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FIRST PACIFIC COMPANY LIMITED

第一太平洋有限公司

(Incorporated with limited liability under the laws of Bermuda)

Website: <http://www.firstpacific.com>

(Stock Code: 00142)

ANNOUNCEMENT MADE BY PHILIPPINE LONG DISTANCE TELEPHONE COMPANY IN RELATION TO ITS AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

This Announcement is made by First Pacific Company Limited (“First Pacific” or the “Company”) pursuant to the requirements of Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to provide shareholders of First Pacific and the public with the audited consolidated financial results of Philippine Long Distance Telephone Company (“PLDT”), a major operating associate of the Company, for the year ended 31 December 2015.

Summary

On 29 February 2016, the board of directors of PLDT approved the release of its audited consolidated financial results for the year ended 31 December 2015. PLDT’s audited consolidated financial results have been submitted to the Philippine Stock Exchange, Inc. (“PSE”) and the New York Stock Exchange, Inc. (“NYSE”) by way of disclosure on 29 February 2016, and have also been disclosed as the Company’s Overseas Regulatory Announcement on the websites of the HKEX and the Company.

PLDT, a major operating associate of First Pacific, is a company incorporated in the Philippines, whose shares are listed on the PSE. In addition, PLDT’s American Depositary Receipts are listed on the NYSE. First Pacific and its Philippine affiliates have a 25.6% attributable economic interest in PLDT. On 29 February 2016, the board of directors of PLDT approved the release of its audited consolidated financial results for the year ended 31 December 2015. PLDT’s audited consolidated financial results have been submitted to the PSE and the NYSE by way of disclosure on 29 February 2016, and have also been disclosed as the Company’s Overseas Regulatory Announcement on the websites of the HKEX and the Company. The audited consolidated financial statements have been prepared in conformity with the Philippine Financial Reporting Standards and are presented in Philippine Peso. PLDT’s audited Consolidated Income Statements for the years ended 31 December 2015, 2014 and 2013, as well as the audited Consolidated Statements of Financial Position as at 31 December 2015 and 2014 are provided below:

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS (AUDITED)
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013
(in million pesos, except earnings per common share amounts which are in pesos)

	2015	2014	2013
REVENUES			
Service revenues	162,930	164,943	163,932
Non-service revenues	8,173	5,892	4,279
	<u>171,103</u>	<u>170,835</u>	<u>168,211</u>
EXPENSES			
Depreciation and amortization	31,519	31,379	30,304
Compensation and employee benefits	21,606	18,749	21,369
Cost of sales	16,614	13,512	11,806
Repairs and maintenance	15,035	14,988	13,107
Asset impairment	14,856	6,046	5,543
Interconnection costs	10,317	10,420	10,610
Selling and promotions	9,747	10,619	9,776
Professional and other contracted services	8,234	7,748	7,173
Rent	6,376	6,692	6,041
Taxes and licenses	4,592	4,563	3,925
Insurance and security services	1,797	1,884	1,815
Communication, training and travel	1,349	1,552	1,417
Amortization of intangible assets	1,076	1,149	1,020
Other expenses	1,316	1,156	1,609
	<u>144,434</u>	<u>130,457</u>	<u>125,515</u>
	<u>26,669</u>	<u>40,378</u>	<u>42,696</u>
OTHER INCOME (EXPENSES)			
Equity share in net earnings of associates and joint ventures	3,241	3,841	2,742
Interest income	799	752	932
Gains (losses) on derivative financial instruments – net	420	(101)	511
Foreign exchange losses – net	(3,036)	(382)	(2,893)
Financing costs – net	(6,259)	(5,320)	(6,589)
Other income – net	4,804	4,980	4,233
	<u>(31)</u>	<u>3,770</u>	<u>(1,064)</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	26,638	44,148	41,632
PROVISION FOR INCOME TAX	4,563	10,058	8,248
NET INCOME FROM CONTINUING OPERATIONS	22,075	34,090	33,384
NET INCOME FROM DISCONTINUED OPERATIONS	–	–	2,069
NET INCOME	<u>22,075</u>	<u>34,090</u>	<u>35,453</u>
ATTRIBUTABLE TO:			
Equity holders of PLDT	22,065	34,091	35,420
Noncontrolling interests	10	(1)	33
	<u>22,075</u>	<u>34,090</u>	<u>35,453</u>
Earnings Per Share Attributable to Common Equity Holders of PLDT			
Basic	101.85	157.51	163.67
Diluted	<u>101.85</u>	<u>157.51</u>	<u>163.67</u>

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (AUDITED)
AS AT 31 DECEMBER 2015 AND 2014
(in million pesos)

	2015	2014
ASSETS		
Noncurrent Assets		
Property and equipment	195,782	191,984
Investments in associates, joint ventures and deposits	48,703	42,046
Available-for-sale financial investments	15,711	28,086
Investment in debt securities and other long-term investments – net of current portion	952	960
Investment properties	1,825	1,816
Goodwill and intangible assets	72,117	72,842
Deferred income tax assets – net	21,941	17,131
Derivative financial assets – net of current portion	145	94
Prepayments – net of current portion	3,475	2,924
Advances and other noncurrent assets – net of current portion	3,003	3,218
	363,654	361,101
Total Noncurrent Assets		
Current Assets		
Cash and cash equivalents	46,455	26,659
Short-term investments	1,429	643
Trade and other receivables	24,898	29,151
Inventories and supplies	4,614	3,706
Current portion of derivative financial assets	26	2
Current portion of investment in debt securities and other long-term investments	51	295
Current portion of prepayments	5,798	6,406
Current portion of advances and other noncurrent assets	8,170	8,332
	91,441	75,194
Total Current Assets		
TOTAL ASSETS	455,095	436,295

**PHILIPPINE LONG DISTANCE TELEPHONE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (AUDITED)**

(CONTINUED)

AS AT 31 DECEMBER 2015 AND 2014

(in million pesos)

	2015	2014
EQUITY AND LIABILITIES		
Equity		
Non-voting serial preferred stock	360	360
Voting preferred stock	150	150
Common stock	1,093	1,093
Treasury stock	(6,505)	(6,505)
Capital in excess of par value	130,517	130,521
Retained earnings	6,195	17,030
Other comprehensive loss	(18,202)	(8,285)
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Total Equity Attributable to Equity Holders of PLDT	113,608	134,364
Noncontrolling interests	290	304
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TOTAL EQUITY	113,898	134,668
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Noncurrent Liabilities		
Interest-bearing financial liabilities – net of current portion	143,982	115,400
Deferred income tax liabilities – net	3,704	4,427
Derivative financial liabilities – net of current portion	736	1,460
Customers’ deposits	2,430	2,438
Pension and other employee benefits	10,197	13,131
Deferred credits and other noncurrent liabilities	21,482	21,924
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Total Noncurrent Liabilities	182,531	158,780
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Current Liabilities		
Accounts payable	52,679	40,923
Accrued expenses and other current liabilities	84,286	82,678
Current portion of interest-bearing financial liabilities	16,911	14,729
Provision for claims and assessments	897	897
Dividends payable	1,461	1,070
Current portion of derivative financial liabilities	306	254
Income tax payable	2,126	2,296
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Total Current Liabilities	158,666	142,847
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TOTAL LIABILITIES	341,197	301,627
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TOTAL EQUITY AND LIABILITIES	455,095	436,295
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GENERAL

Shareholders should note that the above audited financial results pertain only to PLDT and not to First Pacific itself.

DIVIDEND

The board of directors of PLDT declared a final regular dividend of Pesos 57 per share. This brings the 2015 total dividend payout to Pesos 122 per share (including the 2015 interim regular dividend of Pesos 65 per share), equivalent to 75% of 2015 core net income. The rationale for the 75% dividend payout, with no special dividend declared, is mainly to conserve cash for elevated capex and investments, and to maintain debt at prudent levels.

2016 PROFIT GUIDANCE

PLDT also announced that core net income guidance for the year ending 31 December 2016 is Pesos 28 billion, representing a 20% decrease from the Pesos 35.2 billion core net income for the year ended 31 December 2015. This is mainly due to the transition to data, continued decline in EBITDA margin due to structural change in revenue mix, intense competition, efforts to maintain a fair share of the market and elevated capex level resulting in higher depreciation and financing costs.

The above information only refers to certain sections of PLDT's disclosure and shareholders should refer to PLDT's original filing submitted to the PSE (<http://www.pse.com.ph>) and the NYSE (<http://www.nyse.com>), as well as disclosed as the Company's Overseas Regulatory Announcement on the websites of the HKEX and the Company on 29 February 2016.

By Order of the Board
First Pacific Company Limited
Manuel V. Pangilinan
Managing Director and CEO

Hong Kong, 29 February 2016

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

Executive Directors:

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

Non-executive Directors:

Anthoni Salim, *Chairman*
Benny S. Santoso
Tedy Djuhar
Napoleon L. Nazareno

Independent Non-executive Directors:

Prof. Edward K.Y. Chen, *GBS, CBE, JP*
Margaret Leung Ko May Yee, *SBS, JP*
Philip Fan Yan Hok
Madeleine Lee Suh Shin