FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)
Website: http://www.firstpacific.com
(Stock code: 00142)

2013 Annual Results - Audited

FINANCIAL HIGHLIGHTS

- Turnover increased by 3.6% to US$6,206.3 million (HK$48,409.1 million) from US$5,990.8 million (HK$46,728.2 million).
- Profit contribution from operations increased by 1.4% to US$467.2 million (HK$3,644.2 million) from US$460.8 million (HK$3,594.2 million).
- Recurring profit decreased by 8.6% to US$327.1 million (HK$2,551.4 million) from US$358.0 million (HK$2,792.4 million).
- Foreign exchange and derivative losses of US$56.3 million (HK$439.1 million) were recorded compared with foreign exchange and derivative gains of US$1.8 million (HK$14.0 million).
- Non-recurring losses increased by 439.1% to US$34.5 million (HK$269.1 million) from US$6.4 million (HK$49.9 million).
- Profit attributable to owners of the parent decreased by 33.4% to US$235.3 million (HK$1,835.3 million) from US$353.3 million (HK$2,755.7 million).
- Recurring basic earnings per share (calculated based on recurring profit) decreased by 13.8% to U.S. 7.87 cents (HK61.4 cents) from U.S. 9.13 cents (HK71.2 cents).
- Basic earnings per share decreased by 37.2% to U.S. 5.66 cents (HK44.1 cents) from U.S. 9.01 cents (HK70.3 cents).
- A final dividend of HK13.00 cents (U.S. 1.67 cents) (2012: HK13.00 cents or U.S. 1.67 cents) per ordinary share has been recommended, making a total dividend per ordinary share equivalent to HK21.00 cents (U.S. 2.70 cents) (2012: HK21.00 cents or U.S. 2.70 cents) for the full year or a dividend payout ratio of approximately 35% (2012: 29%) of recurring profit.
- Equity attributable to owners of the parent increased by 8.3% to US$3,509.9 million (HK$27,377.2 million) at 31 December 2013 from US$3,240.0 million (HK$25,272.0 million) at 31 December 2012.
- Consolidated gearing ratio increased to 0.42 times at 31 December 2013 from 0.30 times at 31 December 2012.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Notes	2013 US$m	2012 (Restated)(i) US$m	2013 HK$m*	2012 (Restated)(i) HK$m*
Turnover	2	**6,206.3**	5,990.8	**48,409.1**	46,728.2
Cost of sales		**(4,377.1)**	(4,129.0)	**(34,141.3)**	(32,206.2)
Gross profit		**1,829.2**	1,861.8	**14,267.8**	14,522.0
Selling and distribution expenses		**(461.0)**	(432.1)	**(3,595.8)**	(3,370.4)
Administrative expenses		**(528.5)**	(443.7)	**(4,122.3)**	(3,460.9)
Other operating (expenses)/income, net		**(99.4)**	36.7	**(775.4)**	286.3
Interest income		**70.3**	75.0	**548.3**	585.0
Finance costs		**(304.5)**	(273.7)	**(2,375.1)**	(2,134.8)
Share of profits less losses of associated companies and joint ventures		**267.7**	240.6	**2,088.1**	1,876.7
Profit before taxation	3	**773.8**	1,064.6	**6,035.6**	8,303.9
Taxation	4	**(152.9)**	(229.7)	**(1,192.6)**	(1,791.7)
Profit for the year		**620.9**	834.9	**4,843.0**	6,512.2
Attributable to:					
Owners of the parent	5	**235.3**	353.3	**1,835.3**	2,755.7
Non-controlling interests		**385.6**	481.6	**3,007.7**	3,756.5
		620.9	834.9	**4,843.0**	6,512.2
		US¢	US¢	**HK¢***	HK¢*
Earnings per share attributable to owners of the parent	6				
Basic		**5.66**	9.01	**44.1**	70.3
Diluted		**5.60**	8.90	**43.7**	69.4

(i) Refer to Note 1

Details of the dividend proposed for the year are disclosed in Note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	2013 US$m	2012 (Restated)(i) US$m	2013 HK$m*	2012 (Restated)(i) HK$m*
Profit for the year	**620.9**	834.9	**4,843.0**	6,512.2
Other comprehensive (loss)/income				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	**(990.5)**	(37.0)	**(7,726.0)**	(288.6)
Unrealized gains/(losses) on available-for-sale assets	**18.0**	(2.2)	**140.4**	(17.1)
Realized gain on available-for-sale assets	**(0.8)**	-	**(6.2)**	-
Unrealized gains on cash flow hedges	**7.6**	0.1	**59.3**	0.8
Realized losses on cash flow hedges	**-**	2.7	**-**	21.1
Income tax related to cash flow hedges	**(1.3)**	(0.2)	**(10.1)**	(1.6)
Share of other comprehensive income/(loss) of associated companies and joint ventures	**2.3**	(26.0)	**17.9**	(202.8)
Items that will not be reclassified to profit or loss:				
Actuarial losses on defined benefit pension plans	**(25.6)**	(32.6)	**(199.7)**	(254.2)
Revaluation (deficit)/increment of assets	**(1.6)**	1.6	**(12.4)**	12.4
Share of other comprehensive loss of associated companies and joint ventures	**(51.4)**	(23.6)	**(400.9)**	(184.1)
Other comprehensive losses for the year, net of tax	**(1,043.3)**	(117.2)	**(8,137.7)**	(914.1)
Total comprehensive (loss)/income for the year	**(422.4)**	717.7	**(3,294.7)**	5,598.1
Attributable to:				
Owners of the parent	**(177.2)**	366.5	**(1,382.2)**	2,858.7
Non-controlling interests	**(245.2)**	351.2	**(1,912.5)**	2,739.4
	(422.4)	717.7	**(3,294.7)**	5,598.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2013 US$m	At 31 December 2012 (Restated)(i) US$m	At 1 January 2012 (Restated)(i) US$m	At 31 December 2013 HK$m*	At 31 December 2012 (Restated)(i) HK$m*	At 1 January 2012 (Restated)(i) HK$m*
Non-current assets							
Property, plant and equipment		**2,920.1**	1,824.3	1,651.7	**22,776.8**	14,229.6	12,883.2
Plantations		**1,164.4**	1,301.5	1,280.9	**9,082.3**	10,151.7	9,991.0
Associated companies and joint ventures		**3,406.6**	3,299.1	3,035.1	**26,571.5**	25,733.0	23,673.8
Goodwill		**1,047.1**	808.2	819.6	**8,167.4**	6,304.0	6,392.9
Other intangible assets		**2,386.8**	2,305.8	2,105.9	**18,617.0**	17,985.2	16,426.0
Accounts receivable, other receivables and prepayments	8	**18.5**	190.6	32.5	**144.3**	1,486.7	253.5
Available-for-sale assets		**63.7**	41.9	33.1	**496.9**	326.8	258.2
Deferred tax assets		**162.9**	132.3	109.9	**1,270.6**	1,031.9	857.2
Pledged deposits		**11.1**	11.1	11.1	**86.6**	86.6	86.6
Other non-current assets		**423.3**	288.4	236.0	**3,301.7**	2,249.5	1,840.8
		11,604.5	10,203.2	9,315.8	**90,515.1**	79,585.0	72,663.2
Current assets							
Cash and cash equivalents		**2,375.4**	2,175.0	1,875.4	**18,528.1**	16,965.0	14,628.1
Pledged deposits and restricted cash		**49.3**	33.1	43.7	**384.5**	258.2	340.9
Available-for-sale assets		**101.8**	58.7	63.4	**794.1**	457.8	494.5
Accounts receivable, other receivables and prepayments	8	**754.1**	600.0	581.8	**5,882.0**	4,680.0	4,538.0
Inventories		**695.7**	816.7	731.7	**5,426.5**	6,370.3	5,707.3
Plantations		**2.0**	-	-	**15.6**	-	-
		3,978.3	3,683.5	3,296.0	**31,030.8**	28,731.3	25,708.8
Current liabilities							
Accounts payable, other payables and accruals	9	**980.7**	984.4	796.5	**7,649.5**	7,678.3	6,212.7
Short-term borrowings		**1,067.0**	926.5	1,119.3	**8,322.6**	7,226.7	8,730.5
Provision for taxation		**32.6**	39.0	49.6	**254.3**	304.2	386.9
Current portion of deferred liabilities, provisions and payables		**250.4**	119.7	137.6	**1,953.1**	933.7	1,073.3
		2,330.7	2,069.6	2,103.0	**18,179.5**	16,142.9	16,403.4
Net current assets		**1,647.6**	1,613.9	1,193.0	**12,851.3**	12,588.4	9,305.4
Total assets less current liabilities		**13,252.1**	11,817.1	10,508.8	**103,366.4**	92,173.4	81,968.6
Equity							
Issued share capital		**43.1**	38.3	38.5	**336.2**	298.7	300.3
Shares held for share award scheme		**(9.6)**	-	-	**(74.9)**	-	-
Retained earnings		**1,575.7**	1,479.8	1,284.0	**12,290.5**	11,542.4	10,015.2
Other components of equity		**1,900.7**	1,721.9	1,700.2	**14,825.4**	13,430.9	13,261.6
Equity attributable to owners of the parent		**3,509.9**	3,240.0	3,022.7	**27,377.2**	25,272.0	23,577.1
Non-controlling interests		**4,008.3**	4,010.7	3,856.5	**31,264.8**	31,283.5	30,080.7
Total equity		**7,518.2**	7,250.7	6,879.2	**58,642.0**	56,555.5	53,657.8
Non-current liabilities							
Long-term borrowings		**4,551.3**	3,438.5	2,575.7	**35,500.1**	26,820.3	20,090.5
Deferred liabilities, provisions and payables		**816.0**	691.2	607.2	**6,364.8**	5,391.4	4,736.1
Deferred tax liabilities		**366.6**	436.7	446.7	**2,859.5**	3,406.2	3,484.2
		5,733.9	4,566.4	3,629.6	**44,724.4**	35,617.9	28,310.8
		13,252.1	11,817.1	10,508.8	**103,366.4**	92,173.4	81,968.6

(i) Refer to Note 1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to owners of the parent										
US$ millions	Notes	Issued share capital	Share held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive income/(loss) (Note 10)	Differences arising from changes in equities of subsidiary companies	Capital and other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2012												
As previously reported		38.5	-	1,289.2	39.7	109.8	248.6	12.3	1,284.6	3,022.7	3,856.5	6,879.2
Prior year adjustments	1	-	-	-	-	0.6	-	-	(0.6)	-	-	-
As restated[i]		38.5	-	1,289.2	39.7	110.4	248.6	12.3	1,284.0	3,022.7	3,856.5	6,879.2
Profit for the year												
As previously reported		-	-	-	-	-	-	-	348.8	348.8	481.4	830.2
Prior year adjustments	1	-	-	-	-	-	-	-	4.5	4.5	0.2	4.7
As restated[i]		-	-	-	-	-	-	-	353.3	353.3	481.6	834.9
Other comprehensive income/(loss) for the year												
As previously reported		-	-	-	-	52.4	-	1.0	(42.4)	11.0	(130.2)	(119.2)
Prior year adjustments		-	-	-	-	(42.4)	-	-	44.6	2.2	(0.2)	2.0
As restated[i]		-	-	-	-	10.0	-	1.0	2.2	13.2	(130.4)	(117.2)
Total comprehensive income for the year		-	-	-	-	10.0	-	1.0	355.5	366.5	351.2	717.7
Issue of shares upon the exercise of share options		0.3	-	23.0	(7.5)	-	-	-	-	15.8	-	15.8
Repurchase and cancellation of shares		(0.5)	-	-	-	-	-	0.5	(56.5)	(56.5)	-	(56.5)
Employee share-based compensation benefits		-	-	-	1.6	-	-	-	-	1.6	-	1.6
Reserve of a disposal group of associated companies classified as held for sale		-	-	-	-	12.7	-	(12.7)	-	-	-	-
Acquisition, dilution and divestment of interests in subsidiary companies		-	-	-	-	-	0.8	-	-	0.8	(15.3)	(14.5)
Acquisition and dilution of interests in associated companies		-	-	-	-	-	(7.1)	-	-	(7.1)	-	(7.1)
Revaluation increment of assets transferred to retained earnings		-	-	-	-	-	-	(0.6)	0.6	-	-	-
2011 final dividend		-	-	-	-	-	-	-	(64.2)	(64.2)	-	(64.2)
2012 interim dividend	7	-	-	-	-	-	-	-	(39.6)	(39.6)	-	(39.6)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	(181.7)	(181.7)
Balance at 31 December 2012		38.3	-	1,312.2	33.8	133.1	242.3	0.5	1,479.8	3,240.0	4,010.7	7,250.7
Balance at 1 January 2013												
As previously reported		38.3	-	1,312.2	33.8	174.9	242.3	0.5	1,431.3	3,233.3	4,010.7	**7,244.0**
Prior year adjustments	1	-	-	-	-	(41.8)	-	-	48.5	6.7	-	**6.7**
As restated[i]		38.3	-	1,312.2	33.8	133.1	242.3	0.5	1,479.8	3,240.0	4,010.7	**7,250.7**
Profit for the year		-	-	-	-	-	-	-	235.3	235.3	385.6	**620.9**
Other comprehensive loss for the year		-	-	-	-	(411.6)	-	(0.9)	-	(412.5)	(630.8)	**(1,043.3)**
Total comprehensive loss for the year		-	-	-	-	(411.6)	-	(0.9)	235.3	(177.2)	(245.2)	**(422.4)**
Issue of shares upon the exercise of share options		0.3	-	18.9	(6.0)	-	-	-	-	13.2	-	**13.2**
Repurchase and cancellation of shares		(0.3)	-	-	-	-	-	0.3	(28.5)	(28.5)	-	**(28.5)**
Issue of shares in respect of rights issue		4.8	-	496.7	-	-	-	-	-	501.5	-	**501.5**
Purchase of shares for share award scheme		-	(10.6)	-	-	-	-	-	-	(10.6)	-	**(10.6)**
Issue of shares under share award scheme		-	(1.0)	1.0	-	-	-	-	-	-	-	**-**
Shares vested under share award scheme		-	2.0	-	(2.0)	-	-	-	-	-	-	**-**
Transaction costs for issue of shares		-	-	(7.0)	-	-	-	-	-	(7.0)	-	**(7.0)**
Employee share-based compensation benefits		-	-	-	20.3	-	-	-	-	20.3	-	**20.3**
Acquisition, dilution and divestment of interests in subsidiary companies		-	-	-	-	(6.7)	60.8	-	-	54.1	135.3	**189.4**
Reserve of a disposal group of associated companies classified as held for sale		-	-	-	-	-	-	12.7	-	12.7	-	**12.7**
Revaluation deficit of assets transferred to retained earnings		-	-	-	-	-	-	1.5	(1.5)	-	-	**-**
Appropriation to statutory reserve funds		-	-	-	-	-	-	0.8	(0.8)	-	-	**-**
2012 final dividend	7	-	-	-	-	-	-	-	(64.2)	(64.2)	-	**(64.2)**
2013 interim dividend	7	-	-	-	-	-	-	-	(44.4)	(44.4)	-	**(44.4)**
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	-	154.5	**154.5**
Capital contribution from non-controlling shareholders		-	-	-	-	-	-	-	-	-	141.4	**141.4**
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	(188.4)	**(188.4)**
Balance at 31 December 2013		**43.1**	**(9.6)**	**1,821.8**	**46.1**	**(285.2)**	**303.1**	**14.9**	**1,575.7**	**3,509.9**	**4,008.3**	**7,518.2**

(i) Refer to Note 1

HK$ millions*	Notes	Equity attributable to owners of the parent										
		Issued share capital	Share held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive income/(loss) (Note 10)	Differences arising from changes in equities of subsidiary companies	Capital and other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2012												
As previously reported		300.3	-	10,055.7	309.6	856.5	1,939.1	96.0	10,019.9	23,577.1	30,080.7	53,657.8
Prior year adjustments	1	-	-	-	-	4.7	-	-	(4.7)	-	-	-
As restated[i]		300.3	-	10,055.7	309.6	861.2	1,939.1	96.0	10,015.2	23,577.1	30,080.7	53,657.8
Profit for the year												
As previously reported		-	-	-	-	-	-	-	2,720.6	2,720.6	3,754.9	6,475.5
Prior year adjustments	1	-	-	-	-	-	-	-	35.1	35.1	1.6	36.7
As restated[i]		-	-	-	-	-	-	-	2,755.7	2,755.7	3,756.5	6,512.2
Other comprehensive income/(loss) for the year												
As previously reported		-	-	-	-	408.7	-	7.8	(330.7)	85.8	(1,015.5)	(929.7)
Prior year adjustments		-	-	-	-	(330.7)	-	-	347.9	17.2	(1.6)	15.6
As restated[i]		-	-	-	-	78.0	-	7.8	17.2	103.0	(1,017.1)	(914.1)
Total comprehensive income for the year		-	-	-	-	78.0	-	7.8	2,772.9	2,858.7	2,739.4	5,598.1
Issue of shares upon the exercise of share options		2.3	-	179.5	(58.5)	-	-	-	-	123.3	-	123.3
Repurchase and cancellation of shares		(3.9)	-	-	-	-	-	3.9	(440.7)	(440.7)	-	(440.7)
Employee share-based compensation benefits		-	-	-	12.5	-	-	-	-	12.5	-	12.5
Reserve of a disposal group of associated companies classified as held for sale		-	-	-	-	99.1	-	(99.1)	-	-	-	-
Acquisition, dilution and divestment of interests in subsidiary companies		-	-	-	-	-	6.2	-	-	6.2	(119.3)	(113.1)
Acquisition and dilution of interests in associated companies		-	-	-	-	-	(55.4)	-	-	(55.4)	-	(55.4)
Revaluation increment of assets transferred to retained earnings		-	-	-	-	-	-	(4.7)	4.7	-	-	-
2011 final dividend		-	-	-	-	-	-	-	(500.8)	(500.8)	-	(500.8)
2012 interim dividend	7	-	-	-	-	-	-	-	(308.9)	(308.9)	-	(308.9)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	(1,417.3)	(1,417.3)
Balance at 31 December 2012		298.7	-	10,235.2	263.6	1,038.3	1,889.9	3.9	11,542.4	25,272.0	31,283.5	56,555.5
Balance at 1 January 2013												
As previously reported		298.7	-	10,235.2	263.6	1,364.3	1,889.9	3.9	11,164.1	25,219.7	31,283.5	**56,503.2**
Prior year adjustments	1	-	-	-	-	(326.0)	-	-	378.3	52.3	-	**52.3**
As restated[i]		298.7	-	10,235.2	263.6	1,038.3	1,889.9	3.9	11,542.4	25,272.0	31,283.5	**56,555.5**
Profit for the year		-	-	-	-	-	-	-	1,835.3	1,835.3	3,007.7	**4,843.0**
Other comprehensive loss for the year		-	-	-	-	(3,210.6)	-	(6.9)	-	(3,217.5)	(4,920.2)	**(8,137.7)**
Total comprehensive loss for the year		-	-	-	-	(3,210.6)	-	(6.9)	1,835.3	(1,382.2)	(1,912.5)	**(3,294.7)**
Issue of shares upon the exercise of share options		2.3	-	147.4	(46.7)	-	-	-	-	103.0	-	**103.0**
Repurchase and cancellation of shares		(2.2)	-	-	-	-	-	2.2	(222.3)	(222.3)	-	**(222.3)**
Issue of shares in respect of rights issue		37.4	-	3,874.2	-	-	-	-	-	3,911.6	-	**3,911.6**
Purchase of shares for share award scheme		-	(82.7)	-	-	-	-	-	-	(82.7)	-	**(82.7)**
Issue of shares under share award scheme		-	(7.8)	7.8	-	-	-	-	-	-	-	-
Shares vested under share award scheme		-	15.6	-	(15.6)	-	-	-	-	-	-	-
Transaction costs for issue of shares			-	(54.6)	-	-	-	-	-	(54.6)	-	**(54.6)**
Employee share-based compensation benefits		-	-	-	158.3	-	-	-	-	158.3	-	**158.3**
Acquisition, dilution and divestment of interests in subsidiary companies		-	-	-	-	(52.2)	474.2	-	-	422.0	1,055.3	**1,477.3**
Reserve of a disposal group of associated companies classified as held for sale		-	-	-	-	-	-	99.1	-	99.1	-	**99.1**
Revaluation deficit of assets transferred to retained earnings		-	-	-	-	-	-	11.7	(11.7)	-	-	-
Appropriation to statutory reserve funds		-	-	-	-	-	-	6.2	(6.2)	-	-	**-**
2012 final dividend	7	-	-	-	-	-	-	-	(500.7)	(500.7)	-	**(500.7)**
2013 interim dividend	7	-	-	-	-	-	-	-	(346.3)	(346.3)	-	**(346.3)**
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	-	1,205.1	**1,205.1**
Capital contribution from non-controlling shareholders		-	-	-	-	-	-	-	-	-	1,102.9	**1,102.9**
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	(1,469.5)	**(1,469.5)**
Balance at 31 December 2013		**336.2**	**(74.9)**	**14,210.0**	**359.6**	**(2,224.5)**	**2,364.1**	**116.2**	**12,290.5**	**27,377.2**	**31,264.8**	**58,642.0**

(i) Refer to Note 1

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	2013 US$m	2012 (Restated)(i) US$m	2013 HK$m*	2012 (Restated)(i) HK$m*
Profit before taxation		**773.8**	1,064.6	**6,035.6**	8,303.9
Adjustments for:					
Finance costs		**304.5**	273.7	**2,375.1**	2,134.8
Depreciation	3	**176.5**	143.9	**1,376.7**	1,122.4
Foreign exchange and derivative losses, net	3	**109.1**	8.9	**851.0**	69.4
Amortization of other intangible assets	3	**85.7**	93.7	**668.5**	730.9
Employee share-based compensation benefit expenses		**21.6**	1.6	**168.5**	12.5
Impairment losses	3	**12.4**	16.0	**96.7**	124.8
Share of profits less losses of associated companies and joint ventures		**(267.7)**	(240.6)	**(2,088.1)**	(1,876.7)
Interest income		**(70.3)**	(75.0)	**(548.3)**	(585.0)
Preferred share dividend income from a joint venture	3	**(9.5)**	(13.3)	**(74.1)**	(103.7)
Gain on changes in fair value of plantations	3	**(5.8)**	(5.9)	**(45.2)**	(46.0)
(Gain)/loss on sale of property, plant and equipment	3	**(0.2)**	0.2	**(1.6)**	1.6
Gain on dilution of interests in associated companies	3	**-**	(14.4)	**-**	(112.3)
Others		**32.5**	30.5	**253.5**	237.8
		1,162.6	1,283.9	**9,068.3**	10,014.4
Increase in accounts payable, other payables and accruals		**89.1**	355.9	**695.0**	2,776.1
Decrease/(increase) in accounts receivable, other receivables and prepayments		**8.8**	(3.5)	**68.6**	(27.3)
Increase in other non-current assets		**(68.6)**	(57.1)	**(535.0)**	(445.4)
Increase in inventories		**(34.1)**	(133.0)	**(266.0)**	(1,037.4)
Net cash generated from operations		**1,157.8**	1,446.2	**9,030.9**	11,280.4
Interest received		**66.9**	75.6	**521.9**	589.7
Interest paid		**(300.2)**	(266.3)	**(2,341.6)**	(2,077.2)
Taxes paid		**(200.6)**	(253.5)	**(1,564.7)**	(1,977.3)
Net cash flows from operating activities		**723.9**	1,002.0	**5,646.5**	7,815.6
Dividends received from associated companies		**228.1**	245.4	**1,779.2**	1,914.1
Preferred share dividends received from a joint venture		**9.5**	13.3	**74.1**	103.7
Proceeds from disposal of available-for-sale assets		**7.2**	-	**56.2**	-
Proceeds from disposal of property, plant and equipment		**6.2**	5.6	**48.4**	43.7
Proceeds from disposal of plantations		**1.0**	-	**7.8**	-
Acquisition of subsidiary companies		**(693.0)**	(4.9)	**(5,405.4)**	(38.2)
Purchase of property, plant and equipment		**(659.5)**	(423.7)	**(5,144.1)**	(3,304.9)
(Increase)/decrease in time deposits with original maturity of more than three months		**(376.0)**	0.2	**(2,932.8)**	1.6
Investments in associated companies		**(194.3)**	(25.3)	**(1,515.5)**	(197.3)
Investments in other intangible assets		**(131.7)**	(160.6)	**(1,027.3)**	(1,252.7)
Investments in plantations		**(108.5)**	(117.3)	**(846.3)**	(914.9)
Acquisition of available-for-sale assets		**(73.1)**	(7.5)	**(570.2)**	(58.5)
Investments in joint ventures		**(71.3)**	-	**(556.2)**	-
Loans to an associated company, net		**(55.9)**	(26.7)	**(436.0)**	(208.2)
Deposit for acquisition of business		**(52.3)**	-	**(407.9)**	-
Increased investments in associated companies		**(52.0)**	(3.6)	**(405.6)**	(28.1)
(Increase)/decrease in pledged deposits and restricted cash		**(13.6)**	13.2	**(106.2)**	103.0
Investment in a convertible note		**-**	(160.9)	**-**	(1,255.0)
Purchase of preferred shares of a joint venture		**-**	(84.7)	**-**	(660.7)
Increased investments in a joint venture		**-**	(64.2)	**-**	(500.8)
Net cash flows used in investing activities		**(2,229.2)**	(801.7)	**(17,387.8)**	(6,253.2)
Proceeds from new borrowings		**3,588.9**	1,274.7	**27,993.4**	9,942.7
Proceeds from rights issue of the Company, net		**494.5**	-	**3,857.1**	-
Proceeds from shares issued to non-controlling interests by subsidiary companies		**145.5**	3.5	**1,134.9**	27.3
Capital contribution from non-controlling shareholders		**141.4**	-	**1,102.9**	-
Proceeds from divestment of interests in subsidiary companies		**82.8**	1.3	**645.8**	10.2
Proceeds from the issue of shares under long-term incentive plan		**14.2**	15.8	**110.8**	123.2
Borrowings repaid		**(2,505.4)**	(766.6)	**(19,542.2)**	(5,979.5)
Dividends paid to non-controlling shareholders by subsidiary companies		**(188.4)**	(181.7)	**(1,469.5)**	(1,417.3)
Dividends paid to shareholders		**(108.6)**	(103.8)	**(847.1)**	(809.6)
Repurchase of shares		**(31.3)**	(54.2)	**(244.1)**	(422.8)
Payments for concession fees payable		**(29.7)**	(26.5)	**(231.6)**	(206.7)
Repurchase of subsidiary companies’ shares		**(20.2)**	(4.7)	**(157.6)**	(36.7)
Payments for purchase and subscription of shares under long-term incentive plan		**(11.6)**	-	**(90.5)**	-
Increased investments in subsidiary companies		**-**	(21.3)	**-**	(166.1)
Net cash flows from financing activities		**1,572.1**	136.5	**12,262.3**	1,064.7
Net increase in cash and cash equivalents		**66.8**	336.8	**521.0**	2,627.1
Cash and cash equivalents at 1 January		**2,161.7**	1,874.9	**16,861.3**	14,624.2
Exchange translation		**(225.7)**	(50.0)	**(1,760.5)**	(390.0)
Cash and cash equivalents at 31 December		**2,002.8**	2,161.7	**15,621.8**	16,861.3
Representing					
Cash and cash equivalents as stated in the consolidated statement of financial position		**2,375.4**	2,175.0	**18,528.1**	16,965.0
Less bank overdrafts		**(12.1)**	(13.0)	**(94.4)**	(101.4)
Less time deposits with original maturity of more than three months		**(360.5)**	(0.3)	**(2,811.9)**	(2.3)
Cash and cash equivalents at 31 December		**2,002.8**	2,161.7	**15,621.8**	16,861.3

(i) Refer to Note 1

Notes:

1. **Impact of new and revised Hong Kong Financial Reporting Standards (HKFRSs) and change in accounting policies**
During 2013, the Group has adopted the following new and revised HKFRSs (which include all HKFRSs, Hong Kong Accounting Standards (HKASs) and Hong Kong (International Financial Reporting Interpretations Committee)-Interpretations (HK(IFRIC)-Ints)) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) for the first time for the current year's financial statements.

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

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

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

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

The effects of the above changes are summarized below:

(a) Effects on the consolidated statement of financial position at 31 December 2013, 31 December 2012 and 1 January 2012

	At 31 December 2013 US$m	At 31 December 2012 US$m	At 1 January 2012 US$m	**At 31 December 2013 HK$m***	At 31 December 2012 HK$m*	At 1 January 2012 HK$m*
Assets						
Increase in associated companies and joint ventures	**-**	6.7	-	**-**	52.3	-
	-	6.7	-	**-**	52.3	-
Equity						
Increase in actuarial losses on defined benefit pension plans	**(8.1)**	(22.2)	(10.2)	**(63.2)**	(173.1)	(79.6)
Increase in share of other comprehensive (loss)/income of associated companies and joint ventures	**(60.1)**	(19.6)	10.8	**(468.8)**	(152.9)	84.3
Increase/(decrease) in retained earnings	**68.2**	48.5	(0.6)	**532.0**	378.3	(4.7)
	-	6.7	-	**-**	52.3	-

(b) **Effects on the consolidated income statement for the years ended 31 December 2013 and 2012**

For the year ended 31 December	**2013 US$m**	2012 US$m	**2013 HK$m***	2012 HK$m*
Increase in cost of sales	**-**	(0.1)	**-**	(0.8)
Increase in administrative expenses	**-**	(0.2)	**-**	(1.6)
(Decrease)/increase in share of profits less losses of associated companies and joint ventures	**(6.7)**	4.9	**(52.3)**	38.3
Decrease in taxation	**-**	0.1	**-**	0.8
(Decrease)/increase in profit for the year	**(6.7)**	4.7	**(52.3)**	36.7
Attributable to:				
Owners of the parent	**(6.7)**	4.5	**(52.3)**	35.1
Non-controlling interests	**-**	0.2	**-**	1.6
(Decrease)/Increase in profit for the year	**(6.7)**	4.7	**(52.3)**	36.7
(Decrease)/increase in earnings per share attributable to owners of the parent	**US¢**	US¢	**HK¢***	HK¢*
Basic	**(0.16)**	0.11	**(1.3)**	0.9
Diluted	**(0.16)**	0.11	**(1.3)**	0.9

2. **Turnover and operating segmental information**

For the year ended 31 December	**2013 US$m**	2012 US$m	**2013 HK$m***	2012 HK$m*
Turnover				
Sale of goods	**5,395.3**	5,247.8	**42,083.3**	40,932.8
Sale of electricity	**5.9**	-	**46.0**	-
Rendering of services	**805.1**	743.0	**6,279.8**	5,795.4
Total	**6,206.3**	5,990.8	**48,409.1**	46,728.2

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

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

The revenue, results and other information for the years ended 31 December 2013 and 2012, and total assets and total liabilities at 31 December 2013 and 2012 regarding the Group's operating segments are as follows.

By principal business activity - 2013

For the year ended/at 31 December	Telecommunications US$m	Infrastructure US$m	Natural Resources US$m	Consumer Food Products US$m	Head Office US$m	**2013 Total US$m**	**2013 Total HK$m***
Revenue							
Turnover	-	730.0	-	5,476.3	-	**6,206.3**	**48,409.1**
Results							
Recurring profit	209.9	90.2	7.3	159.8	(140.1)	**327.1**	**2,551.4**
Assets and Liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	1,427.7	1,168.6	618.6	191.7	-	**3,406.6**	**26,571.5**
- Others	-	3,794.9	-	4,060.0	34.9	**7,889.8**	**61,540.4**
	1,427.7	4,963.5	618.6	4,251.7	34.9	**11,296.4**	**88,111.9**
Other assets	-	791.2	-	2,835.9	659.3	**4,286.4**	**33,434.0**
Total assets	1,427.7	5,754.7	618.6	7,087.6	694.2	**15,582.8**	**121,545.9**
Borrowings	-	1,640.5	-	2,244.3	1,733.5	**5,618.3**	**43,822.8**
Other liabilities	-	1,067.3	-	1,269.1	109.9	**2,446.3**	**19,081.1**
Total liabilities	-	2,707.8	-	3,513.4	1,843.4	**8,064.6**	**62,903.9**
Other Information							
Depreciation and amortization	-	(89.8)	-	(169.7)	(24.3)	**(283.8)**	**(2,213.7)**
Gain on changes in fair value of plantations	-	-	-	5.8	-	**5.8**	**45.2**
Impairment losses	-	(3.8)	-	(8.6)	-	**(12.4)**	**(96.7)**
Interest income	-	10.7	-	49.1	10.5	**70.3**	**548.3**
Finance costs	-	(93.5)	-	(106.1)	(104.9)	**(304.5)**	**(2,375.1)**
Share of profits less losses of associated companies and joint ventures	207.0	54.2	(4.8)	11.3	-	**267.7**	**2,088.1**
Taxation	-	(13.0)	-	(125.1)	(14.8)	**(152.9)**	**(1,192.6)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	869.8	-	920.6	38.2	**1,828.6**	**14,263.1**

By geographical market - 2013

For the year ended/at 31 December	The Philippines US$m	Indonesia US$m	Singapore US$m	Thailand US$m	Head Office US$m	**2013 Total US$m**	**2013 Total HK$m***
Revenue							
Turnover	724.1	5,476.3	5.9	-	-	**6,206.3**	**48,409.1**
Results							
Recurring profit	311.9	159.6	(4.8)	0.5	(140.1)	**327.1**	**2,551.4**
Assets and Liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	3,143.9	133.4	-	129.3	-	**3,406.6**	**26,571.5**
- Others	2,717.2	4,060.0	1,077.7	-	34.9	**7,889.8**	**61,540.4**
	5,861.1	4,193.4	1,077.7	129.3	34.9	**11,296.4**	**88,111.9**
Other assets	663.4	2,834.6	124.3	4.8	659.3	**4,286.4**	**33,434.0**
Total assets	6,524.5	7,028.0	1,202.0	134.1	694.2	**15,582.8**	**121,545.9**
Borrowings	1,149.8	2,244.3	490.7	-	1,733.5	**5,618.3**	**43,822.8**
Other liabilities	810.3	1,269.1	257.0	-	109.9	**2,446.3**	**19,081.1**
Total liabilities	1,960.1	3,513.4	747.7	-	1,843.4	**8,064.6**	**62,903.9**
Other Information							
Depreciation and amortization	(88.9)	(169.7)	(0.9)	-	(24.3)	**(283.8)**	**(2,213.7)**
Gain on changes in fair value of plantations	-	5.8	-	-	-	**5.8**	**45.2**
Impairment losses	(3.8)	(8.6)	-	-	-	**(12.4)**	**(96.7)**
Interest income	10.7	49.1	-	-	10.5	**70.3**	**548.3**
Finance costs	(93.5)	(106.1)	-	-	(104.9)	**(304.5)**	**(2,375.1)**
Share of profits less losses of associated companies and joint ventures	255.9	11.0	-	0.8	-	**267.7**	**2,088.1**
Taxation	(14.0)	(125.1)	1.0	-	(14.8)	**(152.9)**	**(1,192.6)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	413.5	864.0	380.7	132.2	38.2	**1,828.6**	**14,263.1**

By principal business activity and geographical market - 2012

For the year ended/at 31 December	The Philippines Telecom-munications US$m	Infrastructure US$m	Natural Resources US$m	Total US$m	Indonesia Consumer Food Products US$m	Head Office US$m	2012 (Restated) Total US$m	2012 (Restated) Total HK$m*
Revenue								
Turnover	-	660.8	-	660.8	5,330.0	-	5,990.8	46,728.2
Results								
Recurring profit	190.5	86.6	13.6	290.7	170.1	(102.8)	358.0	2,792.4
Assets and liabilities								
Non-current assets (other than financial instruments and deferred tax assets)								
- Associated companies and joint ventures	1,560.0	1,065.8	642.7	3,268.5	30.6	-	3,299.1	25,733.0
- Others	-	2,472.4	-	2,472.4	3,999.7	-	6,472.1	50,482.4
	1,560.0	3,538.2	642.7	5,740.9	4,030.3	-	9,771.2	76,215.4
Other assets	-	615.6	-	615.6	2,875.6	624.3	4,115.5	32,100.9
Total assets	1,560.0	4,153.8	642.7	6,356.5	6,905.9	624.3	13,886.7	108,316.3
Borrowings	-	1,062.5	-	1,062.5	1,584.6	1,717.9	4,365.0	34,047.0
Other liabilities	-	862.4	-	862.4	1,298.8	109.8	2,271.0	17,713.8
Total liabilities	-	1,924.9	-	1,924.9	2,883.4	1,827.7	6,636.0	51,760.8
Other information				-				
Depreciation and amortization	-	(92.7)	-	(92.7)	(144.9)	(1.6)	(239.2)	(1,865.8)
Gain on changes in fair value of plantations	-	-	-	-	5.9	-	5.9	46.0
Impairment losses	-	(3.7)	-	(3.7)	(12.3)	-	(16.0)	(124.8)
Interest income	-	15.5	-	15.5	58.6	0.9	75.0	585.0
Finance costs	-	(93.6)	-	(93.6)	(99.4)	(80.7)	(273.7)	(2,134.8)
Share of profits less losses of associated companies and joint ventures	203.5	45.0	(4.1)	244.4	(3.8)	-	240.6	1,876.7
Taxation	-	(41.4)	-	(41.4)	(170.4)	(17.9)	(229.7)	(1,791.7)
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	330.1	-	330.1	601.0	3.7	934.8	7,291.4

3. Profit before taxation

For the year ended 31 December	**2013 US$m**	2012 US$m	**2013 HK$m***	2012 HK$m*
Profit before taxation is stated after (charging)/crediting				
Cost of inventories sold	**(3,056.8)**	(2,853.3)	**(23,843.0)**	(22,255.7)
Employees' remuneration	**(654.2)**	(566.5)	**(5,102.8)**	(4,418.7)
Cost of services rendered	**(265.2)**	(247.8)	**(2,068.6)**	(1,932.8)
Depreciation	**(176.5)**	(143.9)	**(1,376.7)**	(1,122.4)
Foreign exchange and derivative losses, net	**(109.1)**	(8.9)	**(851.0)**	(69.4)
Amortization of other intangible assets(i)	**(85.7)**	(93.7)	**(668.5)**	(730.9)
Operating lease rentals				
- Hire of plant and equipment	**(15.5)**	(16.9)	**(120.9)**	(131.8)
- Land and buildings	**(17.0)**	(16.8)	**(132.6)**	(131.0)
- Others	**(4.3)**	(5.9)	**(33.5)**	(46.0)
Impairment losses				
- Accounts receivable(ii)	**(7.5)**	(3.7)	**(58.5)**	(28.9)
- Inventories(iii)	**(4.9)**	(12.3)	**(38.2)**	(95.9)
Auditors' remuneration				
- Audit services	**(3.5)**	(3.7)	**(27.3)**	(28.9)
- Non-audit services(iv)	**(0.9)**	(0.3)	**(7.0)**	(2.3)
Preferred share dividend income from a joint venture	**9.5**	13.3	**74.1**	103.7
Gain on changes in fair value of plantations	**5.8**	5.9	**45.2**	46.0
Gain on disposal of available-for-sale assets	**0.8**	-	**6.2**	-
Gain/(loss) on sale of property, plant and equipment	**0.2**	(0.2)	**1.6**	(1.6)
Gain on dilution of interests in associated companies	**-**	14.4	**-**	112.3

(i) US$66.3 million (HK$517.1 million) (2012: US$73.0 million or HK$569.4 million) included in cost of sales, US$18.4 million (HK$143.6 million) (2012: US$20.7 million or HK161.5 million) included in other operating (expenses)/ income, net and US$1.0 million (HK$7.8 million) (2012: Nil) included in administrative expenses

(ii) Included in selling and distribution expenses

(iii) Included in cost of sales

(iv) Pertains to due diligence, review of continuing connected transactions and other transactions relating to the Group's business development and excludes an amount of US$0.3 million (HK$2.3 million) (2012: Nil) in respect of service rendered in connection with the Company's rights issue completed in July 2013 which has been charged directly to share premium

4. **Taxation**

No Hong Kong profits tax (2012: Nil) has been provided as the Group had no estimated assessable profits (2012: 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	2013	2012 (Restated)	2013	2012 (Restated)
	US$m	US$m	HK$m*	HK$m*
Subsidiary companies - overseas				
Current taxation	**183.1**	225.6	**1,428.2**	1,759.7
Deferred taxation	**(30.2)**	4.1	**(235.6)**	32.0
Total	**152.9**	229.7	**1,192.6**	1,791.7

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$99.3 million (HK$774.5 million) (2012: US$94.5 million or HK$737.1 million (Restated)) which is analyzed as follows.

For the year ended 31 December	2013	2012 (Restated)	2013	2012 (Restated)
	US$m	US$m	HK$m*	HK$m*
Associated companies and joint ventures - overseas				
Current taxation	**124.5**	96.8	**971.1**	755.0
Deferred taxation	**(25.2)**	(2.3)	**(196.6)**	(17.9)
Total	**99.3**	94.5	**774.5**	737.1

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

The profit attributable to owners of the parent includes US$56.3 million (HK$439.1 million) of net foreign exchange and derivative losses (2012: US$1.8 million or HK$14.0 million of gains), which represent the foreign exchange translation differences on the Group's unhedged foreign currency denominated borrowings and payables and the changes in the fair values of derivatives, US$1.0 million (HK$7.8 million) (2012: US$0.1 million or HK$0.8 million) of loss on changes in fair value of plantations and US$34.5 million (HK$269.1 million) (2012: US$6.4 million or HK$49.9 million (Restated)) of net non-recurring losses.

Analysis of foreign exchange and derivative (losses)/gains, net

For the year ended 31 December	2013	2012	2013	2012
	US$m	US$m	HK$m*	HK$m*
Foreign exchange and derivative (losses)/gains				
- Subsidiary companies	**(109.1)**	(8.9)	**(851.0)**	(69.4)
- Associated companies and joint ventures	**(11.6)**	8.0	**(90.5)**	62.4
Subtotal	**(120.7)**	(0.9)	**(941.5)**	(7.0)
Attributable to taxation and non-controlling interests	**64.4**	2.7	**502.4**	21.0
Total	**(56.3)**	1.8	**(439.1)**	14.0

The non-recurring losses for 2013 mainly represent the Group's debt refinancing costs (US$17.8 million or HK$138.8 million), PLDT's impairment provisions for cellular network equipment and site facilities (US$12.9 million or HK$100.6 million), Philex's impairment provisions for investments (US$10.9 million or HK$85.0 million) and PLDT's manpower reduction costs (US$6.6 million or HK$51.5 million), partly offset by PLDT's gain on disposal of business process outsourcing business (US$13.0 million or HK$101.4 million). The non-recurring losses for 2012 mainly represent PLDT's impairment provisions for Digital Telecommunications Philippines, Inc. (Digitel)'s cell sites (US$17.6 million or HK$137.3 million) and Philex's provisions for fees and penalties in respect of an accidental discharge of water and tailings from its tailings pond No. 3 (US$9.9 million or HK$77.2 million), partly offset by the Group's gain on dilution of a 0.2% interest in PLDT as a result of PLDT's issuance of new shares upon its tender offer for Digitel's shares in January 2012 (US$14.5 million or HK$113.1 million).

Included in the profit attributable to owners of the parent for the year ended 31 December 2013 is a profit of US$211.6 million (HK$1,650.5 million) (2012: US$189.3 million or HK$1,476.5 million) attributable to the Company.

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

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the parent of US$235.3 million (HK$1,835.3 million) (2012: US$353.3 million or HK$2,755.7 million (Restated)) and the weighted average number of ordinary shares of 4,157.4 million (2012: 3,922.7 million (Restated)) in issue during the year.

The calculation of diluted earnings per share is based on: (a) the profit for the year attributable to owners of the parent of US$235.3 million (HK$1,835.3 million) (2012: US$353.3 million or HK$2,755.7 million (Restated)) reduced by the dilutive impacts of US$0.1 million (HK$0.8 million) (2012: 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 4,157.4 million (2012: 3,922.7 million (Restated)) in issue during the year (as used in the basic earnings per share calculation) and the weighted average number of ordinary shares of 40.4 million (2012: 45.3 million (Restated)) assumed to have been issued at no consideration on the deemed exercise of all share options of the Company during the year.

In July 2013, the Company completed a rights issue. The effect of the bonus element included within the rights issue has been included within the calculations of basic and diluted earnings per share for the year, through an adjustment to the weighted average number of ordinary and dilutive potential ordinary shares outstanding. Comparative amounts have been restated on this basis.

7. **Ordinary share dividends**

	Per ordinary share				Total			
For the year ended 31 December	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	US¢	US¢	**HK¢***	HK¢*	**US$m**	US$m	**HK$m***	HK$m*
Interim	**1.03**	1.03	**8.00**	8.00	**44.4**	39.6	**346.3**	308.9
Proposed final	**1.67**	1.67	**13.00**	13.00	**71.5**	64.2	**557.7**	500.7
Total	**2.70**	2.70	**21.00**	21.00	**115.9**	103.8	**904.0**	809.6

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting.

8. **Accounts receivable, other receivables and prepayments**

Included in accounts receivable, other receivables and prepayments are accounts receivable of US$477.8 million (HK$3,726.8 million) (2012: US$369.9 million or HK$2,885.2 million), with an ageing profile as below.

At 31 December	**2013**	2012	**2013**	2012
	US$m	US$m	**HK$m***	HK$m*
0 to 30 days	**450.8**	336.9	**3,516.2**	2,627.8
31 to 60 days	**9.3**	9.1	**72.5**	71.0
61 to 90 days	**4.4**	8.7	**34.3**	67.9
Over 90 days	**13.3**	15.2	**103.8**	118.5
Total	**477.8**	369.9	**3,726.8**	2,885.2

Indofood generally allows local customers 30 to 90 days of credit and export customers 60 days of credit. MPIC (a) allows 14 days of credit for its water service customers, (b) collects toll fees by 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.

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

Included in accounts payable, other payables and accruals are accounts payable of US$345.1 million (HK$2,691.8 million) (2012: US$288.8 million or HK$2,252.6 million), with an ageing profile as below.

At 31 December	**2013**	2012	**2013**	2012
	US$m	US$m	**HK$m***	HK$m*
0 to 30 days	**324.9**	261.0	**2,534.2**	2,035.8
31 to 60 days	**4.2**	7.8	**32.8**	60.8
61 to 90 days	**2.8**	6.7	**21.8**	52.3
Over 90 days	**13.2**	13.3	**103.0**	103.7
Total	**345.1**	288.8	**2,691.8**	2,252.6

10. **Other comprehensive income attributable to owners of the parent**

	Note	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 on defined benefit pension plans US$m	Share of other comprehensive income/(loss) of associated companies and joint ventures US$m	**Total US$m**	**Total HK$m***
Balance at 1 January 2012									
As previously reported		52.4	30.5	(2.9)	-	-	29.8	109.8	856.5
Prior year adjustments		-	-	-	-	(10.2)	10.8	0.6	4.7
As restated		52.4	30.5	(2.9)	-	(10.2)	40.6	110.4	861.2
Other comprehensive income/(loss) for the year									
As previously reported		76.5	(1.3)	3.4	(0.2)	-	(26.0)	52.4	408.7
Prior year adjustments		-	-	-	-	(12.0)	(30.4)	(42.4)	(330.7)
As restated		76.5	(1.3)	3.4	(0.2)	(12.0)	(56.4)	10.0	78.0
Reversal of a disposal group of associated companies classified as held for sale		13.1	-	(0.6)	0.2	-	-	12.7	99.1
Balance at 31 December 2012		142.0	29.2	(0.1)	-	(22.2)	(15.8)	133.1	1,038.3
Balance at 1 January 2013									
As previously reported		142.0	29.2	(0.1)	-	-	3.8	**174.9**	**1,364.3**
Prior year adjustments	1	-	-	-	-	(22.2)	(19.6)	**(41.8)**	**(326.0)**
As restated		142.0	29.2	(0.1)	-	(22.2)	(15.8)	**133.1**	**1,038.3**
Other comprehensive (loss)/income for the year		(361.9)	7.8	3.1	(0.5)	(8.1)	(52.0)	**(411.6)**	**(3,210.6)**
Acquisition, dilution and divestment of interests in subsidiary companies		(6.7)	-	-	-	-	-	**(6.7)**	**(52.2)**
Balance at 31 December 2013		**(226.6)**	**37.0**	**3.0**	**(0.5)**	**(30.3)**	**(67.8)**	**(285.2)**	**(2,224.5)**

11. **Contingent liabilities**

(a) At 31 December 2013, except for US$87.3 million (HK$680.9 million) (2012: US$99.8 million or HK$778.4 million) guarantees given by Indofood for loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of fresh fruit bunches to Indofood, the Group had no significant contingent liabilities (2012: Nil).

(b) In the Gamboa Case, the Supreme Court of the Philippines in its decision dated 28 June 2011, or the Gamboa Case Decision, held that "the term 'capital' in Section 11, Article XII of the Philippines of the 1987 Constitution refers only to shares of stock entitled to vote in the election of directors and thus, in the case of PLDT, only to voting common shares, and not to the total outstanding capital stock (common and non-voting preferred shares)". The Gamboa Case Decision reversed earlier opinions issued by the Philippine Securities and Exchange Commission (SEC) that non-voting preferred shares are included in the computation of the 60%-40% Filipino-alien equity requirement of certain economic activities, such as telecommunications which is a public utility under Section 11, Article XII of the 1987 Constitution. Several Motions for Reconsideration of the Gamboa Case Decision were filed by the parties. On 18 October 2012, the Gamboa Case Decision became final and executory.

While PLDT was not a party to the Gamboa Case, the Supreme Court of the Philippines directed the Philippine SEC in the Gamboa Case "to apply this definition of the term 'capital' in determining the extent of allowable foreign ownership in PLDT, and if there is a violation of Section 11, Article XII of the Constitution, to impose the appropriate sanctions under the law."

On 5 July 2011, the Board of Directors of PLDT approved the amendments to the Seventh Article of PLDT's Articles of Incorporation consisting of the sub-classification of its authorized preferred capital stock into preferred shares with full voting rights, or Voting Preferred Stock, and serial preferred shares without voting rights, and other conforming amendments, or the Amendments. The Amendments were approved by the stockholders of PLDT on 22 March 2012 and by the Philippine SEC on 5 June 2012.

On 12 October 2012, the Board of Directors of PLDT approved the specific rights, terms and conditions of the Voting Preferred Stock and authorized the subscription and issuance thereof to BTF Holdings, Inc. (BTFHI), a Filipino corporation. On 16 October 2012, BTFHI subscribed to 150 million newly issued shares of Voting Preferred Stock, or the Voting Preferred Shares, at a subscription price of Peso 1.00 per share for a total subscription price of Pesos 150 million pursuant to a subscription agreement dated 15 October 2012 between BTFHI and PLDT.

On 30 May 2013, the Philippine SEC issued SEC Memorandum Circular No. 8, or the Philippine SEC Guidelines, which provides under Section 2 thereof, as follows: "All covered corporations shall, at all times, observe the constitutional or statutory ownership requirement. For purposes of compliance therewith, the required percentage of Filipino ownership shall be applied to both: (a) the total number of outstanding shares of stock entitled to vote in the election of directors; and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors." PLDT was, and continues to be, compliant with the Philippine SEC Guidelines. As at end of 31 December 2013, PLDT's foreign ownership was 31.53% of its outstanding shares entitled to vote (Common and Voting Preferred Shares), and 17.33% of its total outstanding capital stock.

On June 10, 2013, PLDT was served a copy of a Petition for Certiorari under Rule 65 of the Revised Rules of Court, or the Petition, filed with the Supreme Court by Jose M. Roy III as petitioner against the Chairperson of the Philippine SEC, Teresita Herbosa, the Philippine SEC and PLDT as respondents. The Petition primarily questions the constitutionality of the Philippine SEC Guidelines in determining the nationality of a Philippine company pursuant to the Gamboa Case Decision and Section 11, Article XII of the Constitution. Per the Philippine SEC Guidelines, the Philippine nationality requirement of Section 11, Article XII of the Constitution is met if at least 60% of: (a) the outstanding voting stocks; and (b) the outstanding capital stock of the company is owned by Filipinos.

The Petition admits that if the Philippine SEC Guidelines were to be followed, PLDT would be compliant with the nationality requirement of the Philippine Constitution. However, the Petition claims that the Philippine SEC Guidelines do not conform to the letter and spirit of the Constitution and the Gamboa Case Decision supposedly requiring the application of the 60%-40% ownership requirement in favor of Filipino citizens separately to each class of shares, whether common, preferred non-voting, preferred voting or any other class of shares, or the Other Gamboa Statements. The Petition also claims that the PLDT Beneficial Trust Fund (PLDT-BTF) does not satisfy the effective Filipino-control test for purposes of incorporating BTFHI which acquired the 150 million Voting Preferred Shares.

Wilson C. Gamboa, Jr., Daniel V. Cartagena, John Warren P. Gabinete, Antonio V. Pesina, Jr., Modesto Martin Y. Mamon and Gerardo C. Erebaren, or the Intervenors, filed a Motion for Leave to file Petition-In-Intervention dated 16 July 2013 which the Supreme Court of the Philippines granted in a Resolution dated 6 August 2013. The Petition-In-Intervention raised identical arguments and issues as that of the Petition.

PLDT, through counsels, filed its Comment on the Petition on 5 September 2013. In its Comment, PLDT raised the following defenses: (a) Petitioner's direct recourse to the Supreme Court of the Philippines in filing the petition violates the fundamental doctrine of the hierarchy of courts. There are no compelling reasons to invoke the Supreme Court of the Philippines's original jurisdiction; (b) The Petition was prematurely brought before the Supreme Court of the Philippines. Petitioner failed to exhaust administrative remedies before the Philippine SEC, and there are facts yet to be established (in the lower courts) that are necessary for a proper and complete ruling; (c) The Petition is in the nature of a petition for mandamus and/or declaratory relief which, under Rules 65 and 63 of the Rules of Court of the Philippines, are not within the exclusive and/or original jurisdiction of the Supreme Court of the Philippines, as provided under Article VIII, Sections 5(1), 5(5), 6 and 11 of the Constitution and Rule 56 of the Rules of Court of the Philippines; (d) The Petition must be dismissed in as much as it is challenging the validity and constitutionality of a Memorandum Circular, which was issued in the exercise of the Philippine SEC's quasi-legislative power, for which a petition for certiorari is an inappropriate remedy; (e) Assuming arguendo that the issuance of Philippine SEC Memorandum Circular No. 8 involved the exercise by the Philippine SEC of its quasi-judicial power, the Petition still cannot prosper since the issue of the validity and constitutionality of Philippine SEC Memorandum Circular No. 8 does not pertain to errors of jurisdiction on the part of the Philippine SEC; (f) Petitioner is not the proper party to question the constitutionality of the Philippine SEC Guidelines and PLDT's compliance with the Gamboa decision and the Petition is likewise not a valid taxpayer's suit and should not be entertained by the Supreme Court of the Philippines; (g) The Petition seeks relief that effectively deprives the necessary and indispensable parties affected thereby (such as, BTFHI, MediaQuest, PLDT-BTF, and all corporations in which PLDT-BTF made an investment and their subsidiaries) of their constitutional right to due process, all of whom were not impleaded as parties; and (h) Philippine SEC Memorandum Circular No. 8 merely implemented the dispositive portion of the Gamboa Case Decision.

Particularly, for the defense under (h) above, PLDT argued that: (a) the only binding and enforceable part of the Gamboa Case Decision is the dispositive portion, which defined the term "capital" under Article XII, Section 11 of the 1987 Constitution as "shares of stock entitled to vote in the election of directors", and such dispositive portion of the Gamboa Case Decision is properly reflected and enforced in Philippine SEC Memorandum Circular No. 8. The Other Gamboa Statements were just "obiter dicta" or expressions of opinion which have no precedential value and binding effect; and (b) with respect to the nationality of PLDT-BTF and BTFHI, the fundamental requirements which needs to be satisfied in order for PLDT-BTF and BTFHI to be considered Filipino is for PLDT-BTF's Trustees to be Filipinos and 60% of the Fund will accrue to the benefit of Philippine nationals. This is reflected in Section 3(a) of Republic Act No. 7042, as amended, or the Foreign Investment Act, which provides that the term "Philippine national" includes "a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of "Philippine nationals". Both requirements are present with respect to the PLDT-BTF. Consequently, there is no question that PLDT-BTF and BTFHI are Filipino shareholders for purposes of classifying their 150 million shares of Voting Preferred Stock in PLDT and as a result, more than 60% of PLDT's total voting stock is Filipino-owned. PLDT is thus compliant with the Philippine nationality requirement under Article XII, Section 11 of the 1987 Constitution.

PLDT filed its Comment on the Petition-in-intervention on 22 October 2013. PLDT raised identical defenses and arguments in its Comment on the Petition-in-intervention as that of its Comment on the Petition.

The resolution of the Jose M. Roy III Petition and the Petition-In-Intervention remains pending with the Supreme Court of the Philippines.

12. **Employee information**

For the year ended 31 December	**2013** **US$m**	2012 US$m	**2013** **HK$m***	2012 HK$m*
Employees' remuneration (including Directors' remuneration)	**654.2**	566.5	**5,102.8**	4,418.7

Number of employees	**2013**	2012
At 31 December	**91,874**	80,941
Average for the year	**86,784**	77,335

13. **Comparative amounts**

As explained in Note 1 to the consolidated financial statements, due to the changes in the Group's accounting policies for obligations for defined benefit pension plans and other employee benefits following its adoption of HKAS 19 (2011) "Employee Benefits" with effect from 1 January 2013, certain prior year adjustments have been made and certain comparative amounts have been restated to conform with the current year's accounting treatments and presentation. In addition, as explained in Note 6 to the consolidated financial statements the comparative basic and diluted earnings per share figures for the year ended 31 December 2012 have been adjusted retrospectively to take into account the effects of the Company's right issue completed in July 2013.

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

The audited consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on 25 March 2014.

* *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 2013 GOALS

First Pacific

Goal: Bring PacificLight Power Pte. Limited ("PLP") on-line in December 2013 for contribution to Group earnings and cash flow in 2014
Achievement: Achieved. PLP began selling electricity in July 2013 and launched commercial operations of the power plant on 1 February 2014.

Goal: Continue to explore investment opportunities in existing core businesses areas across the region
Achievement: Achieved and ongoing. First Pacific partnered with Meralco PowerGen Corporation ("Meralco PowerGen"), MPIC and Indofood Agri Resources Ltd. ("IndoAgri") to invest in PacificLight Power Pte Ltd. ("PLP") in Singapore, Don Muang Tollway Public Company Limited ("DMT") in Thailand and Roxas Holdings, Inc. ("RHI") in the Philippines, respectively. Senior management continue to search for potential merger and acquisition, and investment targets in emerging Asia in the sectors of telecommunications, infrastructure, consumer food products and natural resources.

Goal: Expand sources of production at Philex from just one mine, Padcal, to others, through organic growth and/or via acquisition
Achievement: Ongoing. Development of the Silangan project continues towards first ore production beginning in late 2017/early 2018, as well as working towards an extension of the Padcal mine life.

Goal: Continue to develop the infrastructure portfolio
Achievement: Achieved and ongoing. First Pacific partnered with MPIC to invest in DMT, and teamed with Meralco PowerGen to invest in PLP. MPIC subsidiary Metro Pacific Tollways Corporation ("MPTC") expanded its toll road portfolio with an agreement to manage Manila-Cavitex Toll Expressway ("CAVITEX").

PLDT

Goal: Maintain double-digit growth in broadband subscribers and revenues
Achievement: Mostly achieved and ongoing. Combined broadband subscriber base at 3.4 million (2012: 3.2 million) of which 2.5 million were wireless broadband subscribers and about 962,000 were Digital Subscriber Line ("DSL") subscribers. To encourage usage, a wide range of packages, including offers bundled with engaging and compelling content have been launched and delivered through PLDT's unrivalled fixed and wireless networks. Broadband service revenues increased 16% to Pesos 26.6 billion (US$623.8 million).

Goal: Return to earnings growth in 2013
Achievement: Achieved. Core net income reached Pesos 38.7 billion (US$908.0 million), outperforming 2012 core income of Pesos 36.9 billion (US$877.1 million) and guidance of Pesos 38.3 billion (US$898.2 million) for full-year 2013.

Goal: Fortify network advantage with capital expenditure of Pesos 29 billion
Achievement: Achieved. Capital expenditure for 2013 was Pesos 28.8 billion (US$675.4 million), representing about 18% of service revenues, down from 23% in 2012. PLDT is on track to expand its 3G coverage to 100% of the Philippine population and further increase LTE coverage by year-end 2014. It is also expanding its fiber footprint to 90,000 kilometers to broaden the geography of its multi-media content strategy.

Goal: Continue initiatives for the further integration of Digitel/Sun into the PLDT group to realize greater operating synergies
Achievement: Achieved and ongoing. EBITDA up 3% to Pesos 77.6 billion (US$1.8 billion) and EBITDA margin stable at 47%. The integration of PLDT/Smart/Sun and Digitel, particularly in the areas of network and organization, resulted in operating and cost efficiencies. These helped reduce operating expenses and relieved downward pressure on margins resulting from evolution in the revenue mix. In addition, the integration of Digitel/Sun has allowed PLDT to offer cross-network marketing and promotional offers unmatched by any other domestic telecommunications provider, helping stabilize cellular ARPUs.

Goal: Complete the divestment of SPi business process outsourcing ("BPO") business
Achievement: Achieved. On 30 April 2013, PLDT completed the disposal of 100% interest in SPi Global to Asia Outsourcing Gamma Ltd. ("AOGL"), a company controlled by CVC Capital Partners. PLDT reinvested in 20% of AOGL. The net proceeds from the disposal and the reinvestment were approximately US$320 million. PLDT booked a net gain of Pesos 2.2 billion (US$51.6 million) from the sale.

MPIC

Goal: Participate in further development of the country's infrastructure, such as airports or Manila's light rail systems
Achievement: Partly achieved. A consortium of which MPIC is a member was awarded the Automated Fare Collection System Project to provide a unified ticketing system for Manila's Metro Rail Transit System. MPIC's conditional bid for Manila's Light Rail Transit System Line 1 South Extension ("LRT1 extension") project submitted in September 2013 was not accepted by the regulator and the Government re-launched the Manila LRT1 extension project with modified bid terms. Bidding for the LRT1 extension project is expected in the 2nd quarter of 2014. MPIC's consortium was out-bid on the project to redevelop the Mactan-Cebu Airport.

Goal: Continue to grow the hospital network through investing in hospitals across the Philippines
Achievement: Achieved and ongoing. MPIC completed the acquisition of a 51.0% interest each in De Los Santos Medical Center Inc. ("DLSMC") and Central Luzon Doctors' Hospital ("CLDH"). As at year end 2013, the hospital division comprised eight hospitals with approximately 2,150 beds (2012: 1,700 beds) and remains on track for its 3,000 beds target by 2015.

Goal: Continuous expansion of the toll road portfolio
Achievement: Achieved and ongoing. Construction of NLEX Harbour Link's first phase (Segment 9) started in May 2013 with approximately 38% complete and will be operational by third quarter of 2014; construction of the second phase (Segment 10) is expected to commence this year. Manila North Tollways Corporation signed a Joint Venture Agreement with Philippine National Construction Corporation to build an elevated expressway to connect the Northern and Southern toll road systems (the "Metro Expressway Link"). This project will connect the Harbour Link to Southern Luzon via a four-lane elevated expressway across Central Manila. The expansion plan for CAVITEX will be submitted to the Toll Regulatory Board in April of this year while the integration of Subic Clark Tarlac Expressway ("SCTEX") with North Luzon Expressway ("NLEX") has been submitted to the Bases Conversion Development Authority as early as July 2011.

Goal: Continued expansion of the water business outside Metro Manila and successful resolution of rate rebasing at Maynilad Water Services, Inc. ("Maynilad")
Achievement: Achieved and ongoing. In March 2013, Maynilad acquired a 10% interest in Subic Water and Sewerage Co., Inc. ("Subic Water") which serves 40,000 customers in Olongapo City and the Subic Bay Freeport Zone. MetroPac Water Investments Corporation, a wholly-owned subsidiary of MPIC, acquired an effective interest of 20% in Cebu Manila Water Development, Inc. ("CMWD"). CMWD signed a 20-year Water Purchase Agreement with the Metropolitan Cebu Water District ("MCWD") for the supply of 18 million liters per day rising to 35 million liters after one year. Maynilad submitted its business plan for the period 2013 to 2017 to the Metropolitan Waterworks and Sewage System ("MWSS"), its regulator. On 12 September 2013, MWSS denied Maynilad's application for an upward adjustment in its tariff and instead proposed a negative adjustment of 4.82% (or Pesos 1.46 per cubic meter) in what Maynilad views as a violation of its concession agreement. On 4 October 2013, Maynilad filed a notice of dispute with the Secretariat of the International Chamber of Commerce ("ICC") International Court of Arbitration for resolution. The arbitration panel will be chaired by Professor Bernard Hanotiau, a respected member of the Brussels and Paris bars. Hearings are expected to commence once the rest of the panel is formed.

Goal: Support Manila Electric Company's ("Meralco") entry into power generation and participation in Open Access as a retail electricity supplier
Achievement: Achieved and ongoing. Through their investments in FPM Power Holdings Limited ("FPM Power"), First Pacific and Meralco PowerGen acquired a 70% interest in PLP. Meralco PowerGen Corporation ("Meralco PowerGen") signed a joint development agreement with a wholly-owned subsidiary of Electricity Generating Company of Thailand to develop a new 460 megawatts (net) coal-fired power plant in Mauban, Quezon. Meralco PowerGen also acquired a 20% interest in Global Business Power Corporation. When Retail Competition and Open Access for electricity commenced on 26 June 2013, Meralco's Retail Electricity Supply unit ("MPower") successfully signed 167 out of the 287 contestable customers who have switched to retail electricity.

Indofood
Goal: Accelerate growth by increasing new product innovation and expanding business categories
Achievement: Achieved and ongoing. Twenty new products were launched in 2013, among which were three new premium varieties under the brand Indomie Taste of Asia, four flavors for pack noodles under the brand names of Sarimi and Supermi, jumbo cup noodles, convenient pre-mixed flour, growing up milk, milk with calcium for young women, soy bean chips with hot chili, instant seasoning, cereal snacks, cereal drinks and ICHI OCHA ready-to-drink green tea. Indofood also refreshed its packaging for cooking oil, margarine and dairy products. The joint venture with Asahi acquired PT Prima Cahaya Indobeverages ("PCIB"), formerly known as PT Pepsi Cola Indobeverages, the exclusive manufacturer of non-alcoholic beverage products in Indonesia under PepsiCo brands such as Pepsi, 7Up and Tropicana Twister. In January 2014, the joint venture with Asahi completed the acquisition of water assets under the brand name CLUB, Indonesia's number two brand in the packaged water industry. Indofood is also in the process of building beverages manufacturing facilities which are expected to commence operations in the second half of 2014.

Goal: Further enhance supply chain
Achievement: Achieved and ongoing. Acquired a majority share in China Minzhong Food Corporation Limited ("CMFC") listed on the Singapore Stock Exchange. CMFC is an integrated vegetable processor company located in the People's Republic of China ("PRC") with operations ranging from cultivation to processing vegetables.

Goal: Further improve services
Achievement: Achieved and ongoing. Indofood launched Indofood Customer Service to provide product information, promote sales and marketing programs to customers, and respond to customers inquiries through toll free phone and email services.

Philex
Goal: Resumption of permanent operations at the Padcal mine
Achievement: Ongoing. Operations at the Padcal mine resumed on 8 March 2013 following the temporary lifting of a mining suspension order by the Philippine Government's Mines and Geosciences Bureau ("MGB"). Mining operations continue while consultations continue between Philex and the relevant government agencies on a permanent lifting of the order.

Goal: Continue development of the Silangan project
Achievement: Ongoing. Declaration of Mining Project Feasibility covering the Boyongan ore body was filed with the MGB in February 2013. Exploration and development work continue and plan to commence commercial production late 2017/early 2018.

Goal: Fulfill the Company's obligations under the Kalayaan joint venture agreement with Manila Mining Corporation
Achievement: Ongoing. Work is ongoing in the preparation of the feasibility study.

Goal: Continue to enhance the public's perception of the benefits of mining to the Philippines
Achievement: Ongoing. The strengthened Corporate Affairs Department continue to work closely with all stakeholders in the mining industry (including government agencies, non-government organizations, the MGB, private institutions and the public) to improve the reputation of the mining industry and promote the benefits of mining to the Philippine economy.

Goal: Complete a capital raising exercise to enhance Philex's financial position
Achievement: Ongoing. In March 2013, Philex's board approved a rights offering of common shares to raise approximately Pesos 12.3 billion (US$277.0 million) mainly for the purposes of repaying loans from First Pacific and funding the development of the Silangan project. The 2013 rights offering was cancelled due to unfavorable market conditions. Philex is reviewing all financing and funding options.

GOALS FOR 2014

First Pacific

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

PLDT

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

MPIC

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

Indofood

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

Philex

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

FPM Power/PLP

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

FPM Infrastructure Holdings Limited ("FPM Infrastructure")/DMT

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

FP Natural Resources Limited ("FP Natural Resources")/RHI

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

REVIEW OF OPERATIONS

Below is an analysis of results by individual company.

Contribution Summary

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

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

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

(iii) Associated companies

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

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

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

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

Turnover up 4% to US$6,206.3 million from US$5,990.8 million

- owing to strong sales growth at Indofood delivering a 2% increase in the Group's turnover, followed by a 10% increase in MPIC's sales
- partly offset by the depreciation of rupiah and peso average exchange rates against U.S. dollars

Recurring profit down 9% to US$327.1 million from US$358.0 million

- due to an 11% increase in net interest expense to US$86.2 million as a result of higher average debt balance for the year and higher interest rates on debts with a longer average maturity
- higher corporate overhead and other expenses
- partly offset by increase in contribution from operations

Non-recurring losses up to US$34.5 million from US$6.4 million

- mainly representing the Group's debt refinancing costs, PLDT's impairment provisions for cellular network equipment and site facilities, Philex's impairment provisions for investments and PLDT's manpower reduction costs
- partly offset by PLDT's gain on disposal of business process outsourcing business

Reported profit down 33% to US$235.3 million from US$353.3 million

- reflecting higher foreign exchange and derivative losses due to the depreciation of rupiah and peso exchange rates against U.S. dollars
- lower recurring profit
- higher non-recurring losses

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

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

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

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

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

Rights Issue

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

Additional Investments

Infrastructure

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

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

Natural Resources

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

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

Capital Management

Dividend

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

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

Share Repurchase Program

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

Debt Profile

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

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

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

Interest Cover

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

Foreign Currency Hedging

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

2014 Outlook

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

PLDT

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

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

Consolidated core net income up 5% to Pesos 38.7 billion (US$908.0 million) from Pesos 36.9 billion (US$877.1 million)

- principally reflecting higher wireless and fixed line service revenues, lower cash operating expenses, and lower depreciation
- partly offset by higher handset subsidies, lower gain from asset sales and income tax provision

Reported net income down 2% to Pesos 35.4 billion (US$830.7 million) from Pesos 36.1 billion (US$859.0 million)

- due to higher net foreign exchange and derivatives losses, adoption of Revised PAS 19, and losses from Typhoon Yolanda
- partly offset by increase in core net income, gain from the sale of the BPO business, and lower asset impairment provision

Consolidated service revenues up 3% to Pesos 164.1 billion (US$3.8 billion) from Pesos 159.7 billion (US$3.8 billion)

- growth in data and broadband revenues overtook the pace of decline in revenues from national long distance, fixed line and cellular international voice

EBITDA up 3% to Pesos 77.6 billion (US$1.8 billion) from Pesos 75.4 billion (US$1.8 billion)

- higher service revenues and lower cash operating costs
- partly offset by higher handset subsidies

EBITDA margin stable at 47%

Consolidated free cash flow up 12% to Pesos 42.0 billion (US$985.0 million) from Pesos 37.6 billion (US$893.5 million)

- reflecting lower capital expenditures and a net increase in working capital
- partly offset by higher income taxes paid

Capital Expenditure

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

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

Debt Profile

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

Capital Management

Dividend

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

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

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

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

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

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

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

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

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

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

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

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

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

Fixed Line

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

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

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

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

Meralco

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

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

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

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

2014 Outlook

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

Reconciliation of reported results between PLDT and First Pacific

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

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

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

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

- *Reclassification of non-recurring items: Certain items, through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 2013 of Pesos 1.8 billion represents asset impairment provisions of Pesos 2.1 billion, manpower reduction cost of Pesos 1.1 billion and provision for losses from Typhoon Yolanda of Pesos 0.8 billion, partly offset by a gain on disposal of BPO business of Pesos 2.2 billion. Adjustment for 2012 of Pesos 1.9 billion represents asset impairment provisions of Pesos 2.9 billion and share of Meralco's non-recurring losses of Pesos 0.1 billion, partly offset by the reversal of manpower reduction cost of Pesos 1.1 billion due to the adoption of PAS 19 "Employee Benefits".*
- *Others: The adjustments principally relate to the accrual of withholding tax on PLDT's net income in accordance with the requirements of HKAS 12 "Income Taxes", and the recognition of amortization for certain intangible assets identified as a result of the Group's acquisition of an additional 2.7% interest in PLDT in November 2011.*

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

MPIC

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

- 52.8% in Maynilad
- 50.0% in Beacon Electric which owns 49.96% of Meralco
- 99.9% in MPTC which owns 71.0% of Manila North Tollways Corporation ("MNTC"), 46.0% of Tollways Management Corporation ("TMC") and 100% of Cavitex Infrastructure Corporation ("CIC")
- 25.0% interest in FPM Infrastructure which owns 29.45% interest of DMT
- 33.3% in Medical Doctors, Inc, ("MDI")
- 100% in Colinas Verdes Hospital Managers Corporation, the operator of Cardinal Santos Medical Center ("CSMC")
- 51.0% in Riverside Medical Center, Inc. ("RMCI")
- 34.9% in Davao Doctors Hospital, Inc. ("DDH")
- 100% in East Manila Hospital Managers Corporation, the operator of Our Lady of Lourdes Hospital ("OLLH")
- 85.6% in Asian Hospital, Inc. ("AHI") which owns 100% of Asian Hospital and Medical Center
- 51.0% in DLSMC
- 51.0% in CLDH
- 51.0% in DLS-STI Megaclinic, Inc. ("Megaclinic")

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

Consolidated core net income up 10% to Pesos 7.2 billion (US$169.5 million) from Pesos 6.6 billion (US$156.0 million)

- Maynilad, Meralco, MPTC and Hospitals accounted for 44%, 27%, 22% and 7%, respectively, of MPIC consolidated profit contribution from operations
- reflecting a 7% rise in contribution from Maynilad to Pesos 3.8 billion (US$88.9 million) on higher billed water volume and inflationary increase in effective tariff
- a 5% increase in contribution from Meralco to Pesos 2.3 billion (US$54.7 million) on higher energy sales
- a 19% rise in contribution from MPTC to Pesos 1.9 billion (US$43.9 million) on higher traffic volumes and average kilometers travelled on NLEX, and consolidation of CAVITEX's earnings
- a 15% rise in contribution from Hospitals to Pesos 581 million (US$13.6 million) reflecting growth in most hospitals and consolidation of DLSMC
- partly offset by a 16% increase in MPIC head office interest expense for funding the acquisition of CAVITEX in a loan repaid in March 2013

Consolidated reported net income up 22% to Pesos 7.2 billion (US$169.1 million) from Pesos 5.9 billion (US$140.4 million)

- due largely to higher core net income
- lower non-recurring charges of Pesos 20 million (US$0.5 million) compared with Pesos 657 million (US$15.6 million) recorded last year, mainly representing debt refinancing costs at MPIC head office, Maynilad and Beacon Electric

Revenues up 11% to Pesos 30.9 billion (US$ 724.1 million) from Pesos 27.8 billion (US$660.8 million)

- reflecting revenue growth at Maynilad, MPTC and Hospital group

Equity Placement

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

Debt Profile

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

Additional Investments

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

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

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

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

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

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

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

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

Dividend

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

Maynilad

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

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

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

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

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

Meralco

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

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

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

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

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

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

MPTC

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

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

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

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

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

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

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

Hospitals

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

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

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

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

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

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

2014 Outlook

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

Reconciliation of reported results between MPIC and First Pacific

MPIC's operations are principally denominated in peso, which averaged Pesos 42.64 (2012: Pesos 42.08) to the U.S. dollar. Its financial results are prepared under Philippine GAAP and reported in peso. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Philippine GAAP and Hong Kong GAAP are largely based on IFRSs, however, certain adjustments need to be made to MPIC's reported peso results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

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

(i) After adopting revised PAS 19 "Employee Benefits", MPIC has restated its 2012 net income to Pesos 5,907 million from Pesos 6,388 million.

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

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

- *Reclassification of non-recurring items: Certain items, through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 2013 of Pesos 86 million principally represents debt refinancing costs of MPIC parent company, Maynilad and Beacon Electric. Adjustment for 2012 of Pesos 589 million principally represents debt refinancing costs totaling Pesos 747 million of MPIC parent company, Maynilad and Beacon Electric, partly offset by MPIC parent company's reversal of provision for assets of Pesos 150 million.*

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

INDOFOOD

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

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

Core net income up 3% to Rupiah 3.4 trillion (US$319.8 million) from Rupiah 3.3 trillion (US$347.8 million)	• higher sales volumes and higher average selling prices in all businesses except for Agribusiness • partly offset by higher minimum wages, rupiah depreciation which contributed to higher utility and raw material cost as well as higher net finance expense • reflecting the contribution of CMFC earnings
Net income down 23.2% to Rupiah 2.5 trillion (US$238.0 million) from Rupiah 3.3 trillion (US$347.2 million)	• due to foreign exchange losses resulting from the depreciation of the rupiah exchange rate against the U.S. dollar • partly offset by higher core net income
Consolidated net sales up 15% to Rupiah 57.7 trillion (US$5.5 billion) from Rupiah 50.2 trillion (US$5.3 billion)	• reflecting higher sales contribution from the CBP, Bogasari and Distribution groups, and new contribution from CMFC • partly offset by lower sales from Agribusiness • sales contribution from CBP, Bogasari, Agribusiness, Distribution and Cultivation & Processed Vegetables amounted to 42%, 26%, 20%, 8% and 4% of the total, respectively
Gross profit margin to 24.8% from 27.1%	• on lower gross profit achieved by most business groups due to higher salary, wages and employee benefits and utilities, higher raw material costs, and lower average selling prices for Agribusiness group
Consolidated operating expenses up 21% to Rupiah 8.2 trillion (US$779.3 million) from Rupiah 6.8 trillion (US$724.0 million)	• due mainly to higher salary, wages and employee benefits in conjunction with new hiring to strengthen the company and to support the expansion • higher freight and handling expenses in conjunction with the increase in sales volumes • higher spending on advertising and promotion
EBIT margin to 11.6% from 13.7%	• reflecting a lower gross profit margin and higher operating expenses as referred to above
Net gearing to 0.27 times from 0.06 times	• an increase in net debt due to higher borrowings primarily for funding new investments, expansion in most groups and working capital

Debt Profile

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

Additional Investments

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

On 8 March 2013, PT Salim Ivomas Pratama Tbk ("SIMP") and its subsidiary PT Perusahaan Perkebunan London Sumatra Indonesia Tbk ("Lonsum") invested a total of Rupiah 330 billion (US$34.0 million) for SIMP to acquire an effective interest of 79.7% in PT Mentari Pertiwi Makmur ("MPM"). MPM holds industrial forest plantations totaling 73,330 hectares in East Kalimantan Province.

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

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

On 29 November 2013, First Pacific and IndoAgri, through a 70%/30%-owned entity FP Natural Resources , acquired a 34.0% interest in RHI for a consideration of Pesos 2.47 billion (US$56.6 million). RHI is the largest raw sugar producer, the fourth largest sugar refiner and one of the largest bioethanol producers in the Philippines.

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

CBP

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

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

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

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

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

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

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

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

Bogasari

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

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

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

Agribusiness

The Agribusiness group consists of two divisions: Plantations and Edible Oils & Fats ("EOF"), which operate through Indofood's 60.4%-owned Singapore-listed subsidiary IndoAgri and IndoAgri's 72.6%-owned Indonesia-listed subsidiary SIMP, which in turn owns 59.5% of Indonesia-listed subsidiary Lonsum. The Agribusiness group is one of the leading businesses in Indonesia's branded cooking oil segment and is one of the lowest-cost palm oil producers in the world.

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

Plantations

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

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

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

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

EOF

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

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

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

Distribution

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

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

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

Cultivation & Processed Vegetables

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

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

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

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

2014 Outlook

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

Reconciliation of reported results between Indofood and First Pacific

Indofood's operations are principally denominated in rupiah, which averaged Rupiah 10,522 (2012: Rupiah 9,392) to the U.S. dollar. Its financial results are prepared under Indonesian GAAP and reported in rupiah. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Accordingly, certain adjustments need to be made to Indofood's reported rupiah results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

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

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

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

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

PHILEX

Philex's natural resources portfolio comprises:

Philex for metal-related assets

- 100% in Philex Gold Philippines, Inc.
- 100% in Silangan Mindanao Mining Co., Inc.

Philex Petroleum* for energy-related assets

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

* *64.8% held by Philex, 11.4% held by First Pacific and 5.4% held by Two Rivers Pacific Holdings Corporation (a Philippine affiliate of First Pacific)*

** *36.4% is held directly by Philex Petroleum and 24.1% is held by its 51.2%-owned Canadian subsidiary FEC Resources Inc., and 3.3% held by First Pacific*

Philex's contribution to the Group decreased 46.1% to US$7.3 million (2012 restated: US$13.6 million) principally reflecting a lower core net income resulting from lower realized metal prices.

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

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

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

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

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

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

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

Operating cost per tonne of ore milled up 10% to Pesos 869 (US$20.4) from Pesos 792 (US$18.8)	• reflecting the impact of higher mining and milling costs • partly offset by higher tonnage
Capital expenditure (including exploration costs) up 53% to Pesos 6.1 billion (US$143.1 million) from Pesos 4.0 billion (US$95.1 million)	• reflecting exploration expenditure for the Silangan project and capital expenditure for the Padcal mine

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

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

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

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

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

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

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

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

* Based on the Competent Person's report disclosed in March 2014

(i) Measured and indicated

(ii) Copper equivalent = % copper + 0.317 x gram/tonne gold; Metal prices: US$3.00/lb copper, US$1,500/oz gold; Metal recoveries: 82% copper, 72% gold

SC72

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

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

2014 Outlook

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

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

Reconciliation of reported results between Philex and First Pacific

Philex's operations are principally denominated in peso, which averaged Pesos 42.64 (2012: Pesos 42.08) to the U.S. dollar. Its financial results are prepared under Philippine GAAP and reported in peso. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Philippine GAAP and Hong Kong GAAP are largely based on IFRSs, however, certain adjustments need to be made to Philex's reported peso results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

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

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

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

- *Reclassification of non-recurring items: Certain items, through occurrence or size are not considered usual operating items which are reallocated and presented separately. Adjustment for 2013 of Pesos 1.0 billion principally represents impairment provisions of Pesos 1.0 billion for its investments and Pesos 0.3 billion for other assets, partly offset by a gain on insurance settlement of Pesos 0.3 billion in respect of clean-up costs and damages in respect of the accidental discharge of water and tailings from its tailing pond No. 3 in August 2012. Adjustment for 2012 of Pesos 1.4 billion principally represents provisions for fees and penalties of Pesos 903 million and rehabilitation costs for affected areas of Pesos 179 million in respect of an accidental discharge of water and tailings from its tailings pond No. 3, Brixton's impairment provisions for assets of Pesos 374 million and Forum Energy's impairment provisions for deferred exploration costs of Pesos 123 million, partly offset by gains on pre-termination of hedging contracts of Pesos 216 million.*
- *Revenue recognition regarding sale of mine products: Philex recognizes revenue based on the production of mine products. HKAS 18 "Revenue" requires the recognition of revenue based on the satisfaction of certain conditions, which includes the transfer of significant risks and rewards of ownership of the products to the buyers and the absence of continuing managerial involvement to the degree usually associated with ownership and effective control over the products sold.*
- *Depreciation of revaluation increment of assets: A fair value assessment was performed at the date of acquisition of Philex and certain revaluation increment adjustments have been made to property, plant and equipment. The adjustment relates to the recognition of additional depreciation based on the revalued fair value of property, plant and equipment.*
- *Others: The adjustments principally relate to the adjustments for the Group's direct share of Philex Petroleum's results and accrual of withholding tax on Philex's net income in accordance with the requirements of HKAS 12 "Income Taxes".*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FP Natural Resources/RHI

On 29 November 2013, First Pacific and its indirect agribusiness subsidiary IndoAgri, through a 70%/30% owned joint venture FP Natural Resources, acquired a 34.0% interest in RHI for a consideration of Pesos 2.47 billion (US$57.3 million). First Pacific's economic interest in RHI is 26.9%.

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

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

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

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

Debt Profile

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

2014 Outlook

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

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

NET DEBT AND GEARING

(A) Head Office net debt

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

Changes in Head Office net debt

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

Head Office cash flow

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

(B) Group net debt and gearing

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

Consolidated

US$ millions	**Net debt/ (cash)[(i)] 2013**	**Total equity 2013**	**Gearing[(ii)] (times) 2013**	Net debt/ (cash)[(i)] 2012	Total equity 2012 (Restated)	Gearing[(ii)] (times) 2012 (Restated)
Head Office	**1,160.3**	**2,284.4**	**0.51x**	1,133.8	1,693.1	0.67x
MPIC	**764.8**	**2,535.1**	**0.30x**	807.2	2,290.9	0.35x
Indofood	**841.1**	**3,497.9**	**0.24x**	204.8	4,005.7	0.05x
FPM Power	**418.2**	**567.8**	**0.74x**	-	-	-
FPM Infrastructure	**(0.6)**	**133.6**	**-**	-	-	-
FP Natural Resources	**(1.3)**	**57.5**	**-**	-	-	-
Group adjustments[(iii)]	**-**	**(1,558.1)**	**-**	-	(739.0)	-
Total	**3,182.5**	**7,518.2**	**0.42x**	2,145.8	7,250.7	0.30x
Associated						
PLDT	**1,626.0**	**3,092.9**	**0.53x**	1,915.9	3,550.2	0.54x
Philex	**48.4**	**583.7**	**0.08x**	(5.3)	538.2	-
DMT	**186.7**	**182.9**	**1.02x**	222.2	191.9	1.16x
RHI	**156.3**	**126.1**	**1.24x**	181.6	132.7	1.37x

(i) Includes pledged deposits and restricted cash
(ii) 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 decreased principally because of a growth of its equity as a result of proceeds from the Company's rights issue and profit recorded for the year.

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

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

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

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

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

Consolidated

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

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

Associated

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

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

CHARGES ON GROUP ASSETS
At 31 December 2013, certain bank and other borrowings were secured by the Group's property, plant and equipment, plantations, accounts receivable, pledged deposits, cash and cash equivalents and inventories equating to a net book value of US$1,120.6 million (2012: US$1,120.8 million), receipts from future toll collections and funds in the related accounts of CIC and the Group's interests of 6.9% (2012: 16.4%) in PLDT, 43.0% (2012: 45.5%) in MPIC, 100% (2012: Nil) in CIC, nil (2012: 14.6%) in Philex, nil (2012: 46.8%) in Maynilad and nil (2012: 99.8%) in MPTC.

FINANCIAL RISK MANAGEMENT

FOREIGN CURRENCY RISK

(A) Company risk

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

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

With the exception of the Head Office, the principal components of the Group's NAV mainly relate to investments denominated in the peso and the rupiah. Accordingly, any change in these currencies, against their respective 31 December 2013 exchange rates, would have an effect on the Group's NAV in U.S. dollar terms.

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

Company	**Basis**	**Effect on adjusted NAV**[i] US$ millions	**Effect on adjusted NAV per share** HK cents
PLDT	(i)	33.2	6.00
MPIC	(i)	14.1	2.56
Indofood	(i)	23.8	4.31
Philex	(i)	4.1	0.74
Philex Petroleum	(i)	0.5	0.09
FP Natural Resources	(ii)	0.3	0.05
Head Office - Other assets	(iii)	0.8	0.14
Total		**76.8**	**13.89**

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

(B) Group risk

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

NET DEBT BY CURRENCY

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

Consolidated

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

Associated

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

(i) Includes pledged deposits and restricted cash

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

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

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

EQUITY MARKET RISK

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

INTEREST RATE RISK

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

Consolidated

US$ millions	Fixed interest rate borrowings	Variable interest rate borrowings	Cash and cash equivalents[(i)]	**Net debt**
Head Office	1,483.9	249.6	(573.2)	**1,160.3**
MPIC	1,098.9	50.8	(384.9)	**764.8**
Indofood[(ii)]	467.8	1,776.6	(1,403.3)	**841.1**
FPM Power[(ii)]	490.7	-	(72.5)	**418.2**
FPM Infrastructure	-	-	(0.6)	**(0.6)**
FP Natural Resources	-	-	(1.3)	**(1.3)**
Total	3,541.3	2,077.0	(2,435.8)	**3,182.5**
Associated				
PLDT	1,256.9	1,087.7	(718.6)	**1,626.0**
Philex	82.5	57.8	(91.9)	**48.4**
DMT	190.1	-	(3.4)	**186.7**
RHI	-	160.7	(4.4)	**156.3**

(i) Includes pledged deposits and restricted cash

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

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

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

ADJUSTED NAV PER SHARE

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company repurchased 24,986,000 (2012: 52,348,000) ordinary shares on the SEHK at an aggregate consideration of HK$221.3 million (US$28.5 million) (2012: HK$438.3 million or US$56.5 million). These shares have been subsequently cancelled. Details of the repurchases are summarized as follows:

Month of repurchases	**Number of ordinary shares repurchased**	Purchase price paid per share Highest HK$	Lowest HK$	**Aggregate consideration paid HK$ millions**	**US$ millions**
January 2013	**200,000**	9.00	8.98	**1.8**	**0.2**
February 2013	**3,800,000**	9.74	9.68	**36.9**	**4.8**
March 2013	**870,000**	10.18	10.10	**8.8**	**1.1**
July 2013	**3,140,000**	9.20	8.59	**28.0**	**3.6**
September 2013	**7,428,000**	8.84	8.24	**63.4**	**8.2**
October 2013	**7,216,000**	8.88	8.47	**62.3**	**8.0**
November 2013	**654,000**	8.88	8.75	**5.8**	**0.8**
December 2013	**1,678,000**	8.57	8.38	**14.3**	**1.8**
Total	**24,986,000**			**221.3**	**28.5**

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

On 25 March 2014, the Company's Directors approved to allocate US$32.7 million, representing approximately 10% of the Group's recurring profit of US$327.1 million in respect of the financial year ended 31 December 2013, to repurchase shares in the Company by way of "on-market" repurchases.

The Company has a share award scheme for the Group's employees and Directors, which is managed by an independent trustee. Under the scheme, the independent trustee, at the direction of the Board (and depending on the form of the award made), subscribes for new shares to be issued by the Company at the relevant benchmarked price as stipulated in the Listing Rules and purchases existing shares of the Company on The Stock Exchange of Hong Kong Limited (SEHK), in each case, at the cost of the Company. During 2013, the independent trustee subscribed 1,003,914 new shares issued by the Company at an aggregate consideration of HK$7.8 million (US$1.0 million) and purchased 9,483,061 ordinary shares of the Company at an aggregate consideration of HK$82.0 million (US$10.6 million).

In July 2013, the Company issued 480.2 million new shares and raised approximately HK$3,857.1 million (approximately US$494.5 million) net of expenses, by way of a fully underwritten rights issue, offering its shareholders one rights share for every eight existing shares held at a subscription price of HK$8.10 per one rights share.

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

CORPORATE GOVERNANCE

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

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

Throughout the current financial year, First Pacific has applied these principles and complied with all code provisions on (a) Directors; (b) Remuneration of Directors and Senior Management and Board Evaluation; (c) Accountability and Audit; (d) Delegation by the Board; (e) Communication with Shareholders; and (f) Company Secretary; except for Code Provision A.6.7 requiring non-executive directors to attend AGM.

First Pacific has met all of the other recommended best practices in the CG Code throughout the current financial year, except for the (a) announcement and publication of quarterly results within 45 days after the end of the relevant quarter; and (b) disclosure of details of remuneration payable to members of senior management on an individual and named basis in the annual reports and accounts.

The Company does not issue quarterly financial results as most of our major operating units based in the Philippines, Indonesia and Singapore already issue quarterly reports. As such, we believe that the relevant information is already available in the public domain. The Company does not disclose details of remuneration payable to members of senior management on an individual and named basis as a large number of the senior executives employed by the Group are employed in jurisdictions that do not require disclosure of such information.

Currently, the First Pacific Board is comprised of 11 directors, of whom 4 are INEDs. In this respect, First Pacific is in compliance with the Listing Rule requirement of appointing INEDs representing at least one-third of the Board.

The Directors understand the need to continue to develop and refresh their knowledge and skills for making contributions to the Company. During the year ended 31 December 2013, certain Directors attended external seminars on topics relevant to their duties as Directors. The Company has also provided two training sessions during the year to update the Directors on current corporate governance practices as well as on legal and regulatory issues.

The Company's corporate governance information is set out in the Corporate Governance section of the Company's website (www.firstpacific.com).

Connected Transaction and Continuing Connected Transactions

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

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

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

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

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

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

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

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

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

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

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

AUDIT OPINION
The auditors have expressed an unqualified opinion on the Group's financial statements for the year ended 31 December 2013 in their report dated 25 March 2014.

REVIEW STATEMENT BY THE AUDIT COMMITTEE
The Audit Committee has reviewed the 2013 annual results, including the accounting policies and practices adopted by the Group.

FINAL DIVIDEND
The Board has recommended a final cash dividend of HK13.00 cents (U.S. 1.67 cents) per ordinary share. Subject to approval by shareholders at the 2014 Annual General Meeting, the final dividend will be paid in the currencies in accordance with the registered address of the shareholders (i.e. HK dollars for Hong Kong, Macau and PRC shareholders, Sterling pounds for UK shareholders and U.S. dollars for shareholders of all other countries). It is expected that the dividend warrants will be dispatched to shareholders on or about Monday, 23 June 2014.

CLOSURE OF REGISTER OF MEMBERS

1. Annual General Meeting

The Register of Members will be closed from Monday, 26 May 2014 to Wednesday, 28 May 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Annual General Meeting ("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 Friday, 23 May 2014.

2. Proposed Final Dividend

The Register of Members will be closed from Monday, 9 June 2014 to Tuesday, 10 June 2014, both days inclusive, during which period no transfer of shares will be registered. The ex-dividend date will be Thursday, 5 June 2014. 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, 6 June 2014. The final dividend will be paid to shareholders whose names appear on the Register of Members on Tuesday, 10 June 2014 and the payment date will be on or about Monday, 23 June 2014.

AGM

The AGM will be held at The Landmark Mandarin Oriental, Hong Kong on Wednesday, 28 May 2014 at 3:00 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 2014.

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 2013 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 2014.

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

Hong Kong, 25 March 2014

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:
Graham L. Pickles
Prof. Edward K.Y. Chen, *GBS, CBE, JP*
Margaret Leung Ko May Yee, *SBS, JP*
Philip Fan Yan Hok