5%) in Meralco.

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. In December 2009, a wholly-owned subsidiary company of the Company entered into a two-year Peso/U.S. dollar forward exchange contract, with several interim settlements, to hedge a portion of the peso-denominated dividend income from PLDT. However, the Company does not actively seek to hedge risks arising on the translation of foreign currency denominated investments due to (i) the non-cash nature of such exposure until the values of the investments are realized and (ii) the high costs associated with such hedging. Accordingly, the Company is exposed to the impact of foreign currency fluctuations on the translated U.S. dollar value of its foreign currency denominated investments.

With the exception of the Head Office, the principal components of the Group's net asset value (NAV) relate to investments denominated in the peso and rupiah. Accordingly, any change in these currencies, against their respective 31 December 2010 exchange rates, would have an effect on the Group's NAV in U.S. dollar terms.

The following table illustrates the estimated effect on the Group's adjusted NAV for a one per cent change of the peso and rupiah exchange rates against the U.S. dollar.

Company	Basis	**Effect on adjusted NAV** US$ millions	**Effect on adjusted NAV per share** HK cents
PLDT	(i)	28.8	5.76
MPIC	(i)	9.9	1.99
Indofood	(i)	23.8	4.76
Philex	(i)	8.4	1.67
Head Office - Other asset	(ii)	1.8	0.36
Total		**72.7**	**14.54**

(i) Based on quoted share prices as at 31 December 2010 applied to the Group's economic interest
(ii) Based on the market value of the shares upon the conversion of MPIC Pesos 6.6 billion (US$150.5 million) convertible bonds

(B) Group risk

The Group's operating units are denominated in local currencies, principally the peso and rupiah, 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	Others	**Total**
Total borrowings	1,601.8	706.8	1,130.6	-	**3,439.2**
Cash and cash equivalents[(i)]	(660.1)	(143.0)	(708.1)	(81.0)	**(1,592.2)**
Net debt/(cash)	941.7	563.8	422.5	(81.0)	**1,847.0**
Representing:					
Head Office	717.4	100.6	-	(1.1)	**816.9**
MPIC	134.6	463.2	-	-	**597.8**
Indofood	89.7	-	422.5	(79.9)	**432.3**
Net debt/(cash)	941.7	563.8	422.5	(81.0)	**1,847.0**

Associated

US$ millions	US$	Peso	Others	**Total**
Net debt/(cash)				
PLDT	795.3	417.1	(3.2)	**1,209.2**
Philex	(77.0)	(5.8)	-	**(82.8)**

(i) Includes restricted cash and pledged deposits

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% currency change	**Group net profit effect**
Head Office[(i)]	717.4	-	717.4	-	**-**
MPIC[(ii)]	134.6	35.9	98.7	1.0	**0.4**
Indofood	89.7	-	89.7	0.9	**0.3**
PLDT	795.3	261.5	533.8	5.3	**1.0**
Philex	(77.0)	-	(77.0)	(0.8)	**(0.2)**
Total	**1,660.0**	**297.4**	**1,362.6**	**6.4**	**1.5**

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

(ii) In January 2011, Manila North Tollways Corporation (MNTC), a subsidiary of MPIC, terminated all of its currency swap agreements, which effectively increased the unhedged borrowings of MNTC/MPIC and, hence, the Group by US$35.9 million. Following this, the estimated impact to MPIC's and the Group's net profit for a one per cent change in peso increases to US$0.5 million and US$1.6 million, respectively.

EQUITY MARKET RISK

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

INTEREST RATE RISK

The Company and its operating entities are exposed to changes in interest rates to the extent that they impact the cost of variable interest rate borrowings. An analysis of this for consolidated and associated companies follows.

Consolidated

US$ millions	Fixed interest rate borrowings	Variable interest rate borrowings	Cash and cash equivalents[(i)]	**Net debt/ (cash)**
Head Office[(ii)]	1,057.8	46.1	(287.0)	**816.9**
MPIC[(iii)]	412.3	329.6	(144.1)	**597.8**
Indofood	476.4	1,117.0	(1,161.1)	**432.3**
Total	1,946.5	1,492.7	(1,592.2)	**1,847.0**
Associated				
PLDT	1,531.0	514.8	(836.6)	**1,209.2**
Philex	-	3.4	(86.2)	**(82.8)**

(i) Includes restricted cash and pledged deposits

(ii) In April 2009 and November 2009, a wholly-owned subsidiary company of the Company entered into two interest rate swap agreements, which effectively changed US$245.0 million of Head Office's bank loans from London Inter-bank Offer Rate (LIBOR)-based variable interest rates to fixed interest rates.

(iii) MNTC entered into certain interest rate swap agreements, which effectively changed US$31.5 million of its bank loans at 31 December 2010 from LIBOR-based and Philippine Reference Rates (PHIREF)-based variable interest rates to fixed interest rates. In January 2011, MNTC terminated all of these interest rate swap agreements, which effectively increased the variable interest rate borrowings of MNTC/MPIC and, hence, the Group by US$31.5 million.

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

US$ millions	Variable interest rate borrowings	Profit effect of 1% change in interest rates	**Group net profit effect**
Head Office	46.1	0.5	**0.5**
MPIC[(i)]	329.6	3.3	**1.3**
Indofood	1,117.0	11.2	**4.2**
PLDT	514.8	5.1	**1.0**
Philex	3.4	-	**-**
Total	**2,010.9**	**20.1**	**7.0**

(i) As a result of MNTC's termination of all of its interest rate swap agreements in January 2011, the estimated impact to MPIC's and the Group's net profit for a one per cent change in average annual interest rates in respect of the variable interest rate borrowings increases to US$1.4 million and US$7.1 million, respectively.

ADJUSTED NAV PER SHARE

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

At 31 December US$ millions	Basis	**2010**	2009
PLDT	(i)	**2,879.8**	2,803.4
MPIC	(i)	**993.9**	630.4
Indofood	(i)	**2,383.6**	1,660.2
Philex	(i)	**837.9**	690.8
Head Office - Other asset	(ii)	**180.2**	-
- Net debt		**(816.9)**	(651.7)
Total valuation		**6,458.5**	5,133.1
Number of ordinary shares in issue (millions)		**3,902.4**	3,860.3
Value per share			
- U.S. dollar		**1.66**	1.33
- HK dollars		**12.91**	10.37
Company's closing share price (HK$)		**7.00**	4.74
Share price discount to HK$ value per share (%)		**45.8**	54.3

(i) Based on quoted share prices applied to the Group's economic interest
(ii) Based on the market value of the shares upon the conversion of MPIC Pesos 6.6 billion (US$150.5 million) convertible bonds

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 1 June 2010, the Company announced that its Directors have approved a programme to repurchase up to US$130 million (equivalent to approximately HK$1 billion) in value of the Company's shares from the open market, by way of "on market repurchases", over a 24-month period.

During the year, the Company repurchased 26,278,000 (2009: Nil) ordinary shares on The Stock Exchange of Hong Kong Limited (SEHK) at an aggregate consideration of HK$173.9 million (US$22.4 million) (2009: Nil). These shares have subsequently been 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
June 2010	1,650,000	5.50	5.05	8.7	1.1
July 2010	2,280,000	5.51	5.27	12.4	1.6
August 2010	326,000	5.78	5.65	1.9	0.2
September 2010	150,000	5.78	5.76	0.8	0.1
October 2010	6,472,000	7.39	6.96	46.3	6.0
November 2010	9,752,000	7.26	6.41	66.0	8.5
December 2010	5,648,000	7.01	6.58	37.8	4.9
Total	**26,278,000**			**173.9**	**22.4**

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

Except as disclosed above, neither the Company, nor any of its subsidiary companies, has made any purchase, sale or redemption of any of the Company's listed securities during the year.

CORPORATE GOVERNANCE
First Pacific is committed to building and maintaining high standards of corporate governance. The Company has adopted its own Code on Corporate Governance Practices (the First Pacific Code), which incorporates the principles and requirements set out in the Code on Corporate Governance Practices (CG Code) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the Listing Rules) issued by The Stock Exchange of Hong Kong Limited (SEHK).

First Pacific has applied these principles and complied with all the CG Code mandatory provisions and has also met all of the recommended best practices in the CG Code throughout the current financial year, except for the following:

1. The appointment of Independent Non-executive Directors (INEDs) representing at least one-third of the board, currently only 4 INEDs out of a 13-member board are INEDs.

2. The disclosure of details of remuneration payable to members of senior management on an individual and named basis in the annual reports and accounts.

3. The announcement and publication of quarterly financial results within 45 days after the end of the relevant quarter.

First Pacific Board considers that it functions effectively with the current Board. It is actively considering the appointment of at least one additional INED as and when the appropriate candidate is identified. In addition, the Company does not issue quarterly financial results based on our judgment that we should emphasize the quality, rather than the frequency of disclosure of financial information. Furthermore, we are concerned that quarterly reporting might lead investors and management to focus on short-term financial performance, possibly at the expense of longer term financial performance of the Company. The disclosure of details of remuneration payable to members of senior management on an individual and named basis would not provide, in our view, any pertinent information to the readers in assessing the performance of the Company.

Connected and continuing connected transactions
During the year, the Independent Non-executive Directors discussed with the Directors in relation to the following connected and continuing connected transactions and approved the disclosure of those transactions in the form of published announcements and circular:–

- 23 February 2010 announcement: entering into of new contracts relating to the flour business of the Indofood group between Bogasari Flour Mills, a division of Indofood, and PT Nippon Indosari Corpindo and PT Indotek Konsultan Utama.

- 17 May 2010 and 27 May 2010 announcements: connected transactions and continuing connected transaction arising out of an internal restructuring of certain entities within the Indo Agri group with a view to consolidate the Indo Agri group's joint ventures with the Salim Group in oil palm plantations and sugar plantation under a newly incorporated indirect subsidiary of First Pacific.

- 15 June 2010 announcement: entering into of new contracts between members of the Indofood group, PT Fast Food Indonesia and other associates of Mr. Anthoni Salim relating to new Plantations Business Transactions, new Distribution Business Transactions, new Flour Business Transactions and new Snack Foods Business Transactions, the revised aggregated 2010 Annual Caps for the respective businesses, as well as the revision of the 2010 Annual Caps for the existing Distribution Business Transactions.

- 8 November 2010 announcement: entering into of new framework agreements relating to the Noodles Business Transactions to replace certain existing agreements and to renew their respective Annual Caps for 2011 to 2013; entering into of new framework agreements relating to the Plantations Business Transactions to replace certain existing agreements and to renew their respective Annual Caps for 2011 to 2013; entering into of new agreements relating to the Insurance Business Transactions upon expiry and to renew their respective Annual Caps for 2011 to 2013; entering into of new agreements relating to the Packaging Business Transactions upon expiry and to renew their respective Annual Caps for 2011 to 2013; entering into of new agreements relating to the Distribution Business Transactions upon expiry and to renew their respective Annual Caps for 2011 to 2013 and the entering into of new agreements relating to the Flour Business Transactions upon expiry and to renew their respective Annual Caps for 2011 to 2013; as well as the appointment of independent board committee and independent financial adviser.

- 18 November 2010 circular: continuing connected transactions relating to the Noodles Business Transactions and Plantations Business Transactions to be entered into and become effective immediately following expiry of the respective Noodles Business Transactions and Plantations Business Transactions; and the setting of new annual caps for 2011, 2012 and 2013 in respect of the respective Noodles Business Transactions and Plantations Business Transactions.

At the Company's special general meeting held on 8 December 2010, the independent shareholders of the Company approved each of the continuing connected transactions and the related new annual caps for each of the financial years ending 31 December 2011, 2012 and 2013 in relation to the respective Noodles Business Transactions and the Plantation Business Transactions carried on by Indofood and its subsidiaries, as described in the circular dated 18 November 2010.

Each of the Group's continuing connected transactions has been subject to annual review by the Independent Non-executive Directors 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 Independent Non-executive Directors 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 Indofood group than terms available to or from (as appropriate) independent third parties;
- in accordance with the relevant agreement governing them, or the relevant written memorandum recording their terms; and
- on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to SEHK.

Risk Management and Internal Control
The Board is responsible for maintaining an adequate system of internal controls in the Group and reviewing its effectiveness through the Audit Committee.

In addition, during the year ended 31 December 2010, 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.

AUDIT OPINION
The auditors have expressed an unqualified opinion on the Group's financial statements for the year ended 31 December 2010 in their report dated 21 March 2011.

REVIEW STATEMENT BY THE AUDIT COMMITTEE
The Audit Committee has reviewed the 2010 annual results, including the accounting policies and practices adopted by the Group.

FINAL DIVIDENDS
The Board has recommended a final cash dividend of HK12.00 cents (U.S. 1.54 cents) per ordinary share. Subject to approval by shareholders at the 2011 Annual General Meeting, the final dividend will be paid in the currencies in accordance with the registered address of the shareholders (i.e. HK dollars for Hong Kong, Macau and PRC shareholders, Sterling pounds for UK shareholders and U.S. dollars for shareholders of all other countries). It is expected that the dividend warrants will be dispatched to shareholders on or about Thursday, 23 June 2011.

CLOSURE OF REGISTER OF MEMBERS
The Register of Members will be closed from Monday, 30 May 2011 to Wednesday, 1 June 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 27 May 2011.

ANNUAL REPORT

The 2010 Annual Report will be mailed to shareholders and will be available on the Company's website at www.firstpacific.com by the end of April 2011.

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

Hong Kong, 21 March 2011

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

Anthoni Salim, *Chairman*
Manuel V. Pangilinan, *Managing Director and CEO*
Edward A. Tortorici
Robert C. Nicholson
Napoleon L. Nazareno
Ambassador Albert F. del Rosario
Sir David W.C. Tang*, *KBE*
Tedy Djuhar
Ibrahim Risjad
Benny S. Santoso
Graham L. Pickles*
Professor Edward K.Y. Chen*, *GBS, CBE, JP*
Jun Tang*

* *Independent Non-executive Directors*