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FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

Website: http://www.firstpacific.com

(Stock code: 00142)

2015 Annual Results - Audited

FINANCIAL HIGHLIGHTS

- Profit attributable to owners of the parent increased by 5.1% to US$85.1 million (HK$663.8 million) from US$81.0 million (HK$631.8 million).
- Recurring profit decreased by 9.3% to US$293.9 million (HK$2,292.4 million) from US$323.9 million (HK$2,526.4 million).
- Profit contribution from operations decreased by 6.4% to US$432.9 million (HK$3,376.6 million) from US$462.7 million (HK$3,609.1 million).
- Turnover decreased by 5.9% to US$6,437.0 million (HK$50,208.6 million) from US$6,841.3 million (HK$53,362.1 million).
- Foreign exchange and derivative losses increased by 421.5% to US$48.5 million (HK$378.3 million) from US$9.3 million (HK$72.5 million).
- Non-recurring losses decreased by 32.3% to US$158.6 million (HK$1,237.1 million) from US$234.3 million (HK$1,827.5 million).
- Basic earnings per share increased by 5.3% to U.S. 1.99 cents (HK15.5 cents) from U.S. 1.89 cents (HK14.7 cents).
- Recurring basic earnings per share (calculated based on recurring profit) decreased by 8.7% to U.S. 6.89 cents (HK53.7 cents) from U.S. 7.55 cents (HK58.9 cents).
- A final dividend of HK5.50 cents (U.S. 0.71 cents) (2014: HK13.00 cents or U.S. 1.67 cents) per ordinary share has been recommended, making a total dividend per ordinary share equivalent to HK13.50 cents (U.S. 1.74 cents) (2014: HK21.00 cents or U.S. 2.70 cents) for the full year or a dividend payout ratio of approximately 25% (2014: 36%) of recurring profit.
- Equity attributable to owners of the parent decreased by 8.2% to US$3,148.9 million (HK$24,561.4 million) at 31 December 2015 from US$3,428.4 million (HK$26,741.5 million) at 31 December 2014.
- Consolidated gearing ratio increased to 0.61 times at 31 December 2015 from 0.45 times at 31 December 2014.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Notes	2015 US$m	2014 US$m	2015 HK$m*	2014 HK$m*
Turnover	2	**6,437.0**	6,841.3	**50,208.6**	53,362.1
Cost of sales		**(4,615.3)**	(4,924.0)	**(35,999.3)**	(38,407.2)
Gross profit		**1,821.7**	1,917.3	**14,209.3**	14,954.9
Selling and distribution expenses		**(513.6)**	(527.0)	**(4,006.1)**	(4,110.6)
Administrative expenses		**(493.0)**	(548.3)	**(3,845.5)**	(4,276.8)
Other operating expenses, net		**(142.2)**	(196.4)	**(1,109.2)**	(1,531.9)
Interest income		**78.2**	89.2	**610.0**	695.8
Finance costs		**(374.8)**	(356.8)	**(2,923.4)**	(2,783.0)
Share of profits less losses of associated companies and joint ventures		**229.7**	279.1	**1,791.7**	2,177.0
Profit before taxation	3	**606.0**	657.1	**4,726.8**	5,125.4
Taxation	4	**(193.8)**	(199.5)	**(1,511.6)**	(1,556.1)
Profit for the year from continuing operations		**412.2**	457.6	**3,215.2**	3,569.3
Profit for the year from a discontinued operation	5	**26.2**	63.2	**204.3**	492.9
Profit for the year		**438.4**	520.8	**3,419.5**	4,062.2
Attributable to:					
Owners of the parent	6				
- For profit from continuing operations		**74.2**	54.8	**578.8**	427.4
- For profit from a discontinued operation		**10.9**	26.2	**85.0**	204.4
- For profit for the year		**85.1**	81.0	**663.8**	631.8
Non-controlling interests					
- For profit from continuing operations		**338.0**	402.8	**2,636.4**	3,141.8
- For profit from a discontinued operation		**15.3**	37.0	**119.3**	288.6
- For profit for the year		**353.3**	439.8	**2,755.7**	3,430.4
		438.4	520.8	**3,419.5**	4,062.2
		US¢	US¢	**HK¢***	HK¢*
Earnings per share attributable to owners of the parent	7				
Basic					
- For profit from continuing operations		**1.74**	1.28	**13.6**	10.0
- For profit from a discontinued operation		**0.25**	0.61	**1.9**	4.7
- For profit for the year		**1.99**	1.89	**15.5**	14.7
Diluted					
- For profit from continuing operations		**1.73**	1.27	**13.5**	9.9
- For profit from a discontinued operation		**0.25**	0.60	**1.9**	4.7
- For profit for the year		**1.98**	1.87	**15.4**	14.6

Details of the dividend proposed for the year are disclosed in Note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	2015 US$m	2014 US$m	2015 HK$m*	2014 HK$m*
Profit for the year	**438.4**	520.8	**3,419.5**	4,062.2
Other comprehensive (loss)/income				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	**(534.6)**	(138.2)	**(4,169.9)**	(1,078.0)
Unrealized gains/(losses) on available-for-sale assets	**50.9**	(25.2)	**397.0**	(196.6)
Realized gains on available-for-sale assets	**-**	(5.0)	**-**	(39.0)
Unrealized losses on cash flow hedges	**(20.0)**	(61.3)	**(156.0)**	(478.1)
Income tax related to cash flow hedges	**1.9**	9.8	**14.8**	76.4
Share of other comprehensive (loss)/income of associated companies and joint ventures	**(71.7)**	45.5	**(559.2)**	355.0
Items that will not be reclassified to profit or loss:				
Actuarial gains on defined benefit pension plans	**21.8**	5.5	**170.0**	42.9
Share of other comprehensive loss of associated companies and joint ventures	**(12.2)**	(26.5)	**(95.1)**	(206.7)
Other comprehensive loss for the year, net of tax	**(563.9)**	(195.4)	**(4,398.4)**	(1,524.1)
Total comprehensive (loss)/income for the year	**(125.5)**	325.4	**(978.9)**	2,538.1
Attributable to:				
Owners of the parent	**(179.9)**	(11.4)	**(1,403.2)**	(88.9)
Non-controlling interests	**54.4**	336.8	**424.3**	2,627.0
	(125.5)	325.4	**(978.9)**	2,538.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2015 US$m	At 31 December 2014 US$m	At 31 December 2015 HK$m*	At 31 December 2014 HK$m*
Non-current assets					
Property, plant and equipment		**3,061.1**	2,731.8	**23,876.5**	21,308.1
Plantations		**1,151.1**	1,210.7	**8,978.6**	9,443.5
Associated companies and joint ventures		**4,360.5**	3,568.4	**34,011.9**	27,833.5
Goodwill		**1,023.8**	1,057.6	**7,985.6**	8,249.3
Other intangible assets		**3,151.2**	2,511.8	**24,579.4**	19,592.0
Investment properties		**9.7**	-	**75.7**	-
Accounts receivable, other receivables and prepayments		**8.8**	11.8	**68.6**	92.0
Available-for-sale assets		**44.1**	193.8	**344.0**	1,511.6
Deferred tax assets		**199.5**	200.2	**1,556.1**	1,561.6
Pledged deposits and restricted cash		**30.0**	30.9	**234.0**	241.0
Other non-current assets		**312.1**	385.9	**2,434.4**	3,010.0
		13,351.9	11,902.9	**104,144.8**	92,842.6
Current assets					
Cash and cash equivalents and short-term deposits		**1,612.3**	2,265.9	**12,575.9**	17,674.0
Pledged deposits and restricted cash		**51.7**	53.2	**403.3**	415.0
Available-for-sale assets		**124.8**	59.2	**973.4**	461.8
Accounts receivable, other receivables and prepayments	9	**758.5**	661.2	**5,916.3**	5,157.3
Inventories		**631.0**	717.2	**4,921.8**	5,594.2
		3,178.3	3,756.7	**24,790.7**	29,302.3
Assets classified as held for sale		**1,062.6**	982.4	**8,288.3**	7,662.7
		4,240.9	4,739.1	**33,079.0**	36,965.0
Current liabilities					
Accounts payable, other payables and accruals	10	**1,241.0**	1,192.4	**9,679.7**	9,300.8
Short-term borrowings		**998.6**	912.0	**7,789.1**	7,113.6
Provision for taxation		**44.7**	51.0	**348.7**	397.8
Current portion of deferred liabilities, provisions and payables		**348.1**	321.9	**2,715.2**	2,510.8
		2,632.4	2,477.3	**20,532.7**	19,323.0
Liabilities directly associated with the assets classified as held for sale		**436.2**	335.9	**3,402.3**	2,620.0
		3,068.6	2,813.2	**23,935.0**	21,943.0
Net current assets		**1,172.3**	1,925.9	**9,144.0**	15,022.0
Total assets less current liabilities		**14,524.2**	13,828.8	**113,288.8**	107,864.6
Equity					
Issued share capital		**42.7**	42.9	**333.1**	334.6
Shares held for share award scheme		**(6.0)**	(8.7)	**(46.8)**	(67.9)
Retained earnings		**1,508.7**	1,540.1	**11,767.8**	12,012.8
Other components of equity		**1,603.5**	1,854.1	**12,507.3**	14,462.0
Equity attributable to owners of the parent		**3,148.9**	3,428.4	**24,561.4**	26,741.5
Non-controlling interests		**4,480.2**	4,288.6	**34,945.6**	33,451.1
Total equity		**7,629.1**	7,717.0	**59,507.0**	60,192.6
Non-current liabilities					
Long-term borrowings		**5,363.3**	4,893.9	**41,833.7**	38,172.4
Deferred liabilities, provisions and payables		**1,128.9**	850.0	**8,805.5**	6,630.0
Deferred tax liabilities		**402.9**	367.9	**3,142.6**	2,869.6
		6,895.1	6,111.8	**53,781.8**	47,672.0
		14,524.2	13,828.8	**113,288.8**	107,864.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US$ millions	Notes	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive (loss)/income (Note 11)	Differences arising from changes in equities of subsidiary companies	Reserves for assets classified as held for sale	Capital and other reserves	Retained earnings	Total	Non-controlling interests	**Total equity**
		Equity attributable to owners of the parent											
Balance at 1 January 2014		43.1	(9.6)	1,821.8	46.1	(285.2)	303.1	-	14.9	1,575.7	3,509.9	3,969.6	7,479.5
Profit for the year		-	-	-	-	-	-	-	-	81.0	81.0	439.8	520.8
Other comprehensive loss for the year		-	-	-	-	(92.4)	-	-	-	-	(92.4)	(103.0)	(195.4)
Total comprehensive (loss)/income for the year		-	-	-	-	(92.4)	-	-	-	81.0	(11.4)	336.8	325.4
Issue of shares upon the exercise of share options		0.1	-	3.1	(1.0)	-	-	-	-	-	2.2	-	2.2
Repurchase and cancellation of shares		(0.3)	-	(28.7)	-	-	-	-	-	-	(29.0)	-	(29.0)
Issue of shares under share award scheme		-	(1.0)	1.0	-	-	-	-	-	-	-	-	-
Shares vested under share award scheme		-	1.9	-	(1.9)	-	-	-	-	-	-	-	-
Employee share-based compensation benefits		-	-	-	18.5	-	-	-	-	-	18.5	-	18.5
Reserves for assets classified as held for sale		-	-	-	-	(13.6)	-	16.8	(3.2)	-	-	-	-
Reclassification		-	-	-	-	12.8	-	-	(14.8)	2.0	-	-	-
Acquisition, dilution and divestment of interests in subsidiary companies		-	-	-	-	(0.7)	42.1	-	-	-	41.4	86.7	128.1
Equity conversion option of an associated company		-	-	-	-	-	-	-	12.7	-	12.7	-	12.7
Appropriation to statutory reserve funds		-	-	-	-	-	-	-	2.7	(2.7)	-	-	-
2013 final dividend		-	-	-	-	-	-	-	-	(71.7)	(71.7)	-	(71.7)
2014 interim dividend	8	-	-	-	-	-	-	-	-	(44.2)	(44.2)	-	(44.2)
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	35.1	35.1
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(139.6)	(139.6)
Balance at 31 December 2014		42.9	(8.7)	1,797.2	61.7	(379.1)	345.2	16.8	12.3	1,540.1	3,428.4	4,288.6	7,717.0
Balance at 1 January 2015		42.9	(8.7)	1,797.2	61.7	(379.1)	345.2	16.8	12.3	1,540.1	3,428.4	4,288.6	**7,717.0**
Profit for the year		-	-	-	-	-	-	-	-	85.1	85.1	353.3	**438.4**
Other comprehensive (loss)/income for the year		-	-	-	-	(273.0)	-	8.0	-	-	(265.0)	(298.9)	**(563.9)**
Total comprehensive (loss)/income for the year		-	-	-	-	(273.0)	-	8.0	-	85.1	(179.9)	54.4	**(125.5)**
Issue of shares upon the exercise of share options		-	-	0.3	(0.1)	-	-	-	-	-	0.2	-	**0.2**
Repurchase and cancellation of shares		(0.2)	-	(17.8)	-	-	-	-	-	-	(18.0)	-	**(18.0)**
Shares vested under share award scheme		-	2.7	-	(2.6)	-	-	-	-	(0.1)	-	-	**-**
Employee share-based compensation benefits		-	-	-	11.6	-	-	-	-	-	11.6	-	**11.6**
Acquisition and dilution of interests in subsidiary companies		-	-	-	(0.1)	(1.7)	23.8	-	0.1	-	22.1	136.9	**159.0**
Appropriation to statutory reserve funds		-	-	-	-	-	-	0.9	-	(0.9)	-	-	**-**
2014 final dividend	8	-	-	-	-	-	-	-	-	(71.5)	(71.5)	-	**(71.5)**
2015 interim dividend	8	-	-	-	-	-	-	-	-	(44.0)	(44.0)	-	**(44.0)**
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	-	-	93.4	**93.4**
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	83.4	**83.4**
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(176.5)	**(176.5)**
Balance at 31 December 2015		**42.7**	**(6.0)**	**1,779.7**	**70.5**	**(653.8)**	**369.0**	**25.7**	**12.4**	**1,508.7**	**3,148.9**	**4,480.2**	**7,629.1**

HK$ millions	Notes	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive (loss)/income (Note 11)	Differences arising from changes in equities of subsidiary companies	Reserves for assets classified as held for sale	Capital and other reserves	Retained earnings	Total	Non-controlling interests	**Total equity**
		Equity attributable to owners of the parent											
Balance at 1 January 2014		336.2	(74.9)	14,210.0	359.6	(2,224.5)	2,364.1	-	116.2	12,290.5	27,377.2	30,962.9	58,340.1
Profit for the year		-	-	-	-	-	-	-	-	631.8	631.8	3,430.4	4,062.2
Other comprehensive loss for the year		-	-	-	-	(720.7)	-	-	-	-	(720.7)	(803.4)	(1,524.1)
Total comprehensive (loss)/income for the year		-	-	-	-	(720.7)	-	-	-	631.8	(88.9)	2,627.0	2,538.1
Issue of shares upon the exercise of share options		0.8	-	24.2	(7.8)	-	-	-	-	-	17.2	-	17.2
Repurchase and cancellation of shares		(2.4)	-	(223.9)	-	-	-	-	-	-	(226.3)	-	(226.3)
Issue of shares under share award scheme		-	(7.8)	7.8	-	-	-	-	-	-	-	-	-
Shares vested under share award scheme		-	14.8	-	(14.8)	-	-	-	-	-	-	-	-
Employee share-based compensation benefits		-	-	-	144.3	-	-	-	-	-	144.3	-	144.3
Reserves for assets classified as held for sale		-	-	-	-	(106.0)	-	131.0	(25.0)	-	-	-	-
Reclassification		-	-	-	-	99.8	-	-	(115.4)	15.6	-	-	-
Acquisition, dilution and divestment of interests in subsidiary companies		-	-	-	-	(5.6)	328.5	-	-	-	322.9	676.4	999.3
Equity conversion option of an associated company		-	-	-	-	-	-	-	99.1	-	99.1	-	99.1
Appropriation to statutory reserve funds		-	-	-	-	-	-	-	21.1	(21.1)	-	-	-
2013 final dividend		-	-	-	-	-	-	-	-	(559.3)	(559.3)	-	(559.3)
2014 interim dividend	8	-	-	-	-	-	-	-	-	(344.7)	(344.7)	-	(344.7)
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	273.7	273.7
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(1,088.9)	(1,088.9)
Balance at 31 December 2014		334.6	(67.9)	14,018.1	481.3	(2,957.0)	2,692.6	131.0	96.0	12,012.8	26,741.5	33,451.1	60,192.6
Balance at 1 January 2015		334.6	(67.9)	14,018.1	481.3	(2,957.0)	2,692.6	131.0	96.0	12,012.8	26,741.5	33,451.1	**60,192.6**
Profit for the year		-	-	-	-	-	-	-	-	663.8	663.8	2,755.7	**3,419.5**
Other comprehensive (loss)/income for the year		-	-	-	-	(2,129.4)	-	62.4	-	-	(2,067.0)	(2,331.4)	**(4,398.4)**
Total comprehensive (loss)/income for the year		-	-	-	-	(2,129.4)	-	62.4	-	663.8	(1,403.2)	424.3	**(978.9)**
Issue of shares upon the exercise of share options		-	-	2.4	(0.8)	-	-	-	-	-	1.6	-	**1.6**
Repurchase and cancellation of shares		(1.5)	-	(138.9)	-	-	-	-	-	-	(140.4)	-	**(140.4)**
Shares vested under share award scheme		-	21.1	-	(20.3)	-	-	-	-	(0.8)	-	-	**-**
Employee share-based compensation benefits		-	-	-	90.5	-	-	-	-	-	90.5	-	**90.5**
Acquisition and dilution of interests in subsidiary companies		-	-	-	(0.8)	(13.2)	185.6	-	0.7	-	172.3	1,067.8	**1,240.1**
Appropriation to statutory reserve funds		-	-	-	-	-	-	7.1	-	(7.1)	-	-	**-**
2014 final dividend	8	-	-	-	-	-	-	-	-	(557.7)	(557.7)	-	**(557.7)**
2015 interim dividend	8	-	-	-	-	-	-	-	-	(343.2)	(343.2)	-	**(343.2)**
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	-	-	728.5	**728.5**
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	650.6	**650.6**
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(1,376.7)	**(1,376.7)**
Balance at 31 December 2015		**333.1**	**(46.8)**	**13,881.6**	**549.9**	**(5,099.6)**	**2,878.2**	**200.5**	**96.7**	**11,767.8**	**24,561.4**	**34,945.6**	**59,507.0**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	2015 US$m	2014 US$m	2015 HK$m*	2014 HK$m*
Profit before taxation					
From continuing operations		**606.0**	657.1	**4,726.8**	5,125.4
From a discontinued operation		**36.4**	79.5	**283.9**	620.1
Adjustments for:					
Finance costs		**392.0**	370.9	**3,057.6**	2,893.0
Depreciation		**243.0**	233.1	**1,895.4**	1,818.2
Impairment losses		**107.0**	196.9	**834.6**	1,535.8
Foreign exchange and derivative losses, net		**93.4**	12.7	**728.5**	99.1
Amortization of intangible assets	3	**92.9**	86.4	**724.6**	673.9
Employee share-based compensation benefit expenses		**12.8**	20.4	**99.9**	159.1
Loss/(gain) on changes in fair value of plantations		**3.1**	(5.7)	**24.2**	(44.5)
Share of profits less losses of associated companies and joint ventures		**(229.7)**	(279.1)	**(1,791.7)**	(2,177.0)
Interest income		**(93.6)**	(103.8)	**(730.1)**	(809.6)
Preferred share dividend income from a joint venture	3	**(8.9)**	(9.1)	**(69.4)**	(71.0)
Gain on sale of property, plant and equipment	3	**(0.3)**	(0.7)	**(2.3)**	(5.5)
Gain on disposal of available-for-sale assets	3	**-**	(5.0)	**-**	(39.0)
Others		**(17.0)**	(17.1)	**(132.6)**	(133.3)
		1,237.1	1,236.5	**9,649.4**	9,644.7
Decrease in other non-current assets		**37.1**	36.8	**289.4**	287.0
Decrease/(increase) in inventories		**69.8**	(29.7)	**544.4**	(231.6)
(Increase)/decrease in accounts receivable, other receivables and prepayments		**(88.1)**	3.9	**(687.2)**	30.4
(Decrease)/increase in accounts payable, other payables and accruals		**(127.7)**	41.5	**(996.0)**	323.7
Net cash generated from operations		**1,128.2**	1,289.0	**8,800.0**	10,054.2
Interest received		**87.1**	94.3	**679.4**	735.6
Interest paid		**(352.0)**	(340.9)	**(2,745.6)**	(2,659.0)
Taxes paid		**(213.3)**	(206.6)	**(1,663.8)**	(1,611.5)
Net cash flows from operating activities		**650.0**	835.8	**5,070.0**	6,519.3
Dividends received from associated companies		**232.1**	234.0	**1,810.4**	1,825.2
Deposits received for a proposed sale of a disposal group classified as held for sale		**29.4**	-	**229.3**	-
Preferred share dividends received from a joint venture		**8.9**	9.1	**69.4**	71.0
Proceeds from disposal of property, plant and equipment		**5.1**	6.6	**39.8**	51.5
Proceeds from disposal and divestment of interests in associated companies		**4.4**	6.1	**34.3**	47.7
Proceeds from disposal of available-for-sale assets		**3.3**	29.7	**25.8**	231.7
Dividends received from available-for-sale assets		**2.7**	3.2	**21.1**	25.0
Increased investments in associated companies		**(516.6)**	(42.5)	**(4,029.5)**	(331.5)
Investments in intangible assets		**(471.1)**	(153.6)	**(3,674.6)**	(1,198.1)
Investments in joint ventures		**(423.4)**	(2.3)	**(3,302.5)**	(17.9)
Purchases of property, plant and equipment		**(282.5)**	(378.2)	**(2,203.5)**	(2,950.0)
Increase in time deposits with original maturity of more than three months		**(163.5)**	(342.4)	**(1,275.2)**	(2,670.7)
Investments in associated companies		**(107.7)**	(11.8)	**(840.1)**	(92.0)
Acquisitions of subsidiary companies		**(104.5)**	(13.4)	**(815.1)**	(104.6)
Investments in plantations		**(77.2)**	(104.6)	**(602.2)**	(815.9)
Increased investments in joint ventures		**(14.1)**	-	**(110.0)**	-
Acquisitions of available-for-sale assets		**(2.4)**	(269.8)	**(18.7)**	(2,104.5)
Increase in pledged deposits and restricted cash		**(1.2)**	(27.4)	**(9.4)**	(213.8)
Purchases of investment properties		**(0.1)**	-	**(0.8)**	-
Repayment from an associated company, net		**-**	80.0	**-**	624.0
Proceeds from disposal of plantations		**-**	0.2	**-**	1.6
Investments in convertible notes		**-**	(117.5)	**-**	(916.5)
Acquisition of a business		**-**	(44.3)	**-**	(345.6)
Net cash flows used in investing activities		**(1,878.4)**	(1,138.9)	**(14,651.5)**	(8,883.4)
Proceeds from new borrowings		**2,186.8**	1,745.7	**17,057.0**	13,616.5
Proceeds from shares issued to non-controlling shareholders by subsidiary companies		**192.6**	1.3	**1,502.3**	10.1
Capital contributions from non-controlling shareholders		**61.4**	35.1	**478.9**	273.8
Proceeds from the issue of shares under a long-term incentive plan		**0.2**	3.2	**1.6**	25.0
Borrowings repaid		**(1,384.9)**	(1,206.9)	**(10,802.2)**	(9,413.8)
Dividends paid to non-controlling shareholders by subsidiary companies		**(176.5)**	(139.6)	**(1,376.7)**	(1,088.9)
Dividends paid to shareholders		**(115.5)**	(115.9)	**(900.9)**	(904.0)
Payments for concession fees payable		**(24.0)**	(26.7)	**(187.2)**	(208.3)
Repurchase of shares		**(19.0)**	(28.0)	**(148.2)**	(218.4)
Increased investments in subsidiary companies		**(12.2)**	(71.2)	**(95.2)**	(555.4)
Repurchase of subsidiary companies' shares		**(11.3)**	(16.1)	**(88.1)**	(125.6)
Proceeds from divestment of interests in subsidiary companies		**-**	229.9	**-**	1,793.2
Payments for purchase and subscription of shares under a long-term incentive plan		**-**	(1.0)	**-**	(7.8)
Net cash flows from financing activities		**697.6**	409.8	**5,441.3**	3,196.4
Net (decrease)/increase in cash and cash equivalents		**(530.8)**	106.7	**(4,140.2)**	832.3
Cash and cash equivalents at 1 January		**2,086.3**	2,002.8	**16,273.1**	15,621.8
Exchange translation		**(105.5)**	(23.2)	**(822.9)**	(181.0)
Cash and cash equivalents at 31 December		**1,450.0**	2,086.3	**11,310.0**	16,273.1
Representing					
Cash and cash equivalents and short-term deposits as stated in the consolidated statement of financial position		**1,612.3**	2,265.9	**12,575.9**	17,674.0
Add cash and cash equivalents and short-term deposits attributable to a discontinued operation		**704.9**	595.6	**5,498.2**	4,645.7
Less short-term deposits and time deposits with original maturity of more than three months		**(858.9)**	(765.8)	**(6,699.4)**	(5,973.3)
Less bank overdrafts		**(8.3)**	(9.4)	**(64.7)**	(73.3)
Cash and cash equivalents at 31 December		**1,450.0**	2,086.3	**11,310.0**	16,273.1

Notes:

1. **Impact of revised Hong Kong Financial Reporting Standards (HKFRSs)**

During 2015, the Group has adopted the following revised HKFRSs (which include all HKFRSs, Hong Kong Accounting Standards (HKASs) and Hong Kong (International Financial Reporting Interpretations Committee)-Interpretations) effective for annual periods commencing on or after 1 July 2014 issued by the Hong Kong Institute of Certified Public Accountants (HKICPA):

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

The Group's adoption of the above pronouncements has had no effect on both the profit attributable to owners of the parent for the years ended 31 December 2015 and 31 December 2014 and the equity attributable to owners of the parent at 31 December 2015 and 31 December 2014.

2. **Turnover and operating segmental information**

For the year ended 31 December	**2015 US$m**	2014 US$m	**2015 HK$m***	2014 HK$m*
Turnover				
Sale of goods	**4,917.0**	5,282.4	**38,352.6**	41,202.7
Sale of electricity	**663.5**	729.4	**5,175.3**	5,689.3
Rendering of services	**856.5**	829.5	**6,680.7**	6,470.1
Total	**6,437.0**	6,841.3	**50,208.6**	53,362.1

Operating segmental information

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

The Board of Directors considers the business of the Group from both product or service and geographical perspectives. From the product or service perspective, the Group's business interests are divided into four main segments, which are telecommunications, consumer food products, infrastructure and natural resources. Geographically, the Board of Directors considers the businesses of the Group are operating in the Philippines, Indonesia, Australasia and Singapore and the turnover information of continuing operations is based on the locations of the customers.

The Board of Directors assesses the performance of the operating segments based on a measure of recurring profit. This basis measures the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains/losses, gain/loss on changes in fair value of plantations and non-recurring items. Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items.

The revenue, results and other information for the years ended 31 December 2015 and 2014, and total assets and total liabilities at 31 December 2015 and 2014 regarding the Group's operating segments are as follows:

By principal business activity - 2015

For the year ended/at 31 December	Telecommunications US$m	Consumer Food Products US$m	Infrastructure US$m	Natural Resources US$m	Head Office US$m	**2015 Total US$m**	**2015 Total HK$m***
Revenue							
Turnover	-	4,957.0	1,480.0	-	-	**6,437.0**	**50,208.6**
Results							
Recurring profit	180.7	139.8	107.5	4.9	(139.0)	**293.9**	**2,292.4**
Assets and Liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	1,240.6	632.7	2,028.7	458.5	-	**4,360.5**	**34,011.9**
- Others	-	4,152.7	4,463.6	-	23.7	**8,640.0**	**67,391.9**
	1,240.6	4,785.4	6,492.3	458.5	23.7	**13,000.5**	**101,403.8**
Other assets	-	2,421.1	988.7	-	119.9	**3,529.7**	**27,531.7**
Segment assets	1,240.6	7,206.5	7,481.0	458.5	143.6	**16,530.2**	**128,935.5**
Assets classified as held for sale	-	1,031.2	31.4	-	-	**1,062.6**	**8,288.3**
Total assets	1,240.6	8,237.7	7,512.4	458.5	143.6	**17,592.8**	**137,223.8**
Borrowings	-	2,204.3	2,368.2	-	1,789.4	**6,361.9**	**49,622.8**
Other liabilities	-	1,234.4	1,701.3	-	229.9	**3,165.6**	**24,691.7**
Segment liabilities	-	3,438.7	4,069.5	-	2,019.3	**9,527.5**	**74,314.5**
Liabilities directly associated with the assets classified as held for sale	-	436.2	-	-	-	**436.2**	**3,402.3**
Total liabilities	-	3,874.9	4,069.5	-	2,019.3	**9,963.7**	**77,716.8**
Other Information - continuing operations							
Depreciation and amortization	-	(179.4)	(126.5)	-	(14.4)	**(320.3)**	**(2,498.3)**
Loss on changes in fair value of plantations	-	(1.5)	-	-	-	**(1.5)**	**(11.7)**
Impairment losses	-	(7.9)	-	(89.1)	-	**(97.0)**	**(756.6)**
Interest income	-	62.0	10.2	-	6.0	**78.2**	**610.0**
Finance costs	-	(137.2)	(137.4)	-	(100.2)	**(374.8)**	**(2,923.4)**
Share of profits less losses of associated companies and joint ventures	116.9	(8.5)	114.6	6.7	-	**229.7**	**1,791.7**
Taxation	-	(132.0)	(46.7)	-	(15.1)	**(193.8)**	**(1,511.6)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	1,200.3	1,176.1	-	0.2	**2,376.6**	**18,537.5**

By geographical market - 2015

For the year ended/at 31 December	The Philippines US$m	Indonesia US$m	Australasia US$m	Singapore US$m	Others US$m	**2015 Total US$m**	**2015 Total HK$m***
Revenue							
Turnover	1,023.8	4,363.5	14.2	695.7	339.8	**6,437.0**	**50,208.6**
Assets							
Non-current assets (other than financial instruments and deferred tax assets)	7,624.9	3,563.7	517.9	1,211.0	83.0	**13,000.5**	**101,403.8**

By principal business activity - 2014

For the year ended/at 31 December	Telecommunications US$m	Consumer Food Products US$m	Infrastructure US$m	Natural Resources US$m	Head Office US$m	2014 Total US$m	2014 Total HK$m*
Revenue							
Turnover	-	5,350.4	1,490.9	-	-	6,841.3	53,362.1
Results							
Recurring profit	195.7	160.0	96.8	10.2	(138.8)	323.9	2,526.4
Assets and Liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	1,401.4	173.6	1,435.6	557.8	-	3,568.4	27,833.5
- Others	-	3,916.4	3,902.4	-	29.4	7,848.2	61,216.0
	1,401.4	4,090.0	5,338.0	557.8	29.4	11,416.6	89,049.5
Other assets	-	2,578.0	1,048.3	-	616.7	4,243.0	33,095.4
Segment assets	1,401.4	6,668.0	6,386.3	557.8	646.1	15,659.6	122,144.9
Assets classified as held for sale	-	951.8	30.6	-	-	982.4	7,662.7
Total assets	1,401.4	7,619.8	6,416.9	557.8	646.1	16,642.0	129,807.6
Borrowings	-	2,165.1	1,904.8	-	1,736.0	5,805.9	45,286.0
Other liabilities	-	1,341.9	1,321.0	-	120.3	2,783.2	21,709.0
Segment liabilities	-	3,507.0	3,225.8	-	1,856.3	8,589.1	66,995.0
Liabilities directly associated with the assets classified as held for sale	-	335.9	-	-	-	335.9	2,620.0
Total liabilities	-	3,842.9	3,225.8	-	1,856.3	8,925.0	69,615.0
Other Information - continuing operations							
Depreciation and amortization	-	(157.1)	(124.4)	-	(27.7)	(309.2)	(2,411.8)
Gain on changes in fair value of plantations	-	5.0	-	-	-	5.0	39.0
Impairment losses	-	(5.5)	(3.4)	(188.0)	-	(196.9)	(1,535.8)
Interest income	-	72.3	8.7	-	8.2	89.2	695.8
Finance costs	-	(140.4)	(118.4)	-	(98.0)	(356.8)	(2,783.0)
Share of profits less losses of associated companies and joint ventures	196.1	(8.1)	82.7	8.4	-	279.1	2,177.0
Taxation	-	(158.7)	(9.9)	-	(30.9)	(199.5)	(1,556.1)
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	380.4	675.7	-	0.4	1,056.5	8,240.7

By geographical market - 2014

For the year ended/at 31 December	The Philippines US$m	Indonesia US$m	Singapore US$m	Others US$m	2014 Total US$m	2014 Total HK$m*
Revenue						
Turnover	780.6	4,896.3	783.1	381.3	6,841.3	53,362.1
Assets						
Non-current assets (other than financial instruments and deferred tax assets)	6,301.7	3,733.0	1,275.9	106.0	11,416.6	89,049.5

3. **Profit before taxation**

For the year ended 31 December	**2015 US$m**	2014 US$m	**2015 HK$m***	2014 HK$m*
Profit before taxation (from continuing operations) is stated after (charging)/crediting				
Cost of inventories sold	**(2,704.1)**	(2,884.4)	**(21,092.0)**	(22,498.3)
Employees' remuneration	**(675.5)**	(686.3)	**(5,268.9)**	(5,353.1)
Cost of services rendered	**(269.0)**	(274.5)	**(2,098.2)**	(2,141.1)
Depreciation	**(214.6)**	(202.4)	**(1,673.9)**	(1,578.7)
Amortization of intangible assets(iv)	**(92.9)**	(86.4)	**(724.6)**	(673.9)
Foreign exchange and derivative losses, net	**(87.4)**	(12.7)	**(681.7)**	(99.1)
Impairment losses				
- Associated companies and joint ventures(i)	**(89.1)**	(188.0)	**(695.0)**	(1,466.4)
- Inventories(ii)	**(7.0)**	(5.5)	**(54.6)**	(42.9)
- Accounts receivable(iii)	**(0.9)**	(1.1)	**(7.0)**	(8.6)
- Available-for-sale assets(i)	**-**	(2.3)	**-**	(17.9)
Operating lease rentals				
- Land and buildings	**(12.3)**	(18.0)	**(95.9)**	(140.4)
- Hire of plant and equipment	**(11.3)**	(15.0)	**(88.1)**	(117.0)
- Others	**(3.7)**	(5.9)	**(28.9)**	(46.0)
Auditors' remuneration				
- Audit services	**(3.8)**	(3.3)	**(29.6)**	(25.7)
- Non-audit services(v)	**(0.6)**	(0.8)	**(4.7)**	(6.2)
(Loss)/gain on changes in fair value of plantations	**(1.5)**	5.0	**(11.7)**	39.0
Preferred share dividend income from a joint venture	**8.9**	9.1	**69.4**	71.0
Gain on sale of property, plant and equipment	**0.3**	0.7	**2.3**	5.5
Gain on disposal of available-for-sale assets	**-**	5.0	**-**	39.0

(i) Included in other operating expenses, net
(ii) Included in cost of sales
(iii) Included in selling and distribution expenses
(iv) US$74.3 million (HK$579.5 million) (2014: US$66.6 million or HK$519.5 million) included in cost of sales, US$14.5 million (HK$113.1 million) (2014: US$17.9 million or HK$139.6 million) included in other operating expenses, net and US$4.1 million (HK$32.0 million) (2014: US$1.9 million or HK$14.8 million) included in administrative expenses
(v) Pertains to due diligence, review of continuing connected transactions and other transactions relating to the Group's business development

4. **Taxation**

No Hong Kong profits tax (2014: Nil) has been provided as the Group had no estimated assessable profits (2014: 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	**2015 US$m**	2014 US$m	**2015 HK$m***	2014 HK$m*
Subsidiary companies - overseas				
Current taxation	**182.0**	208.9	**1,419.6**	1,629.4
Deferred taxation	**11.8**	(9.4)	**92.0**	(73.3)
Total	**193.8**	199.5	**1,511.6**	1,556.1

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$76.7 million (HK$598.3 million) (2014: US$108.9 million or HK$849.4 million) which is analyzed as follows.

For the year ended 31 December	**2015 US$m**	2014 US$m	**2015 HK$m***	2014 HK$m*
Associated companies and joint ventures - overseas				
Current taxation	**128.5**	117.4	**1,002.3**	915.7
Deferred taxation	**(51.8)**	(8.5)	**(404.0)**	(66.3)
Total	**76.7**	108.9	**598.3**	849.4

5. **A discontinued operation**

On 31 December 2014, Indofood engaged in a discussion with China Minzhong Holdings Limited (CMZ BVI), a company beneficially owned by the management of China Minzhong Food Corporation Limited (CMZ), to divest a majority interest of approximately 52.9% in CMZ at a price of S$1.20 (US$0.85 or HK$6.6) per share, thereby reducing Indofood's interests in CMZ from 82.9% to approximately 30%. On 14 October 2015, Indofood and CMZ BVI entered into a binding Memorandum of Understanding (MOU) which sets out the terms upon which they will continue to discuss and work towards finalization of a definitive sale and purchase agreement for the proposed transaction. In consideration of Indofood entering into the MOU, CMZ BVI paid Indofood earnest sums of S$40 million (US$29.4 million or HK$229.3 million) by 30 December 2015, which shall be treated as part of the consideration payable to Indofood upon the consummation of the proposed transaction. CMZ was classified as a disposal group held for sale at 31 December 2014 and 2015 and a discontinued operation in the Group's 2014 and 2015 annual consolidated financial statements. The potential divestment is expected to be completed during 2016. Prior to the classification as a discontinued operation, the operation of CMZ was reported as the cultivation and processed vegetables group of the Group's consumer food products business segment and the People's Republic of China geographical segment.

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

The profit attributable to owners of the parent includes US$48.5 million (HK$378.3 million) (2014: US$9.3 million or HK$72.5 million) of net foreign exchange and derivative losses, which represent the foreign exchange translation differences on the Group's unhedged foreign currency denominated net borrowings and payables and the changes in the fair values of derivatives, US$1.7 million (HK$13.3 million) of loss (2014: US$0.7 million or HK$5.5 million of gain) on changes in fair value of plantations and US$158.6 million (HK$1,237.1 million) (2014: US$234.3 million or HK$1,827.5 million) of net non-recurring losses.

Analysis of foreign exchange and derivative losses, net

For the year ended 31 December	**2015 US$m**	2014 US$m	**2015 HK$m***	2014 HK$m*
Foreign exchange and derivative losses				
- Subsidiary companies	**(93.4)**	(12.7)	**(728.5)**	(99.1)
- Associated companies and joint ventures	**(14.3)**	(2.2)	**(111.6)**	(17.1)
Subtotal	**(107.7)**	(14.9)	**(840.1)**	(116.2)
Attributable to taxation and non-controlling interests	**59.2**	5.6	**461.8**	43.7
Total	**(48.5)**	(9.3)	**(378.3)**	(72.5)

The non-recurring losses for 2015 mainly represent the Group's impairment provision in respect of its investments in Philex (US$89.1 million or HK$695.0 million), PLDT's impairment provisions for its fixed assets affected by network upgrade (US$32.7 million or HK$255.1 million) and investment in Rocket Internet shares (US$28.7 million or HK$223.9 million) and MPIC's project expenses (US$5.7 million or HK$44.5 million). The non-recurring losses for 2014 mainly represent the Group's impairment provision in respect of its investments in Philex (US$188.0 million or HK$1,466.4 million), PLDT's impairment provisions for its fixed assets affected by network upgrade (US$17.6 million or HK$137.3 million), Philex and MPIC's manpower rightsizing costs (US$4.9 million or HK$38.2 million), MPIC's project expenses (US$3.0 million or HK$23.4 million) and taxes incurred in hospital group reorganization (US$2.6 million or HK$20.3 million).

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

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the parent of US$85.1 million (HK$663.8 million) (2014: US$81.0 million or HK$631.8 million) and the weighted average number of ordinary shares of 4,274.2 million (2014: 4,299.1 million) in issue less shares held for a share award scheme of 7.2 million (2014: 9.0 million) during the year.

The calculation of the diluted earnings per share is based on: (a) the profit for the year attributable to owners of the parent of US$85.1 million (HK$663.8 million) (2014: US$81.0 million or HK$631.8 million) reduced by the dilutive impacts of US$0.1 million (HK$0.8 million) (2014: US$0.1 million or HK$0.8 million) in respect of the exercise of share options issued by the Group's subsidiary and associated companies and (b) a share base equal to the aggregate of the weighted average number of ordinary shares of 4,274.2 million (2014: 4,299.1 million) in issue less shares held for a share award scheme of 7.2 million (2014: 9.0 million) during the year (as used in the basic earnings per share calculation) and the weighted average number of ordinary shares of 18.3 million (2014: 32.1 million) assumed to have been issued at no consideration on the deemed exercise of all dilutive share options of the Company during the year.

8. **Ordinary share dividends**

	Per ordinary share				**Total**			
For the year ended 31 December	**2015 US¢**	2014 US¢	**2015 HK¢***	2014 HK¢*	**2015 US$m**	2014 US$m	**2015 HK$m***	2014 HK$m*
Interim	**1.03**	1.03	**8.00**	8.00	**44.0**	44.2	**343.2**	344.8
Proposed final	**0.71**	1.67	**5.50**	13.00	**30.1**	71.5	**234.5**	557.7
Total	**1.74**	2.70	**13.50**	21.00	**74.1**	115.7	**577.7**	902.5

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$454.2 million (HK$3,542.8 million) (2014: US$411.4 million or HK$3,208.9 million), with an ageing profile based on invoice date as below.

At 31 December	2015 US$m	2014 US$m	2015 HK$m*	2014 HK$m*
0 to 30 days	**389.7**	377.8	**3,039.7**	2,946.8
31 to 60 days	**17.2**	14.0	**134.2**	109.2
61 to 90 days	**15.0**	5.5	**117.0**	42.9
Over 90 days	**32.3**	14.1	**251.9**	110.0
Total	**454.2**	411.4	**3,542.8**	3,208.9

Indofood generally allows customers 30 to 60 days of credit. MPIC (a) allows 14 days of credit for its water service customers, (b) collects toll fees by Cavitex Infrastructure Corporation (CIC), and through its associated company, Tollways Management Corporation (TMC), by cash, by prepaid and reloadable electronic toll collection devices and by credit card payment and (c) generally collects charges when services are rendered to its hospital customers, except for certain corporate customers which are allowed an average of 30 days of credit. PLP generally allows customers 30 days of credit. RHI generally allows customers 15 to 90 days of credit.

10. **Accounts payable, other payables and accruals**

Included in accounts payable, other payables and accruals are accounts payable of US$391.3 million (HK$3,052.1 million) (2014: US$409.5 million or HK$3,194.1 million), with an ageing profile based on invoice date as below.

At 31 December	2015 US$m	2014 US$m	2015 HK$m*	2014 HK$m*
0 to 30 days	**303.5**	369.8	**2,367.3**	2,884.4
31 to 60 days	**22.4**	8.4	**174.7**	65.5
61 to 90 days	**6.2**	8.0	**48.4**	62.4
Over 90 days	**59.2**	23.3	**461.7**	181.8
Total	**391.3**	409.5	**3,052.1**	3,194.1

11. **Other comprehensive income/(loss) attributable to owners of the parent**

	Exchange reserve US$m	Unrealized gains/ (losses) on available-for-sale assets US$m	Unrealized gains/ (losses) on cash flow hedges US$m	Income tax related to cash flow hedges US$m	Actuarial (losses)/gains on defined benefit pension plans US$m	Share of other comprehensive (loss)/ income of associated companies and joint ventures US$m	Total US$m	Total HK$m*
Balance at 1 January 2014	(226.6)	37.0	3.0	(0.5)	(30.3)	(67.8)	(285.2)	(2,224.5)
Other comprehensive (loss)/income for the year	(67.7)	(22.1)	(30.4)	4.6	1.9	21.3	(92.4)	(720.7)
Reserves for assets classified as held for sale	(13.0)	-	(0.6)	-	-	-	(13.6)	(106.0)
Reclassification	-	-	-	-	-	12.8	12.8	99.8
Acquisition, dilution and divestment of interests in subsidiary companies	(0.4)	-	-	-	-	(0.3)	(0.7)	(5.6)
Balance at 31 December 2014	(307.7)	14.9	(28.0)	4.1	(28.4)	(34.0)	**(379.1)**	**(2,957.0)**
Other comprehensive (loss)/income for the year	(233.6)	37.4	(4.6)	0.9	10.9	(84.0)	**(273.0)**	**(2,129.4)**
Acquisition and dilution of interests in subsidiary companies	(1.0)	-	-	-	-	(0.7)	**(1.7)**	**(13.2)**
Balance at 31 December 2015	**(542.3)**	**52.3**	**(32.6)**	**5.0**	**(17.5)**	**(118.7)**	**(653.8)**	**(5,099.6)**

12. **Contingent liabilities**

(a) At 31 December 2015, except for US$73.4 million (HK$572.5 million) (2014: US$91.0 million or HK$709.8 million) of guarantees given by Indofood for loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of fresh fruit bunches to Indofood, the Group had no significant contingent liabilities (2014: Nil).

(b) On 29 June 2011, the Supreme Court of the Philippines, or the Court, promulgated a Decision in the case of Wilson P. Gamboa vs. Finance Secretary Margarito B. Teves, et. al. (G.R. No. 176579) (the "Gamboa Case"), holding that "the term 'capital' in Section 11, Article XII of the 1987 Constitution refers only to shares of stock entitled to vote in the election of directors and thus only to voting common shares, and not to the total outstanding capital stock (common and non-voting preferred shares)". This decision reversed earlier opinions issued by the Philippine Securities and Exchange Commission (SEC) that non-voting preferred shares are included in the computation of the 60%-40% Filipino-alien equity requirement of certain economic activities, such as telecommunications (which is a public utility under Section 11, Article XII of the 1987 Constitution).

Although PLDT is not a party to the Gamboa Case, in its decision, the Court directed the Philippine SEC "to apply this definition of the term 'capital' in determining the extent of allowable foreign ownership in PLDT, and if there is a violation of Section 11, Article XII of the 1987 Constitution, to impose the appropriate sanctions under the law". Although the parties to the Gamboa Case filed Motions for Reconsideration of the decision and argued their positions before the Court, the Court ultimately denied the motions on 9 October 2012.

Meanwhile, on 5 July 2011, the Board of Directors of PLDT approved the amendments to the Seventh Article of Amended Articles of Incorporation of PLDT, or the Amendments to the Articles, which subclassified its authorized preferred capital into preferred shares with full voting rights, or Voting Preferred Shares, and serial preferred shares without voting rights. The Amendments to the Articles were subsequently approved by the stockholders of PLDT and the Philippine SEC.

On 15 October 2012, PLDT and BTF Holdings, Inc. (BTFHI), a Filipino corporation and a wholly-owned company of The Board of Trustees for the Account of the Beneficial Trust Fund created pursuant to the PLDT's Benefit Plan, entered into a Subscription Agreement, pursuant to which PLDT issued 150 million Voting Preferred Shares to BTFHI at Peso 1.00 per share reducing the percentage of PLDT's voting stock held by foreigners from 56.62% (based on Voting Common Shares) as at 15 October 2012 to 18.37% (based on Voting Common and Preferred Shares) as at 15 April 2013.

On 20 May 2013, the Philippine SEC issued SEC Memorandum Circular No. 8, Series of 2013, or the Philippine SEC Guidelines, which PLDT believes was intended to fulfill the Court's directive to the Philippine SEC in the Gamboa Case. The Philippine SEC Guidelines provided that "the required percentage of Filipino ownership shall be applied to BOTH: (a) the total number of outstanding shares of stock entitled to vote in the election of directors; AND (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors". PLDT believes it was, and continues to be, compliant with the Philippine SEC Guidelines. As at 14 March 2016, PLDT's foreign ownership was 30.03% of its outstanding shares entitled to vote (Common and Voting Preferred Shares), and 16.51% of its total outstanding capital stock. Therefore, PLDT believes that as at 16 March 2016, PLDT is in compliance with the requirement of Section 11, Article XII of the 1987 Constitution.

On 10 June 2013, Jose M. Roy III filed a petition for certiorari with the Supreme Court against the Philippine SEC, Philippine SEC Chairperson Teresita Herbosa and PLDT, claiming: (1) that the Philippine SEC Guidelines violates the Court's decision in the Gamboa Case (on the basis that (a) the 60-40 ownership requirement be imposed on "each class of shares" and (b) Filipinos must have full beneficial ownership of 60% of the outstanding capital stock of corporations subject to the foreign ownership requirements); and (2) that the PLDT Beneficial Trust Fund is not a Filipino-owned entity and consequently, the corporations owned by PLDT Beneficial Trust Fund, including BTFHI, cannot be considered Filipino-owned corporations.

PLDT raised several procedural and substantive arguments against the petition, including in particular, that (a) the Philippine SEC Guidelines merely implemented the dispositive portion of the decision in the Gamboa Case, and that the dispositive portion of the Gamboa Case that defines "capital" is properly reflected in the Philippine SEC Guidelines, and (b) the fundamental requirements which need to be satisfied in order for PLDT Beneficial Trust Fund and BTFHI to be considered Filipino (for PLDT Beneficial Trust Fund's Trustees to be Filipinos and for 60% of the Fund to accrue to the benefit of Philippine nationals) are satisfied with respect to the PLDT Beneficial Trust Fund, and therefore, PLDT Beneficial Trust Fund and BTFHI are Filipino shareholders for purposes of classifying their 150 million Voting Preferred Shares in PLDT. As a result, more than 60% of PLDT's total voting stock is Filipino-owned and PLDT is compliant with the Constitutional ownership requirements.

In 2013, the Philippine SEC and Chairperson Teresita Herbosa also raised a number of arguments for dismissal of the petition for being procedurally flawed and for lack of merit.

In May 2014, the petitioner filed a consolidated reply and a motion for the issuance of a temporary restraining order to prevent PLDT from holding its 2014 annual stockholders meeting. The temporary restraining order was denied and PLDT held its 2014 annual meeting on 10 June 2014 as scheduled.

On 10 February 2015, PLDT filed a consolidated memorandum setting forth its arguments against the petition.

As at 16 March 2016, the resolution of the petition remains pending with the Supreme Court.

13. Employee information

For the year ended 31 December	2015 US$m	2014 US$m	2015 HK$m*	2014 HK$m*
Employees' remuneration (including Directors' remuneration)	**707.4**	736.1	**5,517.7**	5,741.6

Number of employees	2015	2014
At 31 December	**96,446**	98,107
Average for the year	**97,460**	95,046

14. **Events after the reporting period**

On 5 January 2016, Metro Pacific Tollways Development Corporation (MPTDC), an indirect subsidiary company of MPIC, received notices of award from the City of Cebu and the Municipality of Cordova in the Philippines for the financing, design, construction, implementation, operation and maintenance of the 8.25-kilometer Cebu-Cordova Bridge Project, subject to compliance with conditions precedent, for a concession period of 35 years (including the construction period).

The Cebu-Cordova Bridge Project, which will be implemented through an unincorporated joint venture among MPTDC, the City of Cebu and the Municipality of Cordova, includes the construction of the connections to Cebu City and Cordova, the main bridge structure, viaduct, causeway, roadway and toll facilities. The project is estimated to cost no more than Pesos 27.9 billion (US$592.9 million or HK$4,624.6 million). Funding will be sourced from a combination of loans from local banks and equity contribution. The construction of the project is targeted to start sometime in 2017 and is estimated to be completed by 2020.

15. **Approval of the consolidated financial statements**

The audited consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on 30 March 2016.

* *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 2015 GOALS

First Pacific

Goal: Return Goodman Fielder to earnings growth

Achievement: **Ongoing** New management from First Pacific and Wilmar International Limited ("Wilmar") are working closely to stabilize Goodman Fielder's businesses in Australia while growing the New Zealand and International revenue streams. Higher marketing and capital expenditure has been approved for supporting export initiatives and to overcome earlier shortfalls in spending.

Goal: To complete the definitive feasibility study for the Silangan project

Achievement: **Mostly achieved** Most aspects of major work streams of the definitive feasibility study were progressing broadly as planned. Silangan's management continues to review and analyze consultants' work as the definitive feasibility study progresses. It is expected to be completed in 2016. The required permits and licenses applications for the execution of the project have been submitted to the government.

Goal: To evaluate new business opportunities in unregulated sectors

Achievement: **Ongoing** A number of potential opportunities in consumer/food products and infrastructure are being evaluated at operating company level, with the goal of enhancing First Pacific's portfolio and boosting shareholder value.

PLDT

Goal: Grow consolidated service revenues in 2015 by improving wireless service revenues over 2014, and maintaining double digit increases in the data and broadband businesses

Achievement: **Partly achieved** PLDT's consolidated service revenues decreased 1% as the revenue mix continues to undergo a structural transition. Growth in the data and broadband businesses continued, up 15% in 2015, but was fully offset by lower revenues from cellular domestic voice, SMS and value added services ("VAS"), and by lower revenues in the fixed and cellular international voice businesses. Leaving aside international long distance and national long distance revenues, consolidated service revenues increased 2%.

Goal: Achieve core income guidance of Pesos 35.0 billion

Achievement: **Achieved** Core net income was Pesos 35.2 billion (US$772.0 million) for 2015, slightly exceeding the guidance target.

Goal: Increase coverage and capacity of the PLDT group fixed and wireless networks to support the data and broadband businesses, with guidance for 2015 capital expenditure of Pesos 39.0 billion

Achievement: **Partly achieved and ongoing** The original capital expenditure guidance of Pesos 39.0 billion (US$855.1 million) for 2015 was raised mid-year to Pesos 43.0 billion (US$942.8 million) as the build-out of a more robust data network was accelerated. Capital expenditure for 2015 was Pesos 43.2 billion (US$947.2 million), in line with the revised guidance. The multi-year network build-out anticipates exponential growth in network data traffic resulting from increasing smartphone ownership and data usage, particularly of digital offerings for entertainment (music, video, and games), e-commerce, financial solutions, mobile payments and internet TV. Continuing improvements in network quality and capacity and customer experience are already apparent in third-party surveys.

Goal: Expand PLDT group's digital business segment including the launch of initiatives in mobile payments, financial services, e-commerce and big data

Achievement: **Achieved and ongoing** The data and broadband businesses contributed revenues of Pesos 49.5 billion (US$1.1 billion) in 2015, including Pesos 1.0 billion (US$21.9 million) from PLDT's innovations unit, Voyager. PLDT's mobile payment service PayMaya was re-launched in September 2015 and by year-end had already recorded 150,000 new accounts. PLDT's mobile financial solutions application, LockByMobile, will be used by Visa to enhance credit card transaction security. Other e-initiatives include online e-commerce businesses, namely TackThis, which helps businesses create online store fronts, and Takatack, an online centralized marketplace. In addition, PLDT's Enterprise group has started to offer big data analytics and business insights to corporate clients. These all form part of PLDT's digital pivot and are expected to play a bigger role in revenue generation in the future.

Indofood

Goal: Continue to accelerate growth organically and through expansion of business categories

Achievement: **Achieved and ongoing** Despite weaker macroeconomic conditions, Indofood achieved revenue growth organically and from new business categories.

Goal: Optimize portfolio

Achievement: **Achieved and ongoing** Portfolio was optimized with emphasis on innovation, introducing new product categories and increasing the number of new product launches across all market segments to meet consumer demand. The group also entered new categories such as noodles for kids, mug noodles, snack noodles, instant porridge, pudding for babies and ready-to-drink black tea. Around 60 new products, including new categories, were launched across the group.

MPIC

Goal: Launch the Automated Fare Collection System for Light Rail Transit ("LRT") and Metro Rail Transit ("MRT") lines in Metro Manila
Achievement: **Achieved** Trials of AF Payments Inc. ("AFPI")'s Automated Fare Collection System ("AFCS") at LRT1, LRT2 and MRT3 were successfully completed, and full system acceptance was signed off on 16 December 2015. As at 31 December 2015, approximately 1.3 million contactless payments AFCS's beep™ cards had been sold.

Goal: Work with the Philippine Government for the Swiss Challenge on connector road project and bridge project in Cebu
Achievement: **Achieved and ongoing** The Swiss Challenge processes for Cebu bridge project was completed in December 2015. The Swiss Challenge for the Connected Road/Metro Expressway Link project is expected to be conducted in March 2016. On 5 January 2016, MPTC's subsidiary received the Notice of Award from the City of Cebu and the Municipality of Cordova for the Cebu-Cordova Bridge Project. The construction is expected to start in 2017 with completion by 2020, and the construction cost is expected to be no more than Pesos 27.9 billion (US$592.9 million).

Goal: Continue to pursue new water projects outside Metro Manila
Achievement: **Achieved and ongoing** MetroPac Water Investments Corporation ("MWIC") is pursuing water infrastructure projects across the Philippines. In 2015, it secured a bulk water project of 170 million liters per day ("MLD") in Metro Iloilo, a Rehabilitation-Build-Operate-Transfer concession of Laguna Water District, and an operation and management contract for a 100 MLD water treatment plant in Cagayan De Oro City.

Goal: Restructure MPIC group finances to increase dividend flow to MPIC head office
Achievement: **Achieved** On 17 April 2015, MPIC acquired an approximately 10% interest in Manila Electric Company ("Meralco") from Beacon Electric Assets Holdings, Inc. ("Beacon Electric"), which increased MPIC's direct interest in Meralco to approximately 15%. The transaction enabled Beacon Electric to reduce its debt level to Pesos 12.3 billion (US$261.4 million) as at 31 December 2015 and hence increased its ability to pay dividends.

Goal: Evaluate new business opportunities to diversify regulatory risk in the Philippines
Achievement: **Achieved** In the toll roads business, MPTC won the bidding for a 35-year concession operating the Cavite-Laguna Expressway ("CALAx") project in Manila and the Cebu-Cordova Bridge Project in Cebu. It also invested in CII Bridges and Roads Investment Joint Stock Co. ("CII B&R") in Vietnam. In the hospital business, it added West Metro Medical Center ("WMMC") in Zamboanga and Manila Doctors Hospital ("MDH") in Manila in 2015 and subsequently completed the acquisition of Sacred Heart Hospital of Malolos Inc. ("SHHMI") in Bulacan in March 2016.

Philex

Goal: Complete the definitive or bankable feasibility study of the Silangan project
Achievement: **Ongoing** Most aspects of the definitive feasibility study were completed in 2015, the major one being the completion of the bulk sample collection and the processing pilot plant test work. The peer review and validation of other components by study partners is expected to be completed in 2016.

Goal: Secure stable financing for the development of the Silangan project
Achievement: **Pending** This process will be initiated upon the completion of the definitive feasibility study.

Goal: Seek a strategic partner for the development of the Silangan project
Achievement: **Pending** An environment of low metal prices increases the difficulty of adequately pricing the project's underlying value. The search for a strategic partner is on hold until the definitive feasibility study and required regulatory permits are completed and approved, respectively.

Goal: Declare additional resources and reserves for Padcal mine and resources in the surrounding area
Achievement: **Achieved and ongoing** A Competent Person's report was issued in March 2015, declaring additional resources of 111 million tonnes at the 800-600 meter level of Padcal mine, of which 20 million tonnes of reserves at the 800-700 meter level was declared in October 2015. The additional mineral reserve declaration extends Padcal's mine life for two years to 2022. In addition, an initial inferred resource estimate of 21.7 million tonnes is identified in the Bumolo project, which will require additional exploration works to increase its quality and quantity. Exploration for further resources in the Padcal mine vicinity is relentlessly pursued.

Goal: Update mineral resources of the Silangan project
Achievement: **Ongoing** The Joint Ore Reserves Committee and Philippine Mineral Reporting Code compliant mineral resources reports for Boyongan based on the completed additional drilling and metallurgical test works are currently being updated. This is an important component of the definitive or bankable feasibility study of the project

FPM Power/PLP

Goal: Sell 80% of PLP's generation through vesting contracts and retail load
Achievement: **Achieved** The full-year target was revised upward to 85-90% in August 2015. For the year as a whole, 88% of power generated was sold to retail customers and through futures market, contracts for difference to cover other generation companies' outage and vesting contracts, and the remaining 12% was sold in the merchant market.

Goal: Maintain high levels of operational reliability and safety
Achievement: **Achieved** PLP's power plant availability further improved to 97.1% in 2015 despite an annual inspection shutdown for 12 days for the first unit in June 2015. The probability of failure (power plant trips) has further declined to 0.019% and 0.001%

(unchanged at minimum ratio) for the first and second units, respectively. PLP's second unit also achieved a significant milestone of 20 months of operations without a single incident of forced outage.

Goal: Improve plant efficiency through new initiatives
Achievement: **Achieved** The installation of variable speed drives for the boiler feedwater pumps was completed for Unit 10 and commenced operation in November 2015, improving efficiency by reducing plant auxiliary power consumption by 14,000 megawatt hours annually. The installation for Unit 20 was completed in January 2016.

FP Natural Resources/RHI
Goal: Optimize plant efficiency and capacity utilization
Achievement: **Ongoing** RHI spent Pesos 1.1 billion (US$24.1 million) in capital expenditure in 2015 to improve efficiency of RHI sugar mills, Central Azucarera Don Pedro Inc. ("CADPI") and Central Azucarera de la Carlota, Inc. ("CACI"), and to increase capacity of ethanol plant, Roxol Bioenergy Corporation ("RBC").

Goal: Diversify into sugar-related businesses
Achievement: **Ongoing** RHI is constantly on the lookout for opportunities to grow its business beyond sugar. In 2015, the RHI group fortified its leadership in the ethanol business by acquiring 93.7% of a former competitor San Carlos Bioenergy, Inc. ("SCBI"), a bioethanol company located in San Carlos City, Negros Occidental, Philippines. The combined production capacity of RBC and newly acquired SCBI made RHI the biggest ethanol manufacturer in the Philippines.

Goal: Improve farm efficiency which account for 70% of production costs
Achievement: **Ongoing** RHI set up Agri-Business Development Corporation ("ADC") to assist sugar planters in improving their yields. As part of the ADC's farm mechanization assistance program, ADC procured mechanical harvesters and tractors to help sugarcane planters. ADC also entered into agreements with leading universities such as the University of the Philippines Los Banos in Laguna, University of St. La Salle in Bacolod City and De La Salle University in Manila, for research and development in sugar and its by-products, and improvements in farm productivity.

Goal: Institutionalize a culture of excellence
Achievement: **Ongoing** RHI organized its Commercial Operations unit to centralize procurement of feedstock and marketing of sugar and ethanol within the RHI group. Other initiatives included trainings on project management and coaching, as well as overseas trips for key leaders to benchmark RHI's operations with leading sugar ethanol companies in Brazil, Thailand and the U.S.

GOALS FOR 2016

First Pacific

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

PLDT

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

Indofood

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

MPIC

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

FPW/Goodman Fielder

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

Philex

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

FPM Power /PLP

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

FP Natural Resources/RHI

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

REVIEW OF OPERATIONS

First Pacific

Below is an analysis of results by individual company.

Contribution and profit summary

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

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

(ii) Associated companies

(iii) Joint venture

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

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

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

(vii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 2015's non-recurring losses of US$158.6 million mainly represent the Group's impairment provision in respect of its investments in Philex (US$89.1 million), PLDT's impairment provisions for its fixed assets affected by network upgrade (US$32.7 million) and investment in Rocket Internet shares (US$28.7 million) and MPIC's project expenses (US$5.7 million). 2014's non-recurring losses of US$234.3 million mainly represent the Group's impairment provision in respect of its investments in Philex (US$188.0 million), PLDT's impairment provisions for its fixed assets affected by network upgrade (US$17.6 million), Philex and MPIC's manpower rightsizing costs (US$4.9 million), MPIC's project expenses (US$3.0 million) and taxes incurred in hospital group reorganization (US$2.6 million).

Turnover down 6% to US$6.4 billion from US$6.8 billion
- owing to the depreciation of the rupiah, Singapore dollar ("S$") and peso average exchange rate against the U.S. dollar by 12%, 8% and 3%, respectively
- offset by the consolidation of RHI's revenue starting March 2015 and stronger revenues at MPIC and Indofood

Recurring profit down 9% to US$293.9 million from US$323.9 million
- reflecting a decrease in contributions from Indofood, PLDT and Philex
- a loss at FP Natural Resources as compared to a profit contribution in 2014
- partly offset by a profit contribution from Goodman Fielder and a higher contribution from MPIC

Non-recurring losses down 32% to US$158.6 million from US$234.3 million
- mainly reflecting a lower non-cash impairment provision of US$89.1 million (2014: US$188.0 million) in respect of the Group's investments in Philex
- partly offset by PLDT's non-cash impairment provisions for investment in Rocket Internet shares of US$28.7 million (2014: Nil)

Reported profit up 5% to US$85.1 million from US$81.0 million
- reflecting lower non-recurring losses
- partly offset by higher foreign exchange and derivative losses caused by depreciation of rupiah, peso and S$ against U.S. dollar, and a lower recurring profit

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

Exchange rates against the U.S. dollar			
At 31 December	**2015**	2014	One year change
Closing			
Peso	**47.06**	44.72	-5.0%
Rupiah	**13,795**	12,440	-9.8%
A$	**1.372**	1.217	-11.3%
S$	**1.419**	1.326	-6.6%

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

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

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

Additional Investment

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

Capital Management

Dividends

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

Share Repurchase

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

Debt Profile

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

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

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

Interest Cover

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

Foreign Currency Hedging

The Company actively reviews the potential benefits of hedging based on forecast dividend flows and enters into hedging arrangements (including the use of forward exchange contracts) for managing its foreign currency exposure in respect of dividend income and payments in foreign currencies on a transactional basis.

2016 Outlook

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

PLDT

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

Consolidated core net income down 6% to Pesos 35.2 billion (US$772.0 million) from Pesos 37.4 billion (US$842.0 million)	▪ principally reflecting the decline in service revenues, higher cash operating expenses relating to manpower reduction expenses and higher financing costs due to a higher average debt level ▪ offset in part by a higher gain from the sale of Meralco shares by Beacon Electric to MPIC and lower provision for income tax
Reported net income down 35% to Pesos 22.1 billion (US$483.8 million) from Pesos 34.1 billion (US$767.3 million)	▪ reflecting a lower core net income ▪ higher foreign exchange and derivatives net losses due to the depreciation of the peso against the U.S. dollar ▪ impairment charges for Sun network assets rendered obsolete by new network programs, and the investment in Rocket Internet due to the lower share price vis-à-vis acquisition price as well as the depreciation of the Euro against the peso
Consolidated service revenues down 1% to Pesos 162.9 billion (US$3.6 billion) from Pesos 164.9 billion (US$3.7 billion)	▪ reflecting structural change in the revenue mix ▪ excluding declines in revenues from international and national long distance businesses, consolidated service revenues rose 2% owing to higher data and broadband revenues ▪ revenues from data, broadband and from the Voyager businesses rose 15%, accounting for 30% of total consolidated service revenues, and include mobile internet revenues which grew by 26% ▪ international fixed line and cellular voice and national long distance revenues, accounting for 12% of total consolidated service revenues, declined by 20% ▪ combined revenues from cellular SMS and value added services ("VAS"), cellular and fixed line domestic voice accounting for 58% of total consolidated service revenues, decreased 4%
EBITDA down 9% to Pesos 70.2 billion (US$1.5 billion) from Pesos 76.8 billion (US$1. 7 billion)	▪ decline in service revenues resulting from competition in the wireless business and the impact of data on cellular SMS and voice revenues as well as international fixed and cellular voice revenues ▪ higher cash operating expenses primarily manpower reduction expenses, and professional and other contracted services; and higher subsidies
EBITDA margin to 43% from 47%	▪ decrease is partly due to the impact of redundancy payments and a result of the structural change in the revenue mix where higher margin traditional businesses are replaced by lower margin data/broadband businesses, in line with industry trends ▪ excluding the impact of the manpower reduction expenses, EBITDA margin would have been 44% ▪ EBITDA margin for fixed line services at 38% and for wireless services at 40%
Consolidated free cash flow stable at Pesos 27.8 billion (US$609.5 million) from Pesos 27.7 billion (US$623.5 million)	▪ reflecting higher dividends received from Beacon Electric in connection with the sale of a 5% stake in Meralco in June 2014, improvement in working capital and lower income taxes paid ▪ offset by lower cash from operations, higher capital expenditures and higher net interest paid

Capital Expenditures

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

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

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

Debt Profile

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

PLDT is rated investment grade by Fitch Ratings, Moody's Investors Service and Standard and Poor's Financial Services.

Capital Management

Dividend

PLDT's dividend policy is to pay 75% of core net income as regular dividends with a "look back" policy at year-end to assess the possibility of paying a special dividend. The PLDT Board of Directors declared a final regular dividend of Pesos 57 (US$1.2) per share payable on 1 April 2016 to shareholders on record as of 14 March 2016. Added to the interim dividend of Pesos 65 (US$1.4) per share paid on 25 September 2015, total dividends for 2015 will amount to Pesos 122 (US$2.6) per share. Considering the higher capital expenditure required in the next few years to support increasing network traffic due to higher data usage by customers, there was no special dividend declared for 2015.

Share Buyback

During 2015, PLDT did not buy back shares under the share buyback program of up to 5 million shares approved by the PLDT Board of Directors in 2008. As of 31 December 2015, PLDT had bought back 2.7 million shares into treasury at an average cost of Pesos 2,388 (US$52) per share for a total consideration of Pesos 6.5 billion (US$142.5 million). Under the approved share buyback program, PLDT may still acquire up to 2.3 million shares from the market on an opportunistic basis.

Additional Investments

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

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

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

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

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

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

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

Data and Broadband

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

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

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

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

Fixed Line

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

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

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

Wireless

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

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

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

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

Meralco

PLDT's indirect subsidiary PLDT Communications and Energy Ventures, Inc. owns 50% of Beacon Electric. As at 31 December 2015, Beacon Electric owned approximately 34.96% of Meralco.

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

Meralco's performance in 2015 can be found in the MPIC section of this document.

2016 Outlook

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

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

Reconciliation of reported results between PLDT and First Pacific

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

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

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

- *Reclassification of non-recurring items: Certain items, through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 2015 of Pesos 11.1 billion mainly represents impairment provisions for fixed assets affected by network upgrade of Pesos 5.8 billion (2014: Pesos 3.1 billion) and investment in Rocket Internet shares of Pesos 5.1 billion (2014: Nil).*
- *Others: The adjustments principally relate to the accrual of withholding tax on PLDT's net income in accordance with the requirements of Hong Kong Accounting Standard (HKAS 12) "Income Taxes", and the recognition of amortization for certain intangible assets identified as a result of the Group's acquisition of an additional 2.7% interest in PLDT in November 2011.*

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

Indofood

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

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

Debt Profile

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

Additional Investments and Asset Held for Sale

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

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

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

CBP

The CBP group comprises the following divisions: Noodles, Dairy, Snack Foods, Food Seasonings, Nutrition & Special Foods and Beverages.

Indofood's Noodles division is one of the world's largest producers of instant noodles. It has 16 production plants in Indonesia and one in Malaysia with a combined annual production capacity of over 17 billion packs per year. Its product portfolio includes a wide range of instant bag noodles, instant cup noodles, egg noodles, mug noodles and snack noodles.

PT Indolakto, the dairy operating subsidiary, has annual production capacity of more than 600 thousand tonnes. It is one of the largest dairy products manufacturers in Indonesia, producing sweetened condensed milk, creamer, UHT milk, sterilized bottled milk, pasteurized liquid milk, lactic acid beverage, powdered milk, ice cream and butter.

The Snack Foods division produces flavored and salted chips using potatoes, cassavas, soybeans and sweet potatoes, as well as extruded snacks and biscuits. Its four factories have a combined annual production capacity of more than 45 thousand tonnes.

The Food Seasonings division manufactures a wide range of products, including instant seasonings, chili sauces, soy sauces, tomato sauces and other condiments with combined annual production capacity of around 135 thousand tonnes. In addition, the division also manufactures and markets cordial syrup and instant porridge.

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

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

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

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

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

Bogasari

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

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

Even though the flour industry has been affected by the weaker performance of the fast-moving consumer goods sector, the flour industry is expected to continue growing steadily in the years ahead as Indonesia’s wheat consumption per capita remains low in comparison with the global average. The growing popularity of modern fast-food franchises and associated lifestyle changes, primarily within younger generations, will support growth in the industry.

Agribusiness

The Agribusiness group consists of two divisions: Plantations, and Edible Oils & Fats (“EOF”), which operate through IndoAgri and its main operating subsidiaries PT Salim Ivomas Pratama Tbk (“SIMP”) and Lonsum in Indonesia. The Agribusiness group is one of Indonesia’s largest palm oil producers with leading share in Indonesia’s branded cooking oil segment. It also has equity investments in sugar and ethanol operations outside Indonesia which are Companhia Mineira de Açúcar e Álcool Participacoes in Brazil and Roxas Holdings, Inc. in the Philippines.

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

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

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

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

Plantations

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

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

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

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

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

EOF

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

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

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

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

Distribution

The Distribution group is a major component of Indofood's Total Food Solutions chain of operations as it has the most extensive distribution network of stock points in Indonesia among domestic consumer food producers.

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

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

2016 Outlook

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

Reconciliation of reported results between Indofood and First Pacific

Indofood's operations are principally denominated in rupiah, which averaged Rupiah 13,449 (2014: Rupiah 11,886) to the U.S. dollar. Its financial results are prepared under Indonesian GAAP and reported in rupiah. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Accordingly, certain adjustments need to be made to Indofood's reported rupiah results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

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

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

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

- *Reclassification of non-recurring items: Certain items, through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 2014 of Rupiah 27 billion represents a loss for certain assets.*
- *Loss/gain on changes in fair value of plantations: Under Indonesian GAAP, Indofood measures its plantations (biological assets) on a historical cost basis. HKAS 41 "Agriculture" requires the measurement of plantations at fair value less costs to sell. The adjustment relates to the change in fair value of plantations during the year.*
- *Foreign exchange accounting: The adjustment relates to the reversal of the amortization of foreign exchange losses that were previously capitalized by Indofood on certain fixed assets under construction, as the originating capitalized foreign exchange losses have already been written off by First Pacific.*
- *Others: The adjustments principally relate to the accrual of withholding tax on Indofood's dividends in accordance with the requirements of HKAS 12 "Income Taxes".*

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

MPIC

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

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

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

Consolidated core net income up 22% to Pesos 10.3 billion (US$226.8 million) from Pesos 8.5 billion (US$191.5 million)

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

Consolidated reported net income up 20% to Pesos 9.5 billion (US$209.3 million) from Pesos 7.9 billion (US$178.7 million)

- due largely to a higher core net income
- partly offset by higher non-core project expenses

Revenues up 10% to Pesos 37.2 billion (US$816.5 million) from Pesos 33.8 billion (US$761.5 million)

- reflecting revenue growth at MPTC, Maynilad and Hospitals, and new contribution from LRMC

Debt Profile

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

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

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

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

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

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

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

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

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

Equity Placement
In February 2015, MPIC raised Pesos 8.9 billion (approximately US$200 million) by placing 1.812 billion new shares at Pesos 4.9 (US$0.11) per share. The funds were used primarily to reduce relatively expensive debt at Beacon Electric, to finance investment in previously announced projects and for general corporate purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

confidence is damaging MPIC's ability to make capital expenditure commitments and this in turn means regulatory uncertainty is having concrete consequences for quality of life in the Philippines.

Reconciliation of reported results between MPIC and First Pacific

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

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

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

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

- *Reclassification of non-recurring items: Certain items, through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 2015 of Pesos 838 million principally represents project expenses. Adjustment for 2014 of Pesos 550 million principally represents MPIC's project expenses of Pesos 242 million, taxes incurred in hospital group reorganization of Pesos 207 million and Maynilad's manpower rightsizing costs of Pesos 158 million.*

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

FPW/Goodman Fielder

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

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

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

For the post-acquisition period from April to December 2015, FPW contributed a profit of US$13.3 million to the Group. For the nine-month period, Goodman Fielder recorded core net income of A$42.1 million (US$31.0 million), revenues of A$1.5 billion (US$1.1 billion), normalized EBIT at A$86.5 million (US$63.6 million) and EBIT margin at 5.7%, and capital expenditure increased 67% to A$73.3 million (US$53.9 million). This period, was one of consolidation, with a new management team appointed to the organization, and priorities of the business reviewed and reset post the delisting and change in ownership.

International Business

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

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

Australia Business

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

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

New Zealand Business

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

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

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

Debt Profile

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

2016 Outlook

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

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

Reconciliation of reported results between FPW/Goodman Fielder and First Pacific

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

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

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

- *Reclassification of non-recurring items: Certain items, through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for the nine months ended 31 December 2015 of A$22.8 million principally represents losses arising from unwinding cross currency interest rate swaps of A$11.5 million after the early settlements of related debts following a change in control of Goodman Fielder, write-off of assets of A$7.9 million and change of control related expenses of A$0.5 million (which are pre-acquisition in nature and hence eliminated at First Pacific level) and manpower rightsizing costs of A$2.9 million.*
- *Acquisition accounting: A fair value assessment was performed at the date of acquisition of Goodman Fielder and certain revaluation increment adjustments have been made to its property, plant and equipment and inventories. The adjustments principally relate to recognition of additional depreciation based on the fair value of its property, plant and equipment and the reversal of the revaluation increment adjustment made to Goodman Fielder's inventories at the date of acquisition into its post-acquisition cost of sales.*

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

Philex

Philex's natural resources portfolio comprises:

Philex for metal-related assets
- 100% in Padcal mine
- 100% in Silangan Mindanao Exploration Co., Inc. ("SMECI")
- 100% in Silangan Mindanao Mining Co., Inc.
- 99.3% in Lascogon Mining Corporation
- 100% in Philex Gold Philippines, Inc.
- 5% in Kalayaan Copper Gold Resources, Inc.

Philex Petroleum Corporation ("Philex Petroleum")[*] for energy-related assets
- 53.4% Pitkin Petroleum Limited ("Pitkin") which owns oil and gas exploration assets in Peru Block Z-38
- 58.2%[†] in Forum Energy Limited ("Forum") which owns 70.0% of Service Contract ("SC") 72 which is in the exploration stage and a 2.3% interest in the Galoc oil field (SC 14C-1) which is in the production stage, both of these assets are located in the West Philippine Sea
- 50.0% in SC 75 (Northwest Palawan) and 70.0% in SC 74, both located in Northwest Palawan

[*] *64.7% held by Philex, 11.3% held by First Pacific and 0.3% held by Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific.*

[†] *48.8% held directly by Philex Petroleum, 18.4% held by its 51.2%-owned Canadian subsidiary FEC Resources, Inc., and 3.3% held by First Pacific.*

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

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

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

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

Core net income down 19% to Pesos 905 million (US$19.8 million) from Pesos 1.1 billion (US$25.3 million)
- reflecting lower revenue owing to lower metal prices
- partly offset by a reduction in operating costs and expenses through cost management initiatives

Net income down 11% to Pesos 896 million (US$19.6 million) from Pesos 1.0 billion (US$22.6 million)
- reflecting a lower core net income
- partly offset by decline in net non-recurring expenses

Revenue down 14% to Pesos 9.4 billion (US$206.1 million) from Pesos 10.9 billion (US$245.3 million)
- due primarily to lower metal prices
- gold price was at five-year low and copper price extended to a six-year low
- revenue from gold, copper, and silver and petroleum contributed 61%, 37% and 2% of the total, respectively

EBITDA down 16% to Pesos 2.8 billion (US$61.4 million) from Pesos 3.3 billion (US$74.3 million)
- reflecting the effects of lower metal prices
- partly offset by a reduction in operating costs and expenses through cost management initiatives

Operating cost per tonne of ore milled down 6% to Pesos 808 (US$17.7) from Pesos 859 (US$19.3)
- reflecting lower manpower, fuel, materials and supplies costs
- improved efficiency of using raw materials

Capital expenditure (including exploration costs) down 17% to Pesos 4.8 billion (US$105.2 million) from Pesos 5.8 billion (US$130.5 million)	▪ reflecting lower capital expenditure for Silangan project due to near completion of the definitive feasibility study

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

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

On 16 November 2015, Philex Petroleum further acquired an additional 5.7% interest in Forum from FEC Resources for a consideration of £420,000.00 (US$638,000.00). These transactions increased the total direct and indirect shareholding of Philex Petroleum in Forum to 67.2% from 60.5% and reduced FEC Resources' direct shareholding in Forum to 18.45% from 24.1%.

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

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

Silangan Project
The gold and copper mine development project is located in Surigao del Norte, Northeastern Mindanao in the Philippines. The project secured environmental compliance certifications in 2013 and is undergoing amendments to reflect the proposed change in mining method from underground block cave to open pit.

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

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

Mineral Resources and Proved Reserves
Listed below are the mineral resources and proved reserves of the Padcal mine and the mineral resources of the Silangan project based on the most recent data:

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

* Based on the Competent Persons' reports disclosed in March 2016
(i) Measured and indicated
(ii) Copper equivalent = % copper + 0.66 x gram/tonne gold; Metal prices: US$2.75/lb copper, US$1,275/oz gold; Metal recoveries: 82% copper, 80% gold

SC 72

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

2016 Outlook

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

Reconciliation of reported results between Philex and First Pacific

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

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

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

- *Reclassification of non-recurring items: Certain items, through occurrence or size are not considered usual operating items which are reallocated and presented separately. Adjustment for 2015 of Pesos 92 million principally represents a gain on sale of available-for-sale assets. Adjustment for 2014 of Pesos 77 million principally represents impairment provisions for exploration assets of Pesos 336 million, manpower rightsizing costs of Pesos 276 million, partly offset by a gain on sale of property assets of Pesos 535 million.*
- *Revenue recognition regarding sale of mine products: Philex recognizes revenue based on the production of mine products. HKAS 18 "Revenue" requires the recognition of revenue based on the satisfaction of certain conditions, which includes the transfer of significant risks and rewards of ownership of the products to the buyers and the absence of continuing managerial involvement to the degree usually associated with ownership and effective control over the products sold.*
- *Depreciation of revaluation increment of assets: A fair value assessment was performed at the date of acquisition of Philex and certain revaluation increment adjustments have been made to its property, plant and equipment. The adjustment relates to the recognition of additional depreciation based on the revalued fair value of these property, plant and equipment.*
- *Others: The adjustments principally relate to accrual of withholding tax on Philex's net income in accordance with the requirements of HKAS 12 "Income Taxes" and the adjustments for the Group's direct share of Philex Petroleum's results.*

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

FPM Power/PLP

First Pacific through a 60/40-owned entity with Meralco PowerGen holds a 70% interest in PLP. PLP is the first power plant in Singapore fully fueled by liquefied natural gas, equipped with the efficient facilities for power generation. The plant's fuel is provided by BG Group under a long-term agreement through SLNG Terminal developed by the Singaporean Government. Its combined cycle combustion turbine power plant consists of two 400 gross megawatts natural gas-fired turbines with net capacity of 781 megawatts. PLP launched commercial operations of the power plant on 1 February 2014.

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

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

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

Debt Profile

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

2016 Outlook

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

Reconciliation of reported results between FPM Power/PLP and First Pacific

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

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

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

- *Reclassification of non-recurring items: Certain items, through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 2014 of S$37.2 million mainly represent debt refinancing costs, which were eliminated at First Pacific level following the adoption of acquisition accounting for PLP.*
- *Intra-group elimination for consolidation accounting: Intra-group transactions between FPM Power and PLP are eliminated upon FPM Power's consolidation accounting. The principal consolidation adjustments include elimination of PLP's shareholder loan interest expenses and management service fee charged by FPM Power.*
- *Amortization of vesting contract: A fair value assessment was performed at the date of acquisition of PLP and the fair value of PLP's vesting contract entered with the regulator in the respect of the supply of electricity has been measured and recognized as an intangible asset. The adjustment relates to the amortization of the carrying amount of the vesting contract.*
- *Others: The adjustments for 2014 principally relate to reversal of additional interest expenses arising from settlement/realization of cash flow hedge reserve under interest rate swaps which are pre-acquisition in nature and hence eliminated at First Pacific level.*

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

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

FP Natural Resources/RHI

Additional Investments and Disposal

On 27 February 2015, FAHC, a Philippine affiliate of FP Natural Resources (a 70/30-owned entity between First Pacific and its indirect agribusiness subsidiary IndoAgri) acquired approximately 241.8 million of RHI's treasury shares and 35.0 million of RHI's shares from its shareholders, at Pesos 7.0 (US$0.16) per share for a total consideration of approximately Pesos 1.9 billion (US$43.9 million). As a result, FP Natural Resources' interest in RHI, including those held by FAHC, increased to 50.9% from 34.0%.

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

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

Review of Operations

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

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

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

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

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

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

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

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

EBITDA margin down to 11% from 20%	▪ due to lower sales of higher margin refined raw sugar ▪ higher fixed cost of production per Lkg for sugar due to lower tonnage of cane milled and higher material cost for production of ethanol

Debt Profile

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

Equity Raising

In February 2015, RHI sold approximately 241.8 million of its treasury shares at Pesos 7.0 (US$0.16) per share to FAHC (a Philippine affiliate of FP Natural Resources) and raised approximately Pesos 1.7 billion (US$38.4 million). The proceeds raised were used to finance the acquisition of SCBI.

Dividend

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

2016 Outlook

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

Reconciliation of reported results between FP Natural Resources/RHI/FCMI and First Pacific

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

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

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

- *Reclassification of non-recurring items: Certain items, through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 2015 of Pesos 175 million represents taxes related to prior years of Pesos 104 million and manpower rightsizing costs of Pesos 61 million and transaction costs for acquiring a 93.7% interest in SCBI of Pesos 10 million.*
- *Depreciation of revaluation increment of assets: A fair value assessment was performed at the date of FP Natural Resources' acquisition of a controlling interest in RHI of 27 February 2015 and certain revaluation increment adjustments have been made to its property, plant and equipment. The adjustment relates to the recognition of additional depreciation based on the revalued fair value of these property, plant and equipment.*
- *Others: The adjustments relates to accrual of withholding tax on RHI's net income in accordance with the requirements of HKAS12 "Income Taxes".*

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

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

NET DEBT AND GEARING

(A) Head Office net debt

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

Changes in Head Office net debt

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

Head Office cash flow

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

(i) Includes pledged deposits and restricted cash

(ii) 2015's net investments represent principally the investments in an additional 40.2% effective interest in Goodman Fielder of US$423.4 million. 2014's comparative amount represents principally the investments in a 9.8% interest in Goodman Fielder of approximately US$130 million and investment financings to FP Natural Resources of approximately US$35 million, partly offset by the proceeds from the transfer of a 75% interest in FPM Infrastructure Holdings Limited to MPIC of US$101 million.

(B) Group net debt and gearing

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

Consolidated

US$ millions	**Net debt[i] 2015**	**Total equity 2015**	**Gearing[ii] (times) 2015**	Net debt/ (cash)[i] 2014	Total equity 2014	Gearing[ii] (times) 2014
Head Office	**1,675.3**	**2,112.6**	**0.79x**	1,227.5	2,198.8	0.56x
Indofood	**1,053.3**	**3,488.4**	**0.30x**	1,027.0	3,657.3	0.28x
MPIC	**1,282.3**	**3,202.4**	**0.40x**	716.7	2,897.9	0.25x
FPM Power	**465.4**	**397.2**	**1.17x**	487.9	456.3	1.07x
FP Natural Resources	**191.6**	**215.0**	**0.89x**	(3.2)	92.1	-
Group adjustments[iii]	**-**	**(1,786.5)**	**-**	-	(1,585.4)	-
Total	**4,667.9**	**7,629.1**	**0.61x**	3,455.9	7,717.0	0.45x
Associated companies and joint venture						
PLDT	**2,431.7**	**2,420.3**	**1.00x**	2,313.7	3,011.4	0.77x
Goodman Fielder	**336.9**	**606.6**	**0.56x**	438.0	980.5	0.45x
Philex	**182.1**	**579.8**	**0.31x**	112.3	604.7	0.19x

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

(ii) 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 payments for investments in Goodman Fielder and capital injection into FP Natural Resources.

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

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

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

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

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

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

MATURITY PROFILE

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

Consolidated

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

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

Associated companies and joint venture

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

The change in PLDT's debt maturity profile from 31 December 2014 to 31 December 2015 principally reflects loan repayments and new borrowings arranged to finance capital expenditure and/or refinance its loan obligations which were utilized for service improvements and expansion programs. The change in Goodman Fielder's debt maturity profile from 31 December 2014 to 31 December 2015 principally reflects its repayment of borrowings, reclassification of borrowings from long-term to short-term and debt refinancing. The decrease in Philex's debt principally reflects loan repayments.

CHARGES ON GROUP ASSETS

At 31 December 2015, certain bank and other borrowings were secured by the Group's property, plant and equipment, accounts receivable, pledged deposits, cash and cash equivalents and inventories amounting to a net book value of US$1,280.2 million (2014: US$1,052.6 million), receipts from future toll collections and funds in the related accounts of CIC and the Group's interests of 6.9% (2014: 6.9%) in PLDT, 40.2% (2014: 43.0%) in MPIC, 100% (2014: 100%) in CIC, 100% (2014: 100%) in AIF Toll Road Holdings (Thailand) Limited, 25.9% (2014: 25.9%) in DMT, 45.1% (2014: Nil) in Hawaiian-Philippine Company, Inc. and 93.7% (2014: Nil) in SCBI.

FINANCIAL RISK MANAGEMENT

FOREIGN CURRENCY RISK

(A) Company risk

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

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

With the exception of the Head Office, the principal components of the Group's net asset value (NAV) mainly relate to investments denominated in the peso and the rupiah. Accordingly, any change in these currencies, against their respective 31 December 2015 exchange rates, would have an effect on the Group's NAV in U.S. dollar terms.

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

Company	**Basis**	**Effect on adjusted NAV**[i] US$ millions	**Effect on adjusted NAV per share** HK cents
PLDT	(i)	24.2	4.42
Indofood	(i)	16.5	3.01
MPIC	(i)	16.0	2.93
Philex	(i)	2.1	0.39
Philex Petroleum	(i)	0.1	0.01
FP Natural Resources	(ii)	0.8	0.15
Head Office - Other assets	(iii)	1.1	0.20
Total		**60.8**	**11.11**

(i) Based on quoted share prices at 31 December 2015 applied to the Group's economic interests

(ii) Based on quoted share prices of RHI at 31 December 2015 applied to the Group's effective economic interest and the value of other assets measured at market value or at cost

(iii) Based on the investment cost in SMECI's convertible notes

(B) Group risk

The results of the Group's operating entities are denominated in local currencies, principally the peso, the rupiah, A$, the New Zealand dollar (NZ$) and S$, which are translated and consolidated to give the Group's results in U.S. dollars.

NET DEBT BY CURRENCY

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

Consolidated

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

Associated companies and joint venture

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

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

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

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

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

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 and joint venture follows.

Consolidated

US$ millions	Fixed interest rate borrowings[(i)]	Variable interest rate borrowings[(i)]	Cash and cash equivalents[(ii)]	**Net debt[(ii)]**
Head Office	1,473.3	316.1	(114.1)	**1,675.3**
Indofood	289.2	1,712.0	(947.9)	**1,053.3**
MPIC	1,765.5	95.6	(578.8)	**1,282.3**
FPM Power	484.6	22.5	(41.7)	**465.4**
FP Natural Resources	107.0	96.1	(11.5)	**191.6**
Total	4,119.6	2,242.3	(1,694.0)	**4,667.9**
Associated companies and joint venture				
PLDT	2,984.6	434.3	(987.2)	**2,431.7**
Goodman Fielder	142.4	293.2	(98.7)	**336.9**
Philex	133.0	70.5	(21.4)	**182.1**

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

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

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

US$ millions	Variable interest rate borrowings	Profit effect of 1% change in interest rates	**Group net profit effect**
Head Office	316.1	3.2	**3.2**
Indofood	1,712.0	17.1	**6.4**
MPIC	95.6	1.0	**0.3**
FPM Power	22.5	0.2	**0.1**
FP Natural Resources	96.1	1.0	**0.2**
PLDT	434.3	4.3	**0.8**
Goodman Fielder	293.2	2.9	**1.0**
Philex	70.5	0.7	**0.2**
Total	**3,040.3**	**30.4**	**12.2**

ADJUSTED NAV PER SHARE

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

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

(i) Based on quoted share prices applied to the Group's economic interests

(ii) Represents investment costs in a 50.0% economic interest in Goodman Fielder at 31 December 2015 and based on quoted share price applied to the Group's 9.8% interest in Goodman Fielder at 31 December 2014

(iii) Represents investment costs in FPM Power

(iv) Mainly represents RHI (based on quoted share price applied to the Group's effective economic interest) and other assets

(v) Represent investment cost in SMECI's convertible notes

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

During the year, the Company repurchased 18,778,000 (2014: 28,330,000) ordinary shares on The Stock Exchange Hong Kong Limited (SEHK) at an aggregate consideration of HK$139.1 million (US$18.0 million) (2014: HK$225.3 million or US$29.0 million). These shares have been subsequently cancelled. The repurchases were effected by the Directors with a view to benefiting the shareholders as a whole by enhancing the Company's net assets and earnings per share. Details of the repurchases are summarized as follows:

Month of repurchases	**Number of ordinary shares repurchased**	Purchase price paid per share Highest HK$	Lowest HK$	**Aggregate consideration paid HK$ millions**	**US$ millions**
January 2015	2,926,000	7.96	7.67	22.8	3.0
April 2015	2,894,000	7.52	7.39	21.6	2.8
May 2015	12,958,000	7.46	7.17	94.7	12.2
Total	**18,778,000**			**139.1**	**18.0**

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.

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

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

CORPORATE GOVERNANCE

First Pacific is committed to building and maintaining high standards of corporate governance. During the year ended 31 December 2015, the Company's Corporate Governance Committee, comprised of a majority of Independent Non-executive Directors (INEDs) and chaired by an INED which was delegated with responsibility for supervision of the Company's corporate governance functions, carried out a review of its corporate governance practices to ensure compliance with the Listing Rule requirements.

The Company has adopted its own Corporate Governance Code (the FP Code), which incorporates the principles and requirements set out in the Corporate Governance Code contained in Appendix 14 of the Main Board Listing Rules (the CG Code). The FP Code was updated as a result of recent amendments to the Listing Rules.

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

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

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

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

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

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

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

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

Continuing Connected Transactions and Possible Connected Transaction

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

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

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

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

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

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

Risk Management and Internal Control

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

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

The Board is responsible for maintaining an adequate risk management and internal control systems across the Group and reviewing their effectiveness through the Audit Committee, which has been re-designated as the Audit and Risk Management Committee. During the year, Prof. Edward Chen was appointed as Chairman of the Audit and Risk Management Committee upon retirement of Mr. Graham Pickles on 3 June 2015.

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

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

AUDIT OPINION

The auditors have expressed an unqualified opinion on the Group's financial statements for the year ended 31 December 2015 in their report dated 30 March 2016.

REVIEW STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee has reviewed the 2015 annual results, including the accounting policies and practices adopted by the Group.

FINAL DIVIDEND

The Board has recommended a final cash dividend of HK5.50 cents (US 0.71 cent) per ordinary share. Subject to approval by shareholders at the 2016 Annual General Meeting (AGM), the final dividend will be paid in cash in a currency to be determined based on the registered address of each Shareholder on the Company's Register of Members as follows: Hong Kong dollars for Shareholders with registered addresses in Hong Kong, Macau and PRC, Sterling pounds for Shareholders with registered addresses in the United Kingdom and US dollars for Shareholders with registered addresses in all other countries. It is expected that the dividend warrants will be dispatched to shareholders on or about Friday, 24 June 2016.

CLOSURE OF REGISTER OF MEMBERS

1. **Annual General Meeting**

   The Register of Members will be closed from Thursday, 2 June 2016 to Monday, 6 June 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, 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 Wednesday, 1 June 2016.

2. **Proposed Final Dividend**

   The Register of Members will be closed from Monday, 13 June 2016 to Wednesday, 15 June 2016, both days inclusive, during which period no transfer of shares will be registered. The ex-dividend date will be Wednesday, 8 June 2016. In order to qualify for the proposed 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, 10 June 2016. The final dividend will be paid to shareholders whose names appear on the Register of Members on Wednesday, 15 June 2016 and the payment date will be on or about Friday, 24 June 2016.

AGM

The AGM will be held at Mandarin Oriental, Hong Kong on Monday, 6 June 2016 at 2:30 p.m. The Notice of AGM will be published on the website of the Company (www.firstpacific.com) and the designated issuer website of SEHK (www.hkexnews.hk), and be despatched to shareholders by the end of April 2016.

RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of the Company (www.firstpacific.com) and the designated issuer website of SEHK (www.hkexnews.hk). The 2015 annual report containing all the information required by the Listing Rules will be mailed to shareholders and made available on the above websites by the end of April 2016.

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

Hong Kong, 30 March 2016

As at the date of this announcement, the Board of the Company 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