FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

Website: http://www.firstpacific.com

(Stock code: 00142)

2016 Annual Results - Audited

FINANCIAL HIGHLIGHTS

- Profit attributable to owners of the parent increased by 28.0% to US$103.2 million (HK$805.0 million) from US$80.6 million (HK$628.7 million) (Restated).
- Turnover increased by 5.3% to US$6,779.0 million (HK$52,876.2 million) from US$6,437.0 million (HK$50,208.6 million).
- Profit contribution from operations decreased by 6.2% to US$400.2 million (HK$3,121.6 million) from US$426.5 million (HK$3,326.7 million) (Restated).
- Recurring profit decreased by 7.9% to US$264.9 million (HK$2,066.2 million) from US$287.5 million (HK$2,242.5 million) (Restated).
- Net foreign exchange and derivative losses decreased by 81.2% to US$9.1 million (HK$71.0 million) from US$48.5 million (HK$378.3 million).
- Non-recurring losses decreased by 2.1% to US$155.2 million (HK$1,210.6 million) from US$158.6 million (HK$1,237.1 million).
- Basic earnings per share increased by 28.0% to U.S. 2.42 cents (HK18.9 cents) from U.S. 1.89 cents (HK14.7 cents).
- Recurring basic earnings per share (calculated based on recurring profit) decreased by 7.9% to U.S. 6.21 cents (HK48.4 cents) from U.S. 6.74 cents (HK52.6 cents).
- A final distribution of HK5.50 cents (U.S. 0.71 cents) (2015: HK5.50 cents or U.S. 0.71 cents) per ordinary share has been recommended, making a total distribution per ordinary share equivalent to HK13.50 cents (U.S. 1.74 cents) (2015: HK13.50 cents or U.S. 1.74 cents) for the full year or a distribution payout ratio of approximately 28% (2015: 26%) (Restated) of recurring profit.
- Equity attributable to owners of the parent increased by 1.4% to US$3,112.0 million (HK$24,273.6 million) at 31 December 2016 from US$3,070.2 million (HK$23,947.6 million) (Restated) at 31 December 2015.
- Consolidated gearing ratio decreased to 0.54 times at 31 December 2016 from 0.64 times (Restated) at 31 December 2015.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Notes	**2016 US$m**	2015 (Restated)(i) US$m	**2016 HK$m***	2015 (Restated)(i) HK$m*
Turnover	2	**6,779.0**	6,437.0	**52,876.2**	50,208.6
Cost of sales		**(4,774.3)**	(4,643.7)	**(37,239.5)**	(36,220.9)
Gross profit		**2,004.7**	1,793.3	**15,636.7**	13,987.7
Selling and distribution expenses		**(540.6)**	(513.6)	**(4,216.7)**	(4,006.1)
Administrative expenses		**(554.5)**	(493.0)	**(4,325.1)**	(3,845.4)
Other operating expenses, net		**(40.1)**	(139.8)	**(312.7)**	(1,090.5)
Interest income		**56.3**	78.2	**439.1**	610.0
Finance costs		**(366.2)**	(374.8)	**(2,856.4)**	(2,923.4)
Share of profits less losses of associated companies and joint ventures		**224.5**	229.7	**1,751.1**	1,791.7
Profit before taxation from continuing operations	3	**784.1**	580.0	**6,116.0**	4,524.0
Taxation	4	**(286.3)**	(187.3)	**(2,233.2)**	(1,460.9)
Profit for the year from continuing operations		**497.8**	392.7	**3,882.8**	3,063.1
Profit for the year from a discontinued operation	5	**20.0**	26.2	**156.0**	204.3
Profit for the year		**517.8**	418.9	**4,038.8**	3,267.4
Attributable to:					
Owners of the parent	6				
- For profit from continuing operations		**95.9**	69.7	**748.0**	543.7
- For profit from a discontinued operation		**7.3**	10.9	**57.0**	85.0
- For profit for the year		**103.2**	80.6	**805.0**	628.7
Non-controlling interests					
- For profit from continuing operations		**401.9**	323.0	**3,134.8**	2,519.4
- For profit from a discontinued operation		**12.7**	15.3	**99.0**	119.3
- For profit for the year		**414.6**	338.3	**3,233.8**	2,638.7
		517.8	418.9	**4,038.8**	3,267.4
		US¢	US¢	**HK¢***	HK¢*
Earnings per share attributable to owners of the parent	7				
Basic					
- For profit from continuing operations		**2.25**	1.64	**17.6**	12.8
- For profit from a discontinued operation		**0.17**	0.25	**1.3**	1.9
- For profit for the year		**2.42**	1.89	**18.9**	14.7
Diluted					
- For profit from continuing operations		**2.24**	1.63	**17.5**	12.8
- For profit from a discontinued operation		**0.17**	0.25	**1.3**	1.9
- For profit for the year		**2.41**	1.88	**18.8**	14.7

(i) Refer to Note 1

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	2016 US$m	2015 (Restated)[i] US$m	2016 HK$m*	2015 (Restated)[i] HK$m*
Profit for the year	**517.8**	418.9	**4,038.8**	3,267.4
Other comprehensive (loss)/income				
Items that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	**(172.0)**	(504.1)	**(1,341.6)**	(3,932.0)
Unrealized (losses)/gains on available-for-sale assets	**(12.8)**	50.9	**(99.8)**	397.0
Realized gains on available-for-sale assets	**(2.6)**	-	**(20.3)**	-
Unrealized gains/(losses) on cash flow hedges	**84.6**	(20.0)	**659.9**	(156.0)
Realized gains on cash flow hedges	**(0.8)**	-	**(6.2)**	-
Income tax related to cash flow hedges	**(15.2)**	1.9	**(118.6)**	14.8
Share of other comprehensive income/(loss) of associated companies and joint ventures	**20.8**	(71.7)	**162.2**	(559.2)
Reclassification for a disposal group disposed of during the year	**(26.5)**	-	**(206.7)**	-
Items that will not be reclassified to profit or loss:				
Actuarial gains on defined benefit pension plans	**0.3**	21.8	**2.4**	170.0
Share of other comprehensive loss of associated companies and joint ventures	**(20.0)**	(12.2)	**(156.0)**	(95.1)
Other comprehensive loss for the year, net of tax	**(144.2)**	(533.4)	**(1,124.7)**	(4,160.5)
Total comprehensive income/(loss) for the year	**373.6**	(114.5)	**2,914.1**	(893.1)
Attributable to:				
Owners of the parent	**5.6**	(177.4)	**43.7**	(1,383.7)
Non-controlling interests	**368.0**	62.9	**2,870.4**	490.6
	373.6	(114.5)	**2,914.1**	(893.1)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2016 US$m	At 31 December 2015 (Restated)[i] US$m	At 1 January 2015 (Restated)[i] US$m	At 31 December 2016 HK$m*	At 31 December 2015 (Restated)[i] HK$m*	At 1 January 2015 (Restated)[i] HK$m*
Non-current assets							
Property, plant and equipment		**3,870.5**	3,779.2	3,491.6	**30,189.9**	29,477.8	27,234.5
Biological assets		**24.2**	26.2	24.6	**188.8**	204.3	191.9
Associated companies and joint ventures		**4,741.5**	4,360.5	3,568.4	**36,983.7**	34,011.9	27,833.5
Goodwill		**996.3**	1,023.8	1,057.6	**7,771.1**	7,985.6	8,249.3
Other intangible assets		**3,338.7**	3,151.2	2,511.8	**26,041.9**	24,579.4	19,592.0
Investment properties		**9.6**	9.7	-	**74.9**	75.7	-
Accounts receivable, other receivables and prepayments		**10.6**	8.8	11.8	**82.7**	68.6	92.1
Available-for-sale assets		**311.9**	44.1	193.8	**2,432.8**	344.0	1,511.6
Deferred tax assets		**178.8**	198.6	199.2	**1,394.6**	1,549.1	1,553.8
Pledged deposits and restricted cash		**17.9**	30.0	30.9	**139.6**	234.0	241.0
Other non-current assets		**346.7**	312.1	385.9	**2,704.3**	2,434.4	3,010.0
		13,846.7	12,944.2	11,475.6	**108,004.3**	100,964.8	89,509.7
Current assets							
Cash and cash equivalents and short-term deposits		**1,691.9**	1,612.3	2,265.9	**13,196.8**	12,575.9	17,674.0
Pledged deposits and restricted cash		**60.6**	51.7	53.2	**472.7**	403.3	415.0
Available-for-sale assets		**39.9**	124.8	59.2	**311.2**	973.4	461.8
Accounts receivable, other receivables and prepayments	9	**826.3**	758.5	661.2	**6,445.2**	5,916.3	5,157.3
Inventories		**715.2**	631.0	717.2	**5,578.6**	4,921.8	5,594.1
Biological assets		**34.8**	13.9	18.7	**271.4**	108.4	145.9
		3,368.7	3,192.2	3,775.4	**26,275.9**	24,899.1	29,448.1
Assets classified as held for sale		**-**	1,062.6	982.4	**-**	8,288.3	7,662.7
		3,368.7	4,254.8	4,757.8	**26,275.9**	33,187.4	37,110.8
Current liabilities							
Accounts payable, other payables and accruals	10	**1,064.5**	1,241.0	1,192.4	**8,303.1**	9,679.8	9,300.8
Short-term borrowings		**1,280.7**	998.6	912.0	**9,989.5**	7,789.1	7,113.6
Provision for taxation		**80.4**	44.7	51.0	**627.1**	348.6	397.8
Current portion of deferred liabilities, provisions and payables		**296.2**	348.1	321.9	**2,310.4**	2,715.2	2,510.8
		2,721.8	2,632.4	2,477.3	**21,230.1**	20,532.7	19,323.0
Liabilities directly associated with the assets classified as held for sale		**-**	436.2	335.9	**-**	3,402.4	2,620.0
		2,721.8	3,068.6	2,813.2	**21,230.1**	23,935.1	21,943.0
Net current assets		**646.9**	1,186.2	1,944.6	**5,045.8**	9,252.3	15,167.8
Total assets less current liabilities		**14,493.6**	14,130.4	13,420.2	**113,050.1**	110,217.1	104,677.5
Equity							
Issued share capital		**42.8**	42.7	42.9	**333.8**	333.1	334.6
Shares held for share award scheme		**(10.9)**	(6.0)	(8.7)	**(85.0)**	(46.8)	(67.9)
Retained earnings		**1,305.5**	1,398.9	1,434.8	**10,182.9**	10,911.4	11,191.4
Other components of equity		**1,774.6**	1,634.6	1,878.2	**13,841.9**	12,749.9	14,650.0
Equity attributable to owners of the parent		**3,112.0**	3,070.2	3,347.2	**24,273.6**	23,947.6	26,108.1
Non-controlling interests		**4,922.3**	4,264.2	4,064.1	**38,393.9**	33,260.7	31,700.0
Total equity		**8,034.3**	7,334.4	7,411.3	**62,667.5**	57,208.3	57,808.1
Non-current liabilities							
Long-term borrowings		**4,827.7**	5,363.3	4,893.9	**37,656.1**	41,833.7	38,172.4
Deferred liabilities, provisions and payables		**1,374.0**	1,128.9	850.0	**10,717.2**	8,805.4	6,630.0
Deferred tax liabilities		**257.6**	303.8	265.0	**2,009.3**	2,369.7	2,067.0
		6,459.3	6,796.0	6,008.9	**50,382.6**	53,008.8	46,869.4
		14,493.6	14,130.4	13,420.2	**113,050.1**	110,217.1	104,677.5

(i) Refer to Note 1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US$ millions	Notes	Equity attributable to owners of the parent												
		Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive (loss)/income (Note 11)	Differences arising from changes in equities of subsidiary companies	Reserves for assets classified as held for sale	Capital and other reserves	Contributed surplus	Retained earnings	Total	Non-controlling interests	**Total equity**
Balance at 1 January 2015														
As previously reported		42.9	(8.7)	1,797.2	61.7	(379.1)	345.2	16.8	12.3	-	1,540.1	3,428.4	4,288.6	7,717.0
Prior year adjustments	1	-	-	-	-	23.5	0.6	-	-	-	(105.3)	(81.2)	(224.5)	(305.7)
As restated[i]		42.9	(8.7)	1,797.2	61.7	(355.6)	345.8	16.8	12.3	-	1,434.8	3,347.2	4,064.1	7,411.3
Profit for the year														
As previously reported		-	-	-	-	-	-	-	-	-	85.1	85.1	353.3	438.4
Prior year adjustments	1	-	-	-	-	-	-	-	-	-	(4.5)	(4.5)	(15.0)	(19.5)
As restated[i]		-	-	-	-	-	-	-	-	-	80.6	80.6	338.3	418.9
Other comprehensive (loss)/income for the year														
As previously reported		-	-	-	-	(273.0)	-	8.0	-	-	-	(265.0)	(298.9)	(563.9)
Prior year adjustments	1	-	-	-	-	7.1	(0.1)	-	-	-	-	7.0	23.5	30.5
As restated[i]		-	-	-	-	(265.9)	(0.1)	8.0	-	-	-	(258.0)	(275.4)	(533.4)
Total comprehensive (loss)/income for the year		-	-	-	-	(265.9)	(0.1)	8.0	-	-	80.6	(177.4)	62.9	(114.5)
Issue of shares upon the exercise of share options		-	-	0.3	(0.1)	-	-	-	-	-	-	0.2	-	0.2
Repurchase and cancellation of shares		(0.2)	-	(17.8)	-	-	-	-	-	-	-	(18.0)	-	(18.0)
Shares vested under share award scheme		-	2.7	-	(2.6)	-	-	-	-	-	(0.1)	-	-	-
Employee share-based compensation benefits		-	-	-	11.6	-	-	-	-	-	-	11.6	-	11.6
Acquisition and dilution of interests in subsidiary companies		-	-	-	(0.1)	(1.7)	23.8	-	0.1	-	-	22.1	136.9	159.0
Appropriation to statutory reserve funds		-	-	-	-	-	-	0.9	-	-	(0.9)	-	-	-
2014 final dividend		-	-	-	-	-	-	-	-	-	(71.5)	(71.5)	-	(71.5)
2015 interim dividend	8	-	-	-	-	-	-	-	-	-	(44.0)	(44.0)	-	(44.0)
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	-	-	-	93.4	93.4
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	83.4	83.4
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	(176.5)	(176.5)
Balance at 31 December 2015		42.7	(6.0)	1,779.7	70.5	(623.2)	369.5	25.7	12.4	-	1,398.9	3,070.2	4,264.2	7,334.4
Balance at 1 January 2016														
As previously reported		42.7	(6.0)	1,779.7	70.5	(653.8)	369.0	25.7	12.4	-	1,508.7	3,148.9	4,480.2	**7,629.1**
Prior year adjustments	1	-	-	-	-	30.6	0.5	-	-	-	(109.8)	(78.7)	(216.0)	**(294.7)**
As restated[i]		42.7	(6.0)	1,779.7	70.5	(623.2)	369.5	25.7	12.4	-	1,398.9	3,070.2	4,264.2	**7,334.4**
Profit for the year		-	-	-	-	-	-	-	-	-	103.2	103.2	414.6	**517.8**
Other comprehensive (loss)/income for the year		-	-	-	-	(75.3)	-	(23.6)	-	-	1.3	(97.6)	(46.6)	**(144.2)**
Total comprehensive (loss)/income for the year		-	-	-	-	(75.3)	-	(23.6)	-	-	104.5	5.6	368.0	**373.6**
Issue of shares upon the exercise of share options		-	-	8.1	(2.5)	-	-	-	-	-	-	5.6	-	**5.6**
Issue of shares under share award scheme		0.1	(2.8)	2.7	-	-	-	-	-	-	-	-	-	**-**
Purchase of shares for share award scheme		-	(4.7)	-	-	-	-	-	-	-	-	(4.7)	-	**(4.7)**
Shares vested under share award scheme		-	2.6	-	(2.4)	-	-	-	-	-	(0.2)	-	-	**-**
Transfer from share premium to contributed surplus		-	-	(1,785.2)	-	-	-	-	-	1,785.2	-	-	-	**-**
Reclassification		-	-	-	-	-	-	-	-	173.8	(173.8)	-	-	**-**
Cancellation of share options		-	-	-	(4.2)	-	-	-	-	-	4.2	-	-	**-**
Employee share-based compensation benefits		-	-	-	10.9	-	-	-	-	-	-	10.9	-	**10.9**
Acquisition, divestment and dilution of interests in subsidiary companies		-	-	-	-	8.3	90.1	-	0.2	-	-	98.6	526.1	**624.7**
Appropriation to statutory reserve funds		-	-	-	-	-	-	0.1	-	-	(0.1)	-	-	**-**
Disposal of a disposal group classified as held for sale		-	-	-	-	-	-	(2.2)	-	-	2.2	-	(110.2)	**(110.2)**
2015 final dividend	8	-	-	-	-	-	-	-	-	-	(30.2)	(30.2)	-	**(30.2)**
2016 interim distribution	8	-	-	-	-	-	-	-	-	(44.0)	-	(44.0)	-	**(44.0)**
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	-	-	-	14.0	**14.0**
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	24.8	**24.8**
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	(164.6)	**(164.6)**
Balance at 31 December 2016		**42.8**	**(10.9)**	**5.3**	**72.3**	**(690.2)**	**459.6**	**-**	**12.6**	**1,915.0**	**1,305.5**	**3,112.0**	**4,922.3**	**8,034.3**

(i) Refer to Note 1

HK$ millions	Notes	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive (loss)/income (Note 11)	Differences arising from changes in equities of subsidiary companies	Reserves for assets classified as held for sale	Capital and other reserves	Contributed surplus	Retained earnings	Total	Non-controlling interests	**Total equity**
		Equity attributable to owners of the parent												
Balance at 1 January 2015														
As previously reported		334.6	(67.9)	14,018.1	481.3	(2,957.0)	2,692.6	131.0	96.0	-	12,012.8	26,741.5	33,451.1	60,192.6
Prior year adjustments	1	-	-	-	-	183.3	4.7	-	-	-	(821.4)	(633.4)	(1,751.1)	(2,384.5)
As restated[(i)]		334.6	(67.9)	14,018.1	481.3	(2,773.7)	2,697.3	131.0	96.0	-	11,191.4	26,108.1	31,700.0	57,808.1
Profit for the year														
As previously reported		-	-	-	-	-	-	-	-	-	663.7	663.7	2,755.7	3,419.4
Prior year adjustments	1	-	-	-	-	-	-	-	-	-	(35.0)	(35.0)	(117.0)	(152.0)
As restated[(i)]		-	-	-	-	-	-	-	-	-	628.7	628.7	2,638.7	3,267.4
Other comprehensive (loss)/income for the year														
As previously reported		-	-	-	-	(2,129.4)	-	62.4	-	-	-	(2,067.0)	(2,331.4)	(4,398.4)
Prior year adjustments	1	-	-	-	-	55.4	(0.8)	-	-	-	-	54.6	183.3	237.9
As restated[(i)]		-	-	-	-	(2,074.0)	(0.8)	62.4	-	-	-	(2,012.4)	(2,148.1)	(4,160.5)
Total comprehensive (loss)/income for the year		-	-	-	-	(2,074.0)	(0.8)	62.4	-	-	628.7	(1,383.7)	490.6	(893.1)
Issue of shares upon the exercise of share options		-	-	2.4	(0.8)	-	-	-	-	-	-	1.6	-	1.6
Repurchase and cancellation of shares		(1.5)	-	(138.9)	-	-	-	-	-	-	-	(140.4)	-	(140.4)
Shares vested under share award scheme		-	21.1	-	(20.3)	-	-	-	-	-	(0.8)	-	-	-
Employee share-based compensation benefits		-	-	-	90.5	-	-	-	-	-	-	90.5	-	90.5
Acquisition and dilution of interests in subsidiary companies		-	-	-	(0.8)	(13.2)	185.6	-	0.7	-	-	172.3	1,067.8	1,240.1
Appropriation to statutory reserve funds		-	-	-	-	-	-	7.1	-	-	(7.1)	-	-	-
2014 final dividend		-	-	-	-	-	-	-	-	-	(557.6)	(557.6)	-	(557.6)
2015 interim dividend	8	-	-	-	-	-	-	-	-	-	(343.2)	(343.2)	-	(343.2)
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	-	-	-	728.5	728.5
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	650.5	650.5
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	(1,376.7)	(1,376.7)
Balance at 31 December 2015		333.1	(46.8)	13,881.6	549.9	(4,860.9)	2,882.1	200.5	96.7	-	10,911.4	23,947.6	33,260.7	57,208.3
Balance at 1 January 2016														
As previously reported		333.1	(46.8)	13,881.6	549.9	(5,099.6)	2,878.2	200.5	96.7	-	11,767.8	24,561.4	34,945.6	**59,507.0**
Prior year adjustments	1	-	-	-	-	238.7	3.9	-	-	-	(856.4)	(613.8)	(1,684.9)	**(2,298.7)**
As restated[(i)]		333.1	(46.8)	13,881.6	549.9	(4,860.9)	2,882.1	200.5	96.7	-	10,911.4	23,947.6	33,260.7	**57,208.3**
Profit for the year		-	-	-	-	-	-	-	-	-	805.0	805.0	3,233.8	**4,038.8**
Other comprehensive (loss)/ income for the year		-	-	-	-	(587.4)	-	(184.1)	-	-	10.2	(761.3)	(363.4)	**(1,124.7)**
Total comprehensive (loss)/income for the year		-	-	-	-	(587.4)	-	(184.1)	-	-	815.2	43.7	2,870.4	**2,914.1**
Issue of shares upon the exercise of share options		-	-	63.2	(19.5)	-	-	-	-	-	-	43.7	-	**43.7**
Issue of shares under share award scheme		0.7	(21.8)	21.1	-	-	-	-	-	-	-	-	-	**-**
Purchase of shares for share aware scheme		-	(36.7)	-	-	-	-	-	-	-	-	(36.7)	-	**(36.7)**
Shares vested under share award scheme		-	20.3	-	(18.7)	-	-	-	-	-	(1.6)	-	-	**-**
Transfer from share premium to contributed surplus		-	-	(13,924.6)	-	-	-	-	-	13,924.6	-	-	-	**-**
Reclassification		-	-	-	-	-	-	-	-	1,355.6	(1,355.6)	-	-	**-**
Cancellation of share options		-	-	-	(32.7)	-	-	-	-	-	32.7	-	-	**-**
Employee share-based compensation benefits		-	-	-	85.0	-	-	-	-	-	-	85.0	-	**85.0**
Acquisition, divestment and dilution of interests in subsidiary companies		-	-	-	-	64.7	702.8	-	1.6	-	-	769.1	4,103.6	**4,872.7**
Appropriation to statutory reserve funds		-	-	-	-	-	-	0.8	-	-	(0.8)	-	-	**-**
Disposal of a disposal group classified as held for sale		-	-	-	-	-	-	(17.2)	-	-	17.2	-	(859.5)	**(859.5)**
2015 final dividend	8	-	-	-	-	-	-	-	-	-	(235.6)	(235.6)	-	**(235.6)**
2016 interim distribution	8	-	-	-	-	-	-	-	-	(343.2)	-	(343.2)	-	**(343.2)**
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	-	-	-	109.2	**109.2**
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	193.4	**193.4**
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	(1,283.9)	**(1,283.9)**
Balance at 31 December 2016		**333.8**	**(85.0)**	**41.3**	**564.0**	**(5,383.6)**	**3,584.9**	**-**	**98.3**	**14,937.0**	**10,182.9**	**24,273.6**	**38,393.9**	**62,667.5**

(i) Refer to Note 1

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	2016 US$m	2015 (Restated)[i] US$m	2016 HK$m*	2015 (Restated)[i] HK$m*
Profit before taxation					
From continuing operations		**784.1**	580.0	**6,116.0**	4,524.0
From a discontinued operation		**38.1**	36.4	**297.2**	283.9
Adjustments for:					
Finance costs		**385.8**	392.0	**3,009.2**	3,057.6
Depreciation		**267.6**	271.2	**2,087.3**	2,115.4
Impairment losses		**112.3**	107.0	**875.9**	834.6
Amortization of intangible assets	3	**98.2**	92.9	**766.0**	724.6
Employee share-based compensation benefit expenses		**12.2**	12.8	**95.2**	99.9
Provision for onerous contracts, net	3	**0.9**	10.5	**7.0**	81.9
Share of profits less losses of associated companies and joint ventures		**(224.5)**	(229.7)	**(1,751.1)**	(1,791.7)
Interest income		**(66.6)**	(93.6)	**(519.5)**	(730.1)
Preferred share dividend income from a joint venture	3	**(25.5)**	(8.9)	**(198.9)**	(69.4)
(Gain)/loss on changes in fair value of biological assets		**(16.4)**	0.9	**(127.9)**	7.0
Foreign exchange and derivative (gains)/losses, net		**(5.3)**	93.4	**(41.3)**	728.5
Gain on disposal of available-for-sale assets	3	**(2.6)**	-	**(20.3)**	-
Gain on sale of property, plant and equipment	3	**(0.2)**	(0.3)	**(1.6)**	(2.3)
Others		**(12.5)**	(27.5)	**(97.5)**	(214.5)
		1,345.6	1,237.1	**10,495.7**	9,649.4
Increase/(decrease) in accounts payable, other payables and accruals		**39.3**	(127.7)	**306.5**	(996.0)
(Increase)/decrease in other non-current assets		**(10.7)**	37.1	**(83.5)**	289.4
(Increase)/decrease in inventories		**(60.0)**	69.8	**(468.0)**	544.4
Increase in accounts receivable, other receivables and prepayments		**(28.9)**	(88.1)	**(225.4)**	(687.2)
Net cash generated from operations		**1,285.3**	1,128.2	**10,025.3**	8,800.0
Interest received		**60.9**	87.1	**475.0**	679.4
Interest paid		**(360.4)**	(352.0)	**(2,811.1)**	(2,745.6)
Taxes paid		**(254.4)**	(213.3)	**(1,984.3)**	(1,663.8)
Net cash flows from operating activities		**731.4**	650.0	**5,704.9**	5,070.0
Disposal of a disposal group classified as held for sale		**258.7**	-	**2,017.9**	-
Dividends received from associated companies		**243.2**	232.1	**1,897.0**	1,810.4
Proceeds from disposal of available-for-sale assets		**154.7**	3.3	**1,206.6**	25.8
Decrease/(increase) in time deposits with original maturity of more than three months		**72.4**	(163.5)	**564.7**	(1,275.2)
Proceeds from disposal of property, plant and equipment		**5.9**	5.1	**46.0**	39.8
Dividends received from available-for-sale assets		**5.4**	2.7	**42.1**	21.1
Investments in intangible assets		**(374.6)**	(471.1)	**(2,921.9)**	(3,674.6)
Purchases of property, plant and equipment		**(319.5)**	(359.6)	**(2,492.1)**	(2,804.9)
Increased investments in a joint venture		**(235.2)**	(14.1)	**(1,834.6)**	(110.0)
Increased investments in preferred shares issued by a joint venture		**(194.8)**	-	**(1,519.4)**	-
Acquisitions of available-for-sale assets		**(183.7)**	(2.4)	**(1,432.8)**	(18.7)
Increased investments in associated companies		**(111.8)**	(516.6)	**(872.0)**	(4,029.5)
Acquisitions of subsidiary companies		**(60.1)**	(104.5)	**(468.8)**	(815.1)
Acquisition of a business		**(46.1)**	-	**(359.6)**	-
Investments in biological assets		**(2.6)**	(0.1)	**(20.3)**	(0.8)
Increase in pledged deposits and restricted cash		**(0.4)**	(1.2)	**(3.1)**	(9.4)
Deposits received for a proposed sale of a disposal group classified as held for sale		**-**	29.4	**-**	229.3
Preferred share dividends received from a joint venture		**-**	8.9	**-**	69.4
Proceeds from disposal and divestment of interests in associated companies		**-**	4.4	**-**	34.3
Investments in joint ventures		**-**	(423.4)	**-**	(3,302.5)
Investments in associated companies		**-**	(107.7)	**-**	(840.1)
Purchases of investment properties		**-**	(0.1)	**-**	(0.8)
Net cash flows used in investing activities		**(788.5)**	(1,878.4)	**(6,150.3)**	(14,651.5)
Proceeds from new borrowings		**1,994.0**	2,186.8	**15,553.2**	17,057.0
Proceeds from shares issued to non-controlling shareholders by subsidiary companies		**463.4**	192.6	**3,614.5**	1,502.3
Proceeds from divestment of interest in a subsidiary company		**168.6**	-	**1,315.1**	-
Capital contributions from non-controlling shareholders		**24.8**	61.4	**193.4**	478.8
Proceeds from the issue of shares under a long-term incentive plan		**8.4**	0.2	**65.5**	1.6
Borrowings repaid		**(2,148.9)**	(1,384.9)	**(16,761.4)**	(10,802.2)
Dividends paid to non-controlling shareholders by subsidiary companies		**(164.6)**	(176.5)	**(1,283.9)**	(1,376.7)
Dividends paid to shareholders		**(74.2)**	(115.5)	**(578.8)**	(900.8)
Payments for concession fees payable		**(25.4)**	(24.0)	**(198.1)**	(187.2)
Payments for purchase and subscription of shares under a long-term incentive plan		**(7.5)**	-	**(58.5)**	-
Repurchase of subsidiary companies' shares		**(3.5)**	(11.3)	**(27.3)**	(88.1)
Increased investments in subsidiary companies		**(0.6)**	(12.2)	**(4.6)**	(95.2)
Repurchase of shares		**-**	(19.0)	**-**	(148.2)
Net cash flows from financing activities		**234.5**	697.6	**1,829.1**	5,441.3
Net increase/(decrease) in cash and cash equivalents		**177.4**	(530.8)	**1,383.7**	(4,140.2)
Cash and cash equivalents at 1 January		**1,450.0**	2,086.3	**11,310.0**	16,273.1
Exchange translation		**(16.2)**	(105.5)	**(126.3)**	(822.9)
Cash and cash equivalents at 31 December		**1,611.2**	1,450.0	**12,567.4**	11,310.0
Representing					
Cash and cash equivalents and short-term deposits as stated in the consolidated statement of financial position		**1,691.9**	1,612.3	**13,196.8**	12,575.9
Add cash and cash equivalents and short-term deposits attributable to a discontinued operation		**-**	704.9	**-**	5,498.2
Less short-term deposits and time deposits with original maturity of more than three months		**(80.7)**	(858.9)	**(629.4)**	(6,699.4)
Less bank overdrafts		**-**	(8.3)	**-**	(64.7)
Cash and cash equivalents at 31 December		**1,611.2**	1,450.0	**12,567.4**	11,310.0

(i) Refer to Note 1

Notes:

1. **Impact of revised Hong Kong Financial Reporting Standards (HKFRSs)**
During 2016, the Group has adopted the following revised HKFRSs effective for annual periods commencing on or after 1 January 2016 issued by the Hong Kong Institute of Certified Public Accountants (HKICPA):

HKAS 16 and HKAS 41 Amendments	"Agriculture: Bearer Plants"
HKAS 1 Amendments	"Disclosure Initiative"
HKAS 16 and HKAS 38 Amendments	"Clarification of Acceptable Methods of Depreciation and Amortisation"
HKAS 27 (2011) Amendments	"Equity Method in Separate Financial Statements"
HKFRS 10, HKFRS 12 and HKAS 28 (2011) Amendments	"Investment Entities: Applying the Consolidation Exception"
HKFRS 11 Amendments	"Accounting for Acquisitions of Interests in Joint Operations"
Improvements to HKFRSs	"Annual Improvements to HKFRSs 2012-2014"

The Group's adoption of the above pronouncements, except for HKAS 16 and HKAS 41 Amendments, has had no effect on both the profit attributable to owners of the parent for the years ended 31 December 2016 and 2015 and the equity attributable to owners of the parent at 31 December 2016, 31 December 2015 and 1 January 2015.

The Group adopted HKAS 16 and HKAS 41 Amendments with effect from 1 January 2016. Under the amendments introduced, bearer plants are defined as living plants that are used in the production or supply of agricultural produce, are expected to bear produce for more than one period, and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Biological assets that meet the definition of bearer plants are no longer required to be accounted for at fair value under HKAS 41 "Agriculture". Instead, bearer plants are accounted for under HKAS 16 "Property, Plant and equipment" at accumulated costs before they mature, and using the cost model after they mature. However, agricultural produce growing on bearer plants continues to remain within the scope of HKAS 41 and is measured at fair value less costs to sell. Depreciation for bearer plants is calculated on a straight-line basis over the economic useful lives of 25 years for oil palm and rubber trees, and four years for sugar cane after maturity. The Group has applied the amendments retrospectively. The effects of the above change are summarized below:

(a) Effects on the consolidated statement of financial position at 31 December 2015 and 1 January 2015

	At 31 December 2015 US$m	At 1 January 2015 US$m	At 31 December 2015 HK$m*	At 1 January 2015 HK$m*
Assets				
Increase in property, plant and equipment	718.1	759.8	5,601.2	5,926.4
Decrease in plantations	(1,151.1)	(1,210.7)	(8,978.6)	(9,443.5)
Increase in biological assets (Non-current)	26.2	24.6	204.4	191.9
Decrease in deferred tax assets	(0.9)	(1.0)	(7.0)	(7.8)
Increase in biological assets (Current)	13.9	18.7	108.4	145.9
	(393.8)	(408.6)	(3,071.6)	(3,187.1)
Liabilities				
Decrease in deferred tax liabilities	(99.1)	(102.9)	(772.9)	(802.6)
	(99.1)	(102.9)	(772.9)	(802.6)
Equity				
Decrease in retained earnings	(109.8)	(105.3)	(856.4)	(821.4)
Increase in exchange reserve	30.6	23.5	238.7	183.3
Increase in differences arising from changes in equities of subsidiary companies	0.5	0.6	3.9	4.7
Decrease in non-controlling interests	(216.0)	(224.5)	(1,684.9)	(1,751.1)
	(294.7)	(305.7)	(2,298.7)	(2,384.5)

(b) Effects on the consolidated income statement for the year ended 31 December 2015

For the year ended 31 December 2015	US$m	HK$m*
Increase in cost of sales	(28.4)	(221.5)
Decrease in other operating expenses, net	2.4	18.7
Decrease in taxation	6.5	50.7
Decrease in profit for the year	(19.5)	(152.1)
Attributable to:		
Owners of the parent – For profit from continuing operations	(4.5)	(35.1)
Non-controlling interests – For profit from continuing operations	(15.0)	(117.0)
Decrease in profit for the year	(19.5)	(152.1)
Decrease in earnings per share attributable to owners of the parent	US¢	HK¢
Basic	(0.10)	(0.8)
Diluted	(0.10)	(0.8)

2. **Turnover and operating segmental information**

For the year ended 31 December	2016 US$m	2015 US$m	2016 HK$m*	2015 HK$m*
Turnover				
Sale of goods	**5,246.7**	4,917.0	**40,924.3**	38,352.6
Sale of electricity	**575.3**	663.5	**4,487.3**	5,175.3
Rendering of services	**957.0**	856.5	**7,464.6**	6,680.7
Total	**6,779.0**	6,437.0	**52,876.2**	50,208.6

Operating segmental information

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

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

The Board of Directors assesses the performance of the operating segments based on a measure of recurring profit. This basis measures the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains/losses, gain on changes in fair value of biological assets and non-recurring items. Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. The amounts provided to the Board of Directors with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the assets.

The revenue, results and other information for the years ended 31 December 2016 and 2015, and total assets and total liabilities at 31 December 2016 and 2015 regarding the Group's operating segments are as follows.

By principal business activity - 2016

For the year ended/at 31 December	Telecommunications US$m	Consumer Food Products US$m	Infrastructure US$m	Natural Resources US$m	Head Office US$m	**2016 Total US$m**	**2016 Total HK$m***
Revenue							
Turnover	-	5,263.5	1,515.5	-	-	**6,779.0**	**52,876.2**
Results							
Recurring profit	127.7	159.0	103.3	10.2	(135.3)	**264.9**	**2,066.2**
Assets and Liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	1,185.0	629.2	2,515.5	411.8	-	**4,741.5**	**36,983.7**
- Others	-	3,823.7	4,659.3	-	15.1	**8,498.1**	**66,285.2**
	1,185.0	4,452.9	7,174.8	411.8	15.1	**13,239.6**	**103,268.9**
Other assets	-	2,821.5	895.3	-	259.0	**3,975.8**	**31,011.2**
Total assets	1,185.0	7,274.4	8,070.1	411.8	274.1	**17,215.4**	**134,280.1**
Borrowings	-	1,876.0	2,472.9	-	1,759.5	**6,108.4**	**47,645.5**
Other liabilities	-	1,312.2	1,643.7	-	116.8	**3,072.7**	**23,967.1**
Total liabilities	-	3,188.2	4,116.6	-	1,876.3	**9,181.1**	**71,612.6**
Other information - continuing operations							
Depreciation and amortization	-	(229.5)	(136.2)	-	(12.3)	**(378.0)**	**(2,948.4)**
Gain on changes in fair value of biological assets	-	16.4	-	-	-	**16.4**	**127.9**
Impairment losses	-	(20.2)	(92.1)	-	-	**(112.3)**	**(875.9)**
Interest income	-	40.9	8.7	-	6.7	**56.3**	**439.1**
Finance costs	-	(125.8)	(141.5)	-	(98.9)	**(366.2)**	**(2,856.4)**
Share of profits less losses of associated companies and joint ventures	93.2	7.6	152.9	(29.2)	-	**224.5**	**1,751.1**
Taxation	-	(190.0)	(84.0)	-	(12.3)	**(286.3)**	**(2,233.2)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	268.7	890.5	-	0.1	**1,159.3**	**9,042.5**

By geographical market - 2016

For the year ended/at 31 December	The Philippines US$m	Indonesia US$m	Australasia US$m	Singapore US$m	Others US$m	**2016 Total US$m**	**2016 Total HK$m***
Revenue							
Turnover	1,209.6	4,623.5	13.5	591.3	341.1	**6,779.0**	**52,876.2**
Assets							
Non-current assets (other than financial instruments and deferred tax assets)	8,329.9	3,265.6	514.4	1,053.6	76.1	**13,239.6**	**103,268.9**

By principal business activity - 2015

For the year ended/at 31 December	Telecommunications US$m	Consumer Food Products US$m	Infrastructure US$m	Natural Resources US$m	Head Office US$m	2015 (Restated) Total US$m	2015 (Restated) Total HK$m*
Revenue							
Turnover	-	4,957.0	1,480.0	-	-	6,437.0	50,208.6
Results							
Recurring profit	180.7	133.4	107.5	4.9	(139.0)	287.5	2,242.5
Assets and Liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	1,240.6	632.7	2,028.7	458.5	-	4,360.5	34,011.9
- Others	-	3,745.9	4,463.6	-	23.7	8,233.2	64,219.0
	1,240.6	4,378.6	6,492.3	458.5	23.7	12,593.7	98,230.9
Other assets	-	2,434.1	988.7	-	119.9	3,542.7	27,633.0
Segment assets	1,240.6	6,812.7	7,481.0	458.5	143.6	16,136.4	125,863.9
Assets classified as held for sale	-	1,031.2	31.4	-	-	1,062.6	8,288.3
Total assets	1,240.6	7,843.9	7,512.4	458.5	143.6	17,199.0	134,152.2
Borrowings	-	2,204.3	2,368.2	-	1,789.4	6,361.9	49,622.8
Other liabilities	-	1,135.3	1,701.3	-	229.9	3,066.5	23,918.7
Segment liabilities	-	3,339.6	4,069.5	-	2,019.3	9,428.4	73,541.5
Liabilities directly associated with the assets classified as held for sale	-	436.2	-	-	-	436.2	3,402.4
Total liabilities	-	3,775.8	4,069.5	-	2,019.3	9,864.6	76,943.9
Other information - continuing operations							
Depreciation and amortization	-	(207.6)	(126.5)	-	(14.4)	(348.5)	(2,718.3)
Gain on changes in fair value of biological assets	-	0.7	-	-	-	0.7	5.5
Impairment losses	-	(7.9)	-	(89.1)	-	(97.0)	(756.6)
Interest income	-	62.0	10.2	-	6.0	78.2	610.0
Finance costs	-	(137.2)	(137.4)	-	(100.2)	(374.8)	(2,923.5)
Share of profits less losses of associated companies and joint ventures	116.9	(8.5)	114.6	6.7	-	229.7	1,791.7
Taxation	-	(125.5)	(46.7)	-	(15.1)	(187.3)	(1,460.9)
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	1,200.3	1,176.1	-	0.2	2,376.6	18,537.5

By geographical market - 2015

For the year ended/at 31 December	The Philippines US$m	Indonesia US$m	Australasia US$m	Singapore US$m	Others US$m	2015 (Restated) Total US$m	2015 (Restated) Total HK$m*
Revenue							
Turnover	1,023.8	4,363.5	14.2	695.7	339.8	6,437.0	50,208.6
Assets							
Non-current assets (other than financial instruments and deferred tax assets)	7,624.9	3,156.9	517.9	1,211.0	83.0	12,593.7	98,230.9

There are no revenue transactions with a single customer that accounted for 10% or more of the Group's consolidated revenues during the year (2015: None).

3. **Profit before taxation**

For the year ended 31 December	**2016**	2015 (Restated)	**2016**	2015 (Restated)
	US$m	US$m	**HK$m***	HK$m*
Profit before taxation (from continuing operations) is stated after (charging)/crediting				
Cost of inventories sold	**(2,853.5)**	(2,704.1)	**(22,257.3)**	(21,092.0)
Employees' remuneration	**(750.0)**	(675.5)	**(5,850.0)**	(5,268.9)
Cost of services rendered	**(333.2)**	(269.0)	**(2,599.0)**	(2,098.2)
Depreciation	**(267.6)**	(242.8)	**(2,087.3)**	(1,893.8)
Amortization of intangible assets(i)	**(98.2)**	(92.9)	**(766.0)**	(724.6)
Impairment losses				
- Goodwill(ii)	**(66.1)**	-	**(515.6)**	-
- Associated companies and joint ventures(ii)	**(16.2)**	(89.1)	**(126.4)**	(695.0)
- Other intangible assets(ii)	**(12.4)**	-	**(96.7)**	-
- Other non-current assets(ii)	**(9.9)**	-	**(77.2)**	-
- Inventories(iii)	**(5.4)**	(7.0)	**(42.1)**	(54.6)
- Accounts receivable(iv)	**(2.3)**	(0.9)	**(17.9)**	(7.0)
Operating lease rentals				
- Land and buildings	**(12.2)**	(12.3)	**(95.2)**	(95.9)
- Hire of plant and equipment	**(10.1)**	(11.3)	**(78.8)**	(88.1)
- Others	**(3.5)**	(3.7)	**(27.3)**	(28.9)
Auditors' remuneration				
- Audit services	**(4.1)**	(3.8)	**(32.0)**	(29.6)
- Non-audit services(v)	**(0.3)**	(0.6)	**(2.3)**	(4.7)
Provision for onerous contracts, net	**(0.9)**	(10.5)	**(7.0)**	(81.9)
Preferred share dividend income net from a joint venture	**25.5**	8.9	**198.9**	69.4
Gain on changes in fair value of biological assets	**16.4**	0.7	**127.9**	5.5
Foreign exchange and derivative gains/(losses), net	**8.0**	(87.4)	**62.4**	(681.7)
Dividends income from available-for-sale assets	**5.4**	3.8	**42.1**	29.6
Gain on disposal of available-for-sale assets	**2.6**	-	**20.3**	-
Gain on sale of property, plant and equipment	**0.2**	0.3	**1.6**	2.3

(i) US$78.1 million (HK$609.2 million) (2015: US$74.3 million or HK$579.5 million) included in cost of sales, US$14.6 million (HK$113.9 million) (2015: US$14.5 million or HK$113.1 million) included in other operating expenses, net and US$5.5 million (HK$42.9 million) (2015: US$4.1 million or HK$32.0 million) included in administrative expenses

(ii) Included in other operating expenses, net

(iii) Included in cost of sales

(iv) Included in selling and distribution expenses

(v) Pertains to due diligence, review of continuing connected transactions and other transactions relating to the Group's business development

4. **Taxation**

No Hong Kong profits tax (2015: Nil) has been provided as the Group had no estimated assessable profits (2015: 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	**2016**	2015 (Restated)	**2016**	2015 (Restated)
	US$m	US$m	**HK$m***	HK$m*
Subsidiary companies - overseas				
Current taxation	**289.4**	190.7	**2,257.3**	1,487.5
Deferred taxation	**(3.1)**	(3.4)	**(24.1)**	(26.6)
Total	**286.3**	187.3	**2,233.2**	1,460.9

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$90.5 million (HK$705.9 million) (2015: US$76.7 million or HK$598.3 million) which is analyzed as follows.

For the year ended 31 December	**2016**	2015	**2016**	2015
	US$m	US$m	**HK$m***	HK$m*
Associated companies and joint ventures - overseas				
Current taxation	**138.9**	128.5	**1,083.4**	1,002.3
Deferred taxation	**(48.4)**	(51.8)	**(377.5)**	(404.0)
Total	**90.5**	76.7	**705.9**	598.3

5. **A discontinued operation**

On 31 December 2014, Indofood engaged in a discussion with CMZ BVI, a company beneficially owned by the management of CMZ, to divest a majority interest of approximately 52.9% in CMZ at a price of S$1.2 (US$0.84 or HK$6.55) per share, thereby reducing Indofood's interests in CMZ from 82.9% to approximately 30%. On 14 October 2015, Indofood and CMZ BVI entered into a binding Memorandum of Understanding (MOU) which sets out the terms upon which they will continue to discuss and work towards finalization of a definitive sale and purchase agreement for the proposed transaction. In consideration of Indofood entering into the MOU, CMZ BVI paid Indofood earnest sums of S$40 million (US$28.0 million or HK$218.4 million) by 30 December 2015, which shall be treated as part of the consideration payable to Indofood upon the consummation of the proposed transaction. CMZ was classified as a disposal group held for sale at 31 December 2014 and 2015 and a discontinued operation in the Group's 2014 and 2015 annual consolidated financial statements. Prior to the classification as a discontinued operation, the operation of CMZ was reported as the cultivation and processed vegetables group of the Group's consumer food product business segment and the People's Republic of China geographical segment.

On 6 September 2016, Indofood, Marvellous Glory Holdings Limited (Marvellous BVI, indirectly owned as to approximately 93.0% by Mr Anthoni Salim and 7.0% by CMZ BVI) and CMZ BVI entered into an implementation agreement to amend the structure of the transaction contemplated by the MOU entered between Indofood and CMZ BVI on 14 October 2015 whereby the offeror of the contemplated transaction has been changed from CMZ BVI to Marvellous BVI.

At First Pacific's special general meeting held on 19 October 2016 and Indofood's extraordinary general meeting held on 21 October 2016, approvals were obtained from the independent shareholders for the above connected transaction.

Immediately thereafter, Marvellous BVI launched a voluntary general offer to all CMZ shareholders to acquire all the issued CMZ shares at an offer price of S$1.2 per share (US$0.84 or HK$6.55), which may either be received by the CMZ shareholders (i) fully in cash or (ii) by a combination of cash of S$0.7665 (US$0.54 or HK$4.21) per share and zero coupon mandatory exchangeable bonds (EB) in the principal amount of S$0.4335 per share (US$0.30 or HK$2.34). The EB must be exchanged into CMZ shares at S$1.2 per share (US$0.84 or HK$6.55) during the two-month exchange period from 8 February 2017 (two months from the date of close of the offer on 8 December 2016) to 7 April 2017.

On 7 December 2016, Indofood accepted the offer in respect of its entire 82.9% interest in CMZ and elected to receive in return a combination of cash and EB consideration with an aggregate value of S$651.9 million (US$455.6 million or HK$3,553.7 million), comprising approximately cash of S$416.4 million (US$291.0 million or HK$2,269.8 million) and EB with a total principal amount of S$235.5 million (US$164.6 million or HK$1,283.9 million), exchangeable into an approximately 29.9% interest in CMZ. Following the completion of the offer on 16 December 2016, CMZ ceased to be a subsidiary company of Indofood and the Group. The EB acquired by Indofood in connection with this transaction were accounted for as non-current available-for-sale assets. CMZ was delisted from the Singapore Stock Exchange on 28 February 2017.

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

The profit attributable to owners of the parent includes US$9.1 million (HK$71.0 million) (2015: US$48.5 million or HK$378.3 million) of net foreign exchange and derivative losses, which represent the foreign exchange translation differences on the Group's unhedged foreign currency denominated net borrowings and payables and the changes in the fair values of derivatives, US$2.6 million (HK$20.3 million) (2015: US$0.2 million or HK$1.6 million (Restated)) of gain on changes in fair value of biological assets and US$155.2 million (HK$1,210.6 million) (2015: US$158.6 million or HK$1,237.1 million) of net non-recurring losses.

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

For the year ended 31 December	**2016 US$m**	2015 US$m	**2016 HK$m***	2015 HK$m*
Foreign exchange and derivative gains/(losses)				
- Subsidiary companies	**5.3**	(93.4)	**41.3**	(728.5)
- Associated companies and joint ventures	**0.1**	(14.3)	**0.8**	(111.6)
Subtotal	**5.4**	(107.7)	**42.1**	(840.1)
Attributable to taxation and non-controlling interests	**(14.5)**	59.2	**(113.1)**	461.8
Total	**(9.1)**	(48.5)	**(71.0)**	(378.3)

The non-recurring losses represent certain items, through occurrence or size, which are not considered as usual operating items. 2016's non-recurring losses of US$155.2 million (HK$1,210.6 million) mainly represent the Group's impairment provisions for assets, including FPM Power's goodwill related to its investments in PLP (US$44.8 million or HK$349.4 million), PLDT's investment in Rocket Internet shares and other intangible assets (US$35.4 million or HK$276.1 million), Philex's deferred exploration costs and other assets (US$31.4 million or HK$244.9 million) and MPIC's investments in Landco Pacific Corporation (US$6.8 million or HK$53.0 million), PLP's provision for onerous contracts (US$6.0 million or HK$46.8 million) and MPIC's project expenses (US$3.8 million or HK$29.6 million). 2015's non-recurring losses of US$158.6 million (HK$1,237.1 million) mainly represent the Group's impairment provision in respect of its investments in Philex (US$89.1 million or HK$695.0 million), PLDT's impairment provisions for its fixed assets affected by network upgrade (US$32.7 million or HK$255.1 million) and investment in Rocket Internet shares (US$28.7 million or HK$223.9 million) and MPIC's project expenses (US$5.7 million or HK$44.5 million).

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

The calculation of the basic earnings per share from continuing operations is based on the profit for the year attributable to owners of the parent from continuing operations of US$95.9 million (HK$748.0 million) (2015: US$69.7 million or HK$543.7 million (Restated)) and the weighted average number of ordinary shares of 4,275.8 million (2015: 4,274.2 million) in issue less shares held for a share award scheme of 9.3 million (2015: 7.2 million) during the year.

The calculation of the basic earnings per share from a discontinued operation is based on the profit for the year attributable to owners of the parent from a discontinued operation of US$7.3 million (HK$57.0 million) (2015: US$10.9 million or HK$85.0 million) and the weighted average number of ordinary shares of 4,275.8 million (2015: 4,274.2 million) in issue less shares held for a share award scheme of 9.3 million (2015: 7.2 million) during the year.

The calculation of the diluted earnings per share from continuing operations is based on: (a) the profit for the year attributable to owners of the parent from continuing operations of US$95.9 million (HK$748.0 million) (2015: US$69.7 million or HK$543.7 million (Restated)) reduced by the dilutive impacts of US$0.1 million (HK$0.8 million) (2015: US$0.1 million or HK$0.8 million) in respect of the exercise of share options issued by the Group's subsidiary companies and (b) a share base equal to the aggregate of the weighted average number of ordinary shares of 4,275.8 million (2015: 4,274.2 million) in issue less shares held for a share award scheme of 9.3 million (2015: 7.2 million) during the year (as used in the basic earnings per share calculation) and the weighted average number of ordinary shares of 5.4 million (2015: 18.3 million) assumed to have been issued at no consideration on the deemed exercise of all dilutive share options of the Company during the year.

The calculation of the diluted earnings per share from a discontinued operation is based on: (a) the profit for the year attributable to owners of the parent from a discontinued operation of US$7.3 million (HK$57.0 million) (2015: US$10.9 million or HK$85.0 million) and (b) a share base equal to the aggregate of the weighted average number of ordinary shares of 4,275.8 million (2015: 4,274.2 million) in issue less shares held for a share award scheme of 9.3 million (2015: 7.2 million) during the year (as used in the basic earnings per share calculation) and the weighted average number of ordinary shares of 5.4 million (2015: 18.3 million) assumed to have been issued at no consideration on the deemed exercise of all dilutive share options of the Company during the year.

8. **Ordinary share distribution**

	Per ordinary share				**Total**			
For the year ended 31 December	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	US¢	US¢	**HK¢***	HK¢*	**US$m**	US$m	**HK$m***	HK$m*
Interim	**1.03**	1.03	**8.00**	8.00	**44.0**	44.0	**343.2**	343.2
Proposed final	**0.71**	0.71	**5.50**	5.50	**30.1**	30.2	**234.8**	235.6
Total	**1.74**	1.74	**13.50**	13.50	**74.1**	74.2	**578.0**	578.8

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

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

Included in accounts receivable, other receivables and prepayments are accounts receivable of US$523.4 million (HK$4,082.5 million) (2015: US$454.2 million or HK$3,542.8 million), with an ageing profile based on invoice date as below.

At 31 December	**2016**	2015	**2016**	2015
	US$m	US$m	**HK$m***	HK$m*
0 to 30 days	**466.4**	389.7	**3,637.9**	3,039.7
31 to 60 days	**19.3**	17.2	**150.6**	134.2
61 to 90 days	**9.3**	15.0	**72.5**	117.0
Over 90 days	**28.4**	32.3	**221.5**	251.9
Total	**523.4**	454.2	**4,082.5**	3,542.8

Indofood generally allows customers 30 to 60 days of credit. MPIC generally allows 14 days of credit for its water service customers, 60 days of credit for its sewerage services customers, 45 to 60 days of credit for its bulk water supply customers and collects charges when services are rendered to its hospital customers, except for certain corporate customers which are allowed an average of 30 days of credit. PLP generally allows customers 30 days of credit.

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

Included in accounts payable, other payables and accruals are accounts payable of US$370.0 million (HK$2,886.0 million) (2015: US$391.3 million or HK$3,052.1 million), with an ageing profile based on invoice date as below.

At 31 December	**2016**	2015	**2016**	2015
	US$m	US$m	**HK$m***	HK$m*
0 to 30 days	**330.5**	303.5	**2,577.9**	2,367.3
31 to 60 days	**10.0**	22.4	**78.0**	174.7
61 to 90 days	**8.1**	6.2	**63.2**	48.4
Over 90 days	**21.4**	59.2	**166.9**	461.7
Total	**370.0**	391.3	**2,886.0**	3,052.1

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

	Exchange reserve US$m	Unrealized gains/ (losses) on available-for-sale assets US$m	Unrealized gains/ (losses) on cash flow hedges US$m	Income tax related to cash flow hedges US$m	Actuarial (losses)/gains on defined benefit pension plans US$m	Share of other comprehensive (loss)/ income of associated companies and joint ventures US$m	**Total US$m**	**Total HK$m***
Balance at 1 January 2015								
As previously reported	(307.7)	14.9	(28.0)	4.1	(28.4)	(34.0)	(379.1)	(2,957.0)
Prior year adjustments	23.5	-	-	-	-	-	23.5	183.3
As restated	(284.2)	14.9	(28.0)	4.1	(28.4)	(34.0)	(355.6)	(2,773.7)
Other comprehensive (loss)/income for the year								
As previously reported	(233.6)	37.4	(4.6)	0.9	10.9	(84.0)	(273.0)	(2,129.4)
Prior year adjustments	7.1	-	-	-	-	-	7.1	55.4
As restated	(226.5)	37.4	(4.6)	0.9	10.9	(84.0)	(265.9)	(2,074.0)
Acquisition and dilution of interests in subsidiary companies	(1.0)	-	-	-	-	(0.7)	(1.7)	(13.2)
Balance at 31 December 2015	(511.7)	52.3	(32.6)	5.0	(17.5)	(118.7)	(623.2)	(4,860.9)
Balance at 1 January 2016								
As previously reported	(542.3)	52.3	(32.6)	5.0	(17.5)	(118.7)	**(653.8)**	**(5,099.6)**
Prior year adjustments	30.6	-	-	-	-	-	**30.6**	**238.7**
As restated	(511.7)	52.3	(32.6)	5.0	(17.5)	(118.7)	**(623.2)**	**(4,860.9)**
Other comprehensive (loss)/income for the year	(101.9)	(7.2)	41.6	(7.2)	-	0.7	**(74.0)**	**(577.2)**
Recycled to retained earnings	-	-	-	-	-	(1.3)	**(1.3)**	**(10.2)**
Acquisition, divestment and dilution of interests in subsidiary companies	9.9	-	-	-	-	(1.6)	**8.3**	**64.7**
Balance at 31 December 2016	**(603.7)**	**45.1**	**9.0**	**(2.2)**	**(17.5)**	**(120.9)**	**(690.2)**	**(5,383.6)**

12. **Contingent liabilities**

(a) At 31 December 2016, except for US$59.9 million (HK$467.2 million) (2015: US$73.4 million or HK$572.5 million) of guarantees given by Indofood for loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of fresh fruit bunches to Indofood, the Group had no significant contingent liabilities (2015: Nil).

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

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

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

On 15 October 2012, PLDT and BTF Holdings, Inc. (BTFHI), a Filipino corporation and a wholly-owned company of The Board of Trustees for the Account of the Beneficial Trust Fund created pursuant to the PLDT's Benefit Plan, entered into a Subscription Agreement, pursuant to which PLDT issued 150 million Voting Preferred Shares to BTFHI at Peso 1 per share reducing the percentage of PLDT's voting stock held by foreigners from 56.62% (based on Voting Common Stock) as at 15 October 2012 to 18.37% (based on Voting Common and Preferred Stock) as at 15 April 2013.

On 20 May 2013, the Philippine SEC issued SEC Memorandum Circular No. 8, Series of 2013, or MC No. 8, which PLDT believes was intended to fulfill the Court's directive to the Philippine SEC in the Gamboa Case. The Philippine SEC Guidelines provided that "the required percentage of Filipino ownership shall be applied to BOTH: (a) the total number of outstanding shares of stock entitled to vote in the election of directors; AND (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors." PLDT believes it was, and continues to be, compliant with the Philippine SEC Guidelines. As at 2 March 2017, PLDT's foreign ownership was 27.93% of its outstanding shares entitled to vote (Common and Voting Preferred Shares), and 15.35% of its total outstanding capital stock. Therefore, PLDT believe that as at 2 March 2017, PLDT is in compliance with the requirement of Section 11, Article XII of the 1987 Constitution.

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

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

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

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

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

The Supreme Court, in a Resolution dated 14 June 2016, granted the Omnibus Motion: (i) for Leave to Intervene; and (ii) to Admit Comment-in-Intervention, dated 30 May 2016, filed by counsel for Intervenor Shareholders Association of the Philippines, Inc., or Sharephil, noted the aforesaid Comment-in-Intervention, and required the adverse parties to file a Reply to the Comment-in-Intervention within a non-extendible period of 10 days from receipt thereof. On 5 July 2016, PLDT was furnished a copy of the Opposition and Reply to Interventions of the Philippine Stock Exchange and Sharephil dated 30 June 2016 and filed by Petitioner Jose M. Roy III.

The Supreme Court, in a Decision dated 22 November 2016, dismissed the petitions filed by Jose M. Roy III and other petitioners-in-intervention against Philippine SEC Chairperson, Teresita Herbosa (the "Decision"). The Decision upheld the validity of MC No. 8, which requires public utility corporations to maintain at least 60% Filipino ownership in both its "total number of outstanding shares of stock entitled to vote in the election of directors" and its "total number of outstanding shares of stock, whether or not entitled to vote in the election of directors" and declared the same to be compliant with the Court's ruling in the Gamboa Case. Consequently, the Court ruled that MC No. 8 cannot be said to have been issued with grave abuse of discretion.

In the course of discussing the petitions, the Supreme Court expressly rejected petitioners' argument that the 60% Filipino ownership requirement for public utilities must be applied to each class of shares. According to the Court, the position is "simply beyond the literal text and contemplation of Section 11, Article XII of the 1987 Constitution" and the petitioners' suggestion would "effectively and unwarrantedly amend or change" the Court's ruling in the Gamboa Case. In categorically rejecting the petitioners' claim, the Court declared and stressed that its Gamboa ruling "did NOT make any definitive ruling that the 60% Filipino ownership requirement was intended to apply to each class of shares." On the contrary, according to the Court, "nowhere in the discussion of the term "capital" in Section 11, Article XII of the 1987 Constitution in the Gamboa Decision did the Court mention the 60% Filipino equity requirement to be applied to each class of shares."

In respect of ensuring Filipino ownership and control of public utilities, the Court noted that this is already achieved by the requirements under MC No. 8. According to the Court, "since Filipinos own at least 60% of the outstanding shares of stock entitled to vote directors, which is what the Constitution precisely requires, then the Filipino stockholders control the corporation – i.e., they dictate corporate actions and decisions…"

The Court further noted that the application of the Filipino ownership requirement as proposed by petitioners "fails to understand and appreciate the nature and features of stocks and financial instruments" and would "greatly erode" a corporation's "access to capital – which a stock corporation may need for expansion, debt relief/repayment, working capital requirement and other corporate pursuits." The Court reaffirmed that "stock corporations are allowed to create shares of different classes with varying features" and that this "is a flexibility that is granted, among others, for the corporation to attract and generate capital (funds) from both local and foreign capital markets" and that "this access to capital – which a stock corporation may need for expansion, debt relief/prepayment, working capital requirement and other corporate pursuits – will be greatly eroded with further unwarranted limitations that are not articulated in the Constitution." The Court added that "the intricacies and delicate balance between debt instruments (liabilities) and equity (capital) that stock corporations need to calibrate to fund their business requirements and achieve their financial targets are better left to the judgment of their boards and officers, whose bounden duty is to steer their companies to financial stability and profitability and who are ultimately answerable to their shareholders."

The Court went on to say that "too restrictive definition of 'capital', one that was never contemplated in the Gamboa Decision, will surely have a dampening effect on the business milieu by eroding the flexibility inherent in the issuance of preferred shares with varying terms and conditions. Consequently, the rights and prerogatives of the owners of the corporation will be unwarrantedly stymied." Accordingly, the Court said that the petitioners' "restrictive interpretation of the term 'capital' would have a tremendous (adverse) impact on the country as a whole – and to all Filipinos."

13. **Employee information**

For the year ended 31 December	**2016** **US$m**	2015 US$m	**2016** **HK$m***	2015 HK$m*
Employees' remuneration (including Directors' remuneration)	**778.1**	707.4	**6,069.2**	5,517.7

Number of employees	**2016**	2015
At 31 December	**94,189**	96,446
Average for the year	**93,952**	97,460

14. **Events after the reporting period**

(a) On 4 January 2017, the Company announced that it would make tender offers inviting holders of the Group's 2017 Bonds (i.e. the US$300 million (HK$2,340 million) 7.375% Guaranteed Bonds due July 2017 issued by the Company's subsidiary company, FPMH Finance Limited) and holders of the Group's 2020 Bonds (i.e. the US$400 million (HK$3,120 million) 6.375% Guaranteed Bonds due September 2020 issued by the Company's subsidiary company, FPT Finance Limited) to tender their Bonds for purchase by the Company at a cash amount equal to the applicable purchase price multiplied by the aggregate principal amount of such bonds, together with any interest accrued from (and including) the immediately preceding interest payment date for such bonds to (but excluding) the settlement date in respect of such bonds validly tendered and accepted by the Company for purchase. On 13 January 2017, the Company announced that it has received valid tender under the tender offers for an aggregate principal amount of US$69.0 million (HK$538.2 million) in respect of the 2017 Bonds and an aggregate principal amount of US$83.2 million (HK$649.0 million) in respect of the 2020 Bonds, which were subsequently accepted by the Company for settlement on 18 January 2017. The Group recorded a loss of approximately US$10 million (HK$78.0 million) in respect of the settlement of such bonds.

(b) On 17 January 2017, Goodman Fielder announced proposed site reorganizations for its Australian Baking business. The planned changes to the baking business are across Western Australia and Queensland. In Queensland, Goodman Fielder has completed consultation with its employees regarding the proposals. As a result, Goodman Fielder will have an obligation in respect of reorganization cost for Queensland. For Western Australia, Goodman Fielder has entered into a commercial supply agreement with a third party to manufacture products for the Western Australia region. Prior to this being formalized, regulatory approval is required.

Subject to the finalization of approval for Western Australia, Goodman Fielder will then have an obligation in respect of reorganization cost.

(c) On 17 February 2017, Philex's subsidiary companies, Silangan Mindanao Mining Co. Inc. (SMMCI) and Philex Gold Philippines, Inc. (PGPI) received letters from the Department of Environment and Natural Resources (DENR) of the Philippines directing SMMCI and PGPI, respectively, to explain why the Mineral Production Sharing Agreements (MPSAs) of SMMCI and PGPI should not be cancelled for being located within watershed areas.

On 24 February 2017, SMMCI and PGPI responded to the letters stating that there is no legal nor factual basis for the cancellation of the MPSAs since the contract areas covered by the MPSAs are not located within proclaimed watershed forest reserves where mining is prohibited, and that in any case, DENR has not observed due process. SMMCI and PGPI reserve all rights to take appropriate legal action and exhaust all remedies to protect their rightful claims under contract and the law.

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

The audited consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on 28 March 2017.

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

REVIEW OF OPERATIONS

First Pacific

Below is an analysis of results by individual company.

Contribution and profit summary

For the year ended 31 December US$ millions	Turnover **2016**	 2015	Contribution to Group profit[(i)] **2016**	 2015 (Restated)[(ii)]
PLDT[(iii)]	**-**	-	**127.7**	180.7
Indofood	**5,010.5**	4,763.4	**137.9**	123.9
MPIC	**940.2**	816.5	**117.2**	118.2
FPW[(iv)]	**-**	-	**24.0**	13.3
Philex[(iii)]	**-**	-	**10.2**	4.9
FPM Power	**575.3**	663.5	**(13.9)**	(10.7)
FP Natural Resources	**253.0**	193.6	**(2.9)**	(3.8)
Contribution from operations[(v)]	**6,779.0**	6,437.0	**400.2**	426.5
Head Office items:				
- Corporate overhead			**(28.4)**	(31.8)
- Net interest expense			**(95.7)**	(94.4)
- Other expenses			**(11.2)**	(12.8)
Recurring profit[(vi)]			**264.9**	287.5
Foreign exchange and derivative losses[(vii)]			**(9.1)**	(48.5)
Gain on changes in fair value of biological assets			**2.6**	0.2
Non-recurring items[(viii)]			**(155.2)**	(158.6)
Profit attributable to owners of the parent			**103.2**	80.6

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

(ii) The Group has restated its 2015 contribution from Indofood to US$123.9 million from US$130.3 million and changes in fair value of biological assets to a gain of US$0.2 million from a loss of US$1.7 million following its adoption of the amendments to HKAS 16 and 41 "Agriculture: Bearer Plants" with effect from 1 January 2016. Accordingly, the Group's 2015 recurring profit has been restated to US$287.5 million from US$293.9 million and its 2015 profit attributable to owners of the parent has been restated to US$80.6 million from US$85.1 million. Details of the changes are set out in Note 1 to the consolidated financial statements.

(iii) Associated companies

(iv) Joint venture

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

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

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

(viii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 2016's non-recurring losses of US$155.2 million mainly represent the Group's impairment provisions for assets, including FPM Power's goodwill related to its investments in PLP (US$44.8 million), PLDT's investment in Rocket Internet shares and other intangible assets (US$35.4 million), Philex's deferred exploration costs and other assets (US$31.4 million) and MPIC's investments in Landco Pacific Corporation (US$6.8 million), PLP's provision for onerous contracts (US$6.0 million) and MPIC's project expenses (US$3.8 million). 2015's non-recurring losses of US$158.6 million mainly represent the Group's impairment provision in respect of its investments in Philex (US$89.1 million), PLDT's impairment provisions for its fixed assets affected by network upgrade (US$32.7 million) and investment in Rocket Internet shares (US$28.7 million) and MPIC's project expenses (US$5.7 million).

Turnover up 5% to US$6.8 billion from US$6.4 billion

- reflecting higher revenues at Indofood and MPIC
- higher revenues from RHI compared with 10 months in 2015 following the consolidation of RHI from 27 February 2015
- partly offset by lower revenue at PLP

Recurring profit down 8% to US$264.9 million from US$287.5 million

- reflecting a decrease in contribution from PLDT
- an increase in loss at FPM Power
- partly offset by higher profit contributions from Indofood, FPW and Philex, and lower Head Office corporate overhead

Non-recurring losses down 2% to US$155.2 million from US$158.6 million

- reflecting FPM Power's non-cash impairment provision for its investment in PLP
- PLDT's additional non-cash impairment provision for its investment in Rocket Internet shares
- Philex's impairment provision for deferred exploration costs

Reported profit up 28% to US$103.2 million from US$80.6 million

- reflecting lower foreign exchange and derivative losses
- partly offset by a lower recurring profit

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

Closing exchange rates against the U.S. dollar			
At 31 December	**2016**	2015	One year change
Peso	**49.72**	47.06	-5.3%
Rupiah	**13,436**	13,795	+2.7%
A$	**1.389**	1.372	-1.2%
S$	**1.447**	1.419	-1.9%

Average exchange rates against the U.S. dollar			
For the year ended 31 December	**2016**	2015	One year change
Peso	**47.67**	45.61	-4.3%
Rupiah	**13,322**	13,449	+1.0%
A$	**1.347**	1.342	-0.4%
S$	**1.382**	1.379	-0.2%

During 2016, the Group recorded net foreign exchange and derivative losses of US$9.1 million (2015: US$48.5 million), which can be further analyzed as follows:

US$ millions	**2016**	2015
Head Office	**(8.3)**	(4.3)
PLDT	**(6.3)**	(11.3)
Indofood	**6.2**	(22.2)
MPIC	**1.9**	0.4
FPW	**0.4**	(0.3)
Philex	**(1.0)**	(0.9)
FPM Power	**(2.2)**	(9.9)
FP Natural Resources	**0.2**	-
Total	**(9.1)**	(48.5)

Divestment
On 27 May 2016, MPHI, a Philippine affiliate of First Pacific, sold 4.1% diluted interest of MPIC to GT Capital for a net consideration of US$168.6 million. Following the transaction together with the dilution impact from MPIC's share placement to GT Capital for Pesos 22.0 billion (US$460.7 million), MPHI's economic interest in MPIC was reduced to approximately 42.0% from approximately 52.0%.

Capital Management
Distributions
First Pacific's Board of Directors, taking into consideration cash flow trends and following consistent prudent risk management practices, declared a final distribution of HK5.5 cents (U.S. 0.71 cent) per share which brings the total distributions for 2016 to HK13.5 cents (U.S. 1.74 cent) per share, unchanged from a year earlier. The total distributions represent a 28% payout of the Group's 2016 recurring profit attributable to shareholders, higher than the committed payout of 25%.

Debt Profile
At 31 December 2016, net debt at the Head Office stood at approximately US$1.5 billion while gross debt stood at approximately US$1.8 billion with an average maturity of approximately 3.1 years. 18% of the Head Office borrowings were floating rate bank loans while fixed rate bonds comprised the remainder. Unsecured debts accounted for 61% of Head Office borrowings. The blended interest rate was approximately 5.3% per annum.

With the net cash proceeds from the sale of MPIC shares to GT Capital and available cash resources, First Pacific bought back and cancelled approximately US$34.1 million principal amount of bonds during 2016. In addition, in January 2017, First Pacific through bond tender offers for its outstanding 2017 and 2020 maturity bonds, bought back approximately US$152.2 million principal amount of bonds. In the period from 2016 to January 2017, First Pacific bought back and cancelled approximately US$186.2 million principal amount of bonds, hence net debt at the Head Office declined 8% to approximately US$1.5 billion.

As at 28 March 2017, the principal amount of the following bonds remains outstanding:
- approximately US$218.5 million at 7.375% coupon with maturity on 24 July 2017
- US$400.0 million at 6.0% coupon with maturity on 28 June 2019
- approximately US$312.2 million at 6.375% coupon with maturity on 28 September 2020
- approximately US$367.3 million at 4.5% coupon with maturity on 16 April 2023

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

Interest Cover
For 2016, Head Office recurring operating cash inflow before interest expense was approximately US$172.1 million. Net cash interest expense declined 2.7% to approximately US$91.7 million reflecting a lower average interest rate arising from 2016 bond repurchases. For the 12 months ended 31 December 2016, the cash interest cover was approximately 1.9 times.

Foreign Currency Hedging
The Company actively reviews the potential benefits of hedging based on forecast dividend income and enters into hedging arrangements for managing its foreign currency exposure in respect of dividend income and payments in foreign currencies on a transactional basis.

2017 Outlook

2017 will see stabilization at PLDT as it enters a new phase in its transformation into a digital telecommunications and internet/media company. Our food companies Indofood and Goodman Fielder are looking forward to steady growth in demand for their products and in their profitability, while the premier infrastructure holding company in the Philippines, MPIC, sees demand for its electricity, water, toll road, hospital and other services continuing to grow steadily as its markets continue to rank among the fastest-growing in the world. Philex Mining continues to focus on Silangan for new production and on Padcal for possible new resources to develop. Given continuing positive outlook for the economies of emerging Asia, we feel that our investments are well positioned for growth in 2017 and beyond.

We expect to see continuing improvement in performance by the Group companies in 2017 and a return to earnings growth at First Pacific this year. We accordingly regard the Company's discount to net asset value as unjustified by prospects. We are currently reviewing our investment portfolio with an eye towards disposal of certain assets that no longer meet our return criteria. Proceeds from any asset sale would focus on a multi-year share repurchase program to signal Management's dissatisfaction with the NAV discount, and to pay down debt. In this manner, we hope to return to the high shareholder returns that our investors have grown used to over the years at First Pacific.

PLDT

PLDT contributed profit of US$127.7 million to the Group (2015: US$180.7 million), representing approximately 32% (2015: 42%) of First Pacific's aggregate contribution from operations for 2016. PLDT's performance was negatively impacted by intense competition and a continuing shift to data and digital services among consumers from more profitable traditional services such as cellular voice and SMS.

Consolidated core net income down 21% to Pesos 27.9 billion (US$584.4 million) from Pesos 35.2 billion (US$772.0 million)	▪ reflecting the decline in wireless service revenues, higher depreciation and financing costs, lower equity share in earnings from Beacon Electric, share in losses in Vega Telecom, higher handset subsidies and provisions for customer receivables ▪ partly offset by lower cash operating expenses, the higher gain from the sale of the 25% interest in Beacon Electric to MPIC, lower provision for income tax due to the recognition of deferred tax assets, and higher revenues from the fixed line business
Reported net income down 9% to Pesos 20.0 billion (US$419.7 million) from Pesos 22.1 billion (US$483.8 million)	▪ reflecting lower core net income ▪ includes a Pesos 5.4 billion (US$113.3 million) impairment of the investment in Rocket Internet following the decline in its share price
Consolidated service revenues down 3% to Pesos 157.2 billion (US$3.3 billion) from Pesos 162.9 billion (US$3.6 billion)	▪ reflecting the continued structural change in the revenue mix ▪ manifesting higher revenues from the data and broadband businesses, which accounted for 60% and 30% of fixed line and wireless service revenues (net of interconnection costs), respectively ▪ revenues from data, broadband and digital platforms rose 18%, accounting for 41% of the consolidated service revenues ▪ offset by a 13% decline in revenues from cellular SMS, domestic voice and local exchange carrier, which accounted for 50% of total consolidated service revenues ▪ ILD and NLD revenues, accounting for 9% of total consolidated service revenues, declined 19%
EBITDA down 13% to Pesos 61.2 billion (US$1.3 billion) from Pesos 70.2 billion (US$ 1.5 billion)	▪ principally due to lower wireless revenues, higher subsidies and provisions arising from aggressive efforts to increase smartphone ownership, and expenses in relation to the migration of Sun subscribers ▪ partly offset by lower cash operating expenses, mainly selling and promotion, as well as lower compensation and benefits expenses
EBITDA margin to 39% from 43%	▪ reflecting the impact of the continuing evolution in the revenue mix where higher-margin SMS and voice businesses are replaced by relatively lower-margin data and broadband businesses, in line with industry trends ▪ the high level of subsidies and provisions related to growing smartphone ownership among the customer base, excluding which would have resulted in an EBITDA margin of 42% ▪ EBITDA margin for the wireless segment at 32% and for the fixed line segment at 39%

Capital Expenditures

From 2011 to 2016, PLDT spent approximately Pesos 217.2 billion (US$4.6 billion) in capital expenditures. In 2016, it was Pesos 42.8 billion (US$897.8 million) mainly deployed for network modernization and expansion to grow data traffic on both the fixed and wireless networks. This included the full integration of the Smart and Sun wireless networks in Metro Manila and Cebu, increased 4G and 3G coverage using low-band spectrum, the rollout of wifi facilities in major airports and transport hubs, and data capacity expansion.

Investments made to upgrade overall network quality, capacity and coverage are generating significant improvements in speed and customer experience. A customer experience survey undertaken in Rizal, where the network upgrade is 80% complete, showed that the voice call success rate remained high at 99%. Average data download and upload speeds for 3G rose 15% and 61% to 3.1 Mbps and 2.9 Mbps, respectively, while 4G data download and upload speeds accelerated 3.6 times and 1.4 times to 19.3 Mbps and 15.3 Mbps, respectively.

Capital expenditure for 2017 is estimated at Pesos 46.0 billion, consisting of projects to support the anticipated further growth in consumption of data and broadband services especially in the Home and Enterprise businesses of the fixed line segment, and to prepare for the 5G rollout.

Debt Profile

As at 31 December 2016, PLDT's consolidated net debt was US$2.9 billion compared with US$2.4 billion at 31 December 2015 as a result of higher capital expenditure and partial funding for the acquisition of Vega Telecom. Total gross debt rose US$0.3 billion to US$3.7 billion, of which 32% was denominated in U.S. dollars. Only 9% of the total debt was unhedged after taking into account the available U.S. dollar cash on hand and currency hedges in place. 74% of the total debts are due to mature beyond 2018. Considering interest rate swaps which have been completed, 92% of the total debt consists of fixed-rate borrowings. The average pre-tax interest cost increased to 4.5% from 4.2%. The debt profile remains manageable.

PLDT is rated investment grade by Fitch Ratings, Moody's Investors Service and Standard and Poor's Financial Services, unchanged from year-end 2015.

Capital Management

Dividends

PLDT's dividend policy is to pay 60% of core net income as regular dividends with a "look back" policy at year-end to assess the possibility of paying a special dividend. The PLDT Board of Directors declared a final regular dividend of Pesos 28 (US$0.59) per share payable on 6 April 2017 to shareholders on record as at 21 March 2017. Added to the interim regular dividend of Pesos 49 (US$1.03) per share paid on 1 September 2016, total dividends for 2016 will amount to Pesos 77 (US$1.62) per share. Considering the higher capital expenditure commitment for 2017 and plans to reduce debts, there was no special dividend declared for 2016.

Additional Investment and Asset Divestment

On 30 May 2016, PLDT and Globe Telecom, Inc. announced the acquisition of Vega Telecom, which holds the telecommunications businesses of SMC, for a total consideration of Pesos 70 billion (US$1.5 billion), consisting of Pesos 52.8 billion (US$1.1 billion) for the equity interest, and Pesos 17.2 billion (US$360.8 million) in assumed liabilities. Each of PLDT and Globe have a 50% equity interest in Vega Telecom. As part of the transaction, 85MHz of spectrum in various bands were returned to the government, while each of PLDT and Globe entered into co-use arrangements with the National Telecommunications Commission ("NTC") for 140MHz each across various spectrum bands. PLDT's share of the total consideration was Pesos 26.45 billion (US$554.9 million) in equity and Pesos 8.55 billion (US$179.4 million) in assumed liabilities. By the end of December 2016, PLDT had paid 75% of its share of the equity portion, with the remaining 25% to be paid in May 2017.

On 30 May 2016, PLDT's subsidiary PLDT Communications and Energy Ventures, Inc. ("PCEV") sold a 25% interest in Beacon Electric to MPIC for a consideration of Pesos 26.2 billion (US$549.6 million). PCEV had received Pesos 17.0 billion (US$356.6 million) in cash and the balance of Pesos 9.2 billion (US$193.0 million) is to be received in annual installments until June 2020.

Data and Broadband

All of the PLDT group's data and broadband businesses registered year-on-year increases in 2016. Data and broadband underpinned the growth in PLDT's Home and Enterprise businesses whose service revenues, net of interconnection costs, rose 10% and 9% to Pesos 29.3 billion (US$614.6 million) and to Pesos 30.6 billion (US$641.9 million), respectively. These businesses accounted for 40% of consolidated service revenues.

Revenues from mobile data, fixed and wireless home broadband, and corporate data and data center rose 26%, 14% and 15%, and accounted for 42%, 29% and 29% of consolidated data and broadband revenues, respectively.

PLDT has the largest number of broadband subscribers in the Philippines. Its combined broadband subscriber base rose 14% to 1.7 million. The number of PLDT fixed broadband subscribers grew 16% to 1.5 million. As at 31 December 2016, smartphone ownership rose to about 50% of PLDT's mobile subscriber base, with half of those owning smartphones paying for data. Mobile internet usage grew 49% in volume terms during 2016.

Wireless

Wireless service revenues (net of interconnection costs) declined 9% to Pesos 92.5 billion (US$1.9 billion), reflecting decreases in ILD, SMS and domestic voice revenues offsetting increases in revenues from wireless data and broadband. Revenues from wireless data, broadband and digital platforms; SMS and domestic voice; and ILD services represented 31%, 60% and 9% of total wireless service revenues, respectively. Wireless data, broadband and digital-related revenues rose 19%, reflecting higher smartphone penetration in the subscriber base, as well as increased data usage among those owning smartphones. SMS and domestic voice, and ILD revenues declined 18% and 23%, respectively, as more users switched to digital and data services.

The PLDT group's combined mobile subscriber base declined 9% to 62.8 million, while wireless home broadband subscribers grew 4% year-on-year to 0.3 million.

Prepaid subscribers remained high at 96% of the PLDT group's total mobile subscriber base, while postpaid accounted for the remaining 4%.

Fixed Line

Fixed line service revenues (net of interconnection costs) rose 7% to Pesos 63.1 billion (US$1.3 billion). The higher revenues from local exchange carrier, data and broadband, and corporate data and data center were partly offset by lower ILD and NLD revenues.

Fixed line data and broadband represented 60% of total fixed line service revenues with performance improving 12%, ILD and NLD revenues accounted for 9% of total fixed line service revenues and declined 9%, while local exchange carrier and others accounted for 31% of total fixed line service revenues, and rose 5%. The expanded fiber-to-the-home (FTTH) network had extended its services to 2.8 million homes passed as at the end of 2016.

The number of PLDT fixed line subscribers increased 6% year-on-year to 2.4 million of which 59% had broadband subscriptions.

Meralco

PLDT's indirect subsidiary PCEV owns 25% of Beacon Electric. As at 31 December 2016, Beacon Electric owned approximately 34.96% of Meralco.

Meralco, the largest electricity distribution utility in the Philippines, has a franchise to distribute electricity in most of Luzon until 2028. The franchise area produces nearly half of the Philippines' gross domestic product and Meralco accounts for over half of the total electricity sales in the Philippines.

Meralco's performance in 2016 can be found in the MPIC section of this document.

2017 Outlook

EBITDA is expected to grow for the first time since 2013, rising from Pesos 61.2 billion in 2016 to Pesos 70 billion in 2017 on the strength of a rise in consolidated service revenues led by double-digit growth in data and broadband revenues offsetting continuing declines in toll, cellular voice and SMS revenues. Recurring core income is seen rising by Pesos 1.5 billion to Pesos 21.5 billion as a result of higher EBITDA, offset by lower equity in earnings due to reduced ownership in Beacon Electric as well as losses and purchase price amortization expenses arising from the acquisition of Vega Telecom, and higher depreciation and financing costs. Capital expenditure is seen rising by Pesos 3.2 billion to Pesos 46 billion with a bigger percentage of the spend earmarked for the fixed line to support the grow momentum in the Home and Enterprise businesses, the continued rollout of LTE services to attain 70% population coverage by the end 2017, and carry-over of capex projects begun but not finished in 2016.

Indofood

Indofood's contribution to the Group increased 11% to US$137.9 million (2015: US$123.9 million) principally reflecting higher core net income and a 1% appreciation of the average rupiah exchange rate against the U.S. dollar.

Core net income up 12% to Rupiah 4.0 trillion (US$299.4 million) from Rupiah 3.6 trillion (US$264.9 million)	▪ reflecting a 13% rise in operating profit ▪ improvement in the underlying performance across Strategic Business Groups
Net income up 40% to Rupiah 4.1 trillion (US$311.1 million) from Rupiah 3.0 trillion (US$220.7 million)	▪ mainly reflecting higher core net income ▪ recorded foreign exchange gains in 2016 compared to losses in 2015
Consolidated net sales up 4% to Rupiah 66.8 trillion (US$5.0 billion) from Rupiah 64.1 trillion (US$4.8 billion)	▪ driven by higher sales contributions from CBP, Agribusiness and Distribution groups partly offset by a decrease at Bogasari group ▪ sales contribution from CBP, Bogasari, Agribusiness and Distribution groups amounted to 51%, 22%, 19% and 8% of the total, respectively
Gross profit margin to 29.1% from 26.9%	▪ mainly due to lower growth in cost of goods sold versus sales growth
Consolidated operating expenses up 8% to Rupiah 11.2 trillion (US$840.7 million) from Rupiah 10.4 trillion (US$773.3 million)	▪ due mainly to higher salaries, wages and employee benefits and advertising and promotion expenses
EBIT margin to 12.4% from 11.5%	
Net gearing at 0.21 times at the end of 2016 from 0.34 times	

Debt Profile

As at 31 December 2016, Indofood recorded gross debt of Rupiah 22.4 trillion (US$1.7 billion), down 19% from Rupiah 27.6 trillion (US$2.0 billion) as at 31 December 2015. Of this total, 47% matures within one year and the remainder matures between 2018 and 2027, while 63% was denominated in rupiah and the remaining 37% was denominated in foreign currencies.

Additional Investment and Asset Divestment

On 29 February 2016, PT Wushan Hijau Lestari, a 65%-owned subsidiary of PT Perusahaan Perkebunan London Sumatra Indonesia Tbk ("Lonsum"), acquired a 100% interest in PT Pasir Luhur ("PL") for a total consideration of Rupiah 55 billion (US$4.1 million). PL owns approximately 900 hectares of tea plantation located at West Java, Indonesia.

On 16 December 2016, Indofood completed the disposal of its 82.88% interest in CMZ to Marvellous BVI for a total consideration of S$651.9 million (US$455.6 million), comprising cash of S$416.4 million (US$291.0 million) and mandatory exchangeable bonds of S$235.5 million (US$164.6 million). In February 2017, Indofood had fully exchanged the exchangeable bonds to approximately 29.94% of CMZ.

CBP

The CBP group comprises the Noodles, Dairy, Snack Foods, Food Seasonings, Nutrition & Special Foods and Beverages divisions. It produces and markets a wide range of food and beverage products across Indonesia, and export some products to international markets.

Indofood's Noodles division is one of the world's largest producers of instant noodles with annual production capacity of over 18 billion packs, offering instant bag noodles, instant cup noodles, egg noodles, mug noodles and snack noodles.

Its Dairy division has an annual production capacity of more than 600,000 tonnes, and is one of the largest dairy products manufacturers in Indonesia, producing sweetened condensed milk, creamer, UHT milk, sterilized bottled milk, pasteurized liquid milk, lactic acid beverages, powdered milk, ice cream and butter.

The Snack Foods division has an annual production capacity of over 45,000 tonnes, producing modern and traditional snacks including potato, cassava, soybean and sweet potato chips, as well as extruded snacks, crackers and a wide range of biscuits.

The Food Seasonings division has an annual production capacity of around 135,000 tonnes, manufacturing a wide range of culinary products, including instant seasonings, soy sauces, chili sauces, tomato sauces, cordial syrup and instant porridge.

The Nutrition & Special Foods division has an annual production capacity of around 25,000 tonnes, producing cereals, biscuits and puddings for infants and children, cereal snacks for children, and milk for expectant and lactating mothers.

The Beverages division's product portfolio includes ready-to-drink teas, ready-to-drink coffees, packaged water, carbonated soft drinks, energy drinks, and fruit-flavored drinks with a combined annual production capacity of around 3 billion liters.

Sales by the CBP group rose 7% to Rupiah 34.1 trillion (US$2.6 billion), driven by higher volumes and average selling prices.

The EBIT margin improved to 14.2% from 12.2% primarily due to improved margins at Noodles, Dairy, Snack and the Nutrition & Special Foods divisions.

Overall market conditions in 2016 were better than the previous year, with higher demand for most fast-moving consumer goods. Indofood is increasing its production capacity for some of its key categories and expanding its product portfolio to meet market demand.

Bogasari

Bogasari produces wheat flour and pasta for domestic and international markets. Its sales declined 1% to Rupiah 18.9 trillion (US$1.4 billion) as an average 4% decline in prices offset a 3% growth in sales volume. The EBIT margin increased to 8% from 7% owing to lower wheat prices.

The growth of the flour industry in Indonesia has been steady over the last few years in line with development of the flour-based industry and an increasing preference by younger people for flour-based foods. Per-capita flour consumption is expected to rise steadily in the medium term.

Agribusiness

The diversified and vertically integrated Agribusiness group consists of two divisions: Plantations and Edible Oils & Fats ("EOF"), which operate through IndoAgri and its main operating subsidiaries, PT Salim Ivomas Pratama Tbk ("SIMP") and Lonsum in Indonesia. The Agribusiness group is one of Indonesia's largest palm oil producers with leading businesses in branded edible oils and fats. It also has equity investments in sugar production in Companhia Mineira de Açúcar e Álcool Participacoes ("CMAA") in Brazil and in RHI in the Philippines.

Agribusiness sales increased 5% to Rupiah 14.5 trillion (US$1.1 billion), reflecting stronger CPO and palm kernel prices despite lower production, and higher sales of edible oils and fats. The EBIT margin improved to 11.9% from 10.9%. Sales volume of CPO and palm kernel related products declined 16% to approximately 826,000 tonnes and 194,000 tonnes respectively, sugar declined 2% to approximately 66,000 tonnes and rubber declined 20% to approximately 12,800 tonnes.

Plantations

SIMP and Lonsum have a total planted area of 300,536 hectares of which oil palm accounts for 82% while rubber, sugar cane, timber, cocoa and tea account for the remaining 18%. Around 23% of oil palms are younger than seven years while overall, the oil palms have an average age of approximately 14 years. This division has a total annual processing capacity of 6.4 million tonnes of fresh fruit bunches ("FFB"). In 2016, crude palm oil ("CPO") production decreased 17% to 833,000 tonnes due to the impact of the severe El Niño in 2015. As at 31 December 2016, RSPO and ISPO certified CPO production were approximately 388,000 and approximately 255,000 tonnes, respectively.

In Indonesia, total planted area of sugar cane remained at 13,249 hectares, sugar production declined 5% to approximately 64,600 tonnes due to high rainfall in 2016 affecting harvesting operations. However, the downstream EOF operation recorded strong sales volume growth, due to increased consumption of branded products in the Indonesian market.

In Brazil, the planted area of sugar cane increased 2% to 53,826 hectares. IndoAgri's 50% share of CMAA's loss reduced 81% to Rupiah 33 billion (US$2.5 million) reflecting CMAA's improved performance as a result of higher sugar and ethanol prices.

EOF

This division manufactures cooking oils, margarines and shortenings with an annual refinery capacity of 1.4 million tonnes of CPO. Approximately 61% of this division's input needs are sourced from the Plantations division's CPO production.

The outlook for the agribusiness remains optimistic with continuing growth in domestic consumption in Indonesia. It will place a stronger emphasis on extracting the optimum from its value chain, and proactively improve operations, increase yields, raise productivity and control costs.

Distribution

The Distribution group is a major component of Indofood's Total Food Solutions chain of operations as it has one of the most extensive distribution network in Indonesia.

Distribution's sales rose 7% to Rupiah 5.3 trillion (US$400.4 million) mainly benefiting from higher sales by CBP businesses. The EBIT margin slightly declined to 3.3% from 3.5%.

The Distribution group continues to strengthen its distribution network serving over 500,000 registered retail outlets in Indonesia for increasing Indofood's product penetration and high product availability in retail outlets, as well as offering product distribution for external customers.

2017 Outlook

Continuing economic growth with modest inflation in 2017 will be the main factor in a steady increase in domestic private consumption in Indonesia. Potential increase in commodity prices may further boost economic growth. The improvement in the domestic macroeconomic situation and higher commodity prices, in particular CPO, combined with sound strategies will enhance Indofood's performance.

MPIC

MPIC's infrastructure portfolio as at 28 March 2017 comprises the following assets offering a wide range of services:

Power distribution and generation

- 75.0% in Beacon Electric Assets Holdings, Inc. ("Beacon Electric") which owns 34.96% of Manila Electric Company ("Meralco") and 100% in Beacon PowerGen Holdings Inc, ("Beacon PowerGen") which in turn owns 56.0% of Global Business Power Corporation ("GBPC")
- 15.0% in Meralco

Water production, distribution and sewage management

- 52.8% in Maynilad Water Services, Inc. ("Maynilad")
- 100.0% in MetroPac Water Investments Corporation ("MWIC") which through its subsidiary owns 80.0% of Metro Iloilo Bulk Water Supply Corporation ("MIBWSC"), and owns 65.0% in ESTII

Toll roads

- 99.9% in MPTC which in turn owns:
  - 75.6% in NLEX Corporation (formerly Manila North Tollways Corporation)
  - 60.0% in Tollways Management Corporation ("TMC")
  - 100.0% in Cavitex Infrastructure Corporation ("CIC")
  - 100.0% in MPCALA Holdings, Inc. ("MPCALA")
  - 100.0% in Cebu Cordova Link Expressway Corporation ("CCLEC")
  - 44.9% in CII Bridges and Roads Investment Joint Stock Co. ("CII B&R") in Vietnam
  - 29.45% in Don Muang Tollway Public Company Limited ("DMT") in Thailand

Hospitals

- 60.1% interest in Metro Pacific Hospital Holdings, Inc. ("MPHHI") which in turn owns:
  - 100.0% in Colinas Verdes Hospital Managers Corporation, the operator of Cardinal Santos Medical Center ("CSMC")
  - 100.0% in East Manila Hospital Managers Corporation, the operator of Our Lady of Lourdes Hospital ("OLLH")
  - 100.0% in Metro Pacific Zamboanga Hospital Corporation, the operator of West Metro Medical Center ("WMMC")
  - 93.1% in Marikina Valley Medical Center Inc. ("MVMC")
  - 85.6% in Asian Hospital, Inc. ("AHI") which owns 100.0% of Asian Hospital and Medical Center
  - 78.0% in Riverside Medical Center, Inc. ("RMCI")
  - 65.0% in Delgado Clinic Inc. ("DCI"), the owner and operator of the Dr. Jesus C. Delgado Memorial Hospital ("JDMH")
  - 51.0% in Central Luzon Doctors' Hospital Inc. ("CLDH")
  - 51.0% in De Los Santos Medical Center Inc. ("DLSMC")
  - 51.0% in Sacred Heart Hospital of Malolos Inc. ("SHHMI")
  - 50.0% in Metro Sanitas Corporation, owner of 51.0% of The Megaclinic, Inc. ("Megaclinic")
  - 35.2% in Davao Doctors Hospital, Inc. ("DDH")
  - 33.0% in Medical Doctors, Inc. ("MDI"), owner and operator of Makati Medical Center
  - 20.0% in Manila Medical Services Inc. ("MMSI"), owner and operator of Manila Doctors Hospital ("MDH")

Rail

- 100.0% in Metro Pacific Light Rail Corporation which in turn owns 55.0% in Light Rail Manila Corporation ("LRMC"), the operator of Light Rail Transit 1 ("LRT1")

Logistics

- 100.0% in MetroPac Logistics Company, Inc. which in turn owns 76.0% of MetroPac Movers, Inc. ("MMI")

MPIC's contribution to the Group decreased 1% to US$117.2 million (2015: US$118.2 million), reflecting a lower average economic shareholding in MPIC to 46.4% from 52.4% in 2015, a lower contribution from Maynilad due to the expiration of an income tax holiday, higher MPIC financing costs and a 4% depreciation of the average peso exchange rate against the U.S. dollar, partly offset by higher contributions from its power, toll roads, hospital and rail businesses.

Consolidated core net income up 17% to Pesos 12.1 billion (US$254.0 million) from Pesos 10.3 billion (US$226.8 million)

- reflecting strong growth at all of MPIC's operating companies, except Maynilad due to the expiration of its income tax holiday
- power, water, toll roads, hospitals, and rail and others accounted for 48%, 24%, 23%, 4% and 1%, respectively, of MPIC's consolidated profit contribution from operations
- a 59% increase in contribution from Meralco, GBPC and Beacon Electric to Pesos 7.2 billion (US$151.6 million), a higher average shareholding in Meralco, a higher core net income from Meralco, lower interest expenses at Beacon Electric, seven months of contribution from GBPC, and higher preferred share dividend income from Beacon Electric
- a 26% decline in contribution from Maynilad to Pesos 3.6 billion (US$74.8 million) despite an increases in billed volume and average effective tariff, mainly due to higher tax expense driven by the expiration of Maynilad's income tax holiday in December 2015 and higher water treatment expenses
- a 24% rise in contribution from MPTC and DMT to Pesos 3.5 billion (US$73.8 million) reflecting strong traffic growth, a full year contribution from SCTEX and lower interest expenses
- a 25% increase in contribution from Hospitals to Pesos 589 million (US$12.4 million) reflecting

contributions from three newly-acquired hospitals and higher contributions from existing hospitals
- a 5.7 times increase in contribution from light rail to Pesos 273 million (US$5.7 million) reflecting a full year contribution and a higher average daily ridership
- partly offset by higher MPIC head office interest expenses

Consolidated reported net income up 20% to Pesos 11.5 billion (US$240.3 million) from Pesos 9.5 billion (US$209.3 million)

- due largely to a higher core net income
- an increase in foreign exchange gains
- while the net non-recurring expense for 2016 was mainly related to the impairment losses on investments in Landco Pacific Corporation and recognized by Meralco on its investments in PLP, project expenses were broadly the same as in 2015

Revenues up 20% to Pesos 44.8 billion (US$940.2 million) from Pesos 37.2 billion (US$816.5 million)

- reflecting revenue growth at all operating companies

Debt Profile

As at 31 December 2016, MPIC reported consolidated debt of Pesos 97.0 billion (US$2.0 billion), up 11% from Pesos 87.6 billion (US$1.9 billion) as at 31 December 2015. Of the total, 94% was denominated in pesos. Fixed-rate loans accounted for 94% of the total and the average pre-tax interest cost was approximately 5.8%.

Dividend

MPIC's Board of Directors declared a final dividend of Peso 0.068 (U.S. 0.14 cent) per share payable on 26 April 2017 to shareholders on record as at 30 March 2017, 11% higher than the final dividend in 2015. Together with the interim dividend of Peso 0.032 (U.S. 0.067 cent) per share paid on 26 September 2016, total dividends for 2016 rose 8% to Peso 0.1 (U.S. 0.21 cent) per share, representing a payout ratio of 25% of core net income per share.

Additional Investments

On 7 March 2016, MPHHI completed the acquisition of a 51.0% interest in SHHMI for a total consideration of Pesos 150 million (US$3.2 million). SHHMI has employed the funds paid by MPHHI for increasing its bed capacity and enhancing medical facilities.

On 5 May 2016, MWIC signed a joint venture agreement with the Metro Iloilo Water District for the supply of bulk treated water and the rehabilitation, expansion, operation and maintenance of certain water facilities, with an estimated project cost of Pesos 2.8 billion (US$56.3 million). On 5 July 2016, MIBWSC commenced its operation.

On 19 May 2016, MMI acquired the business and assets of a group of logistics services providers for a consideration of Pesos 2.2 billion (US$46.1 million).

On 27 May 2016, Beacon Electric, through its wholly-owned entity, Beacon PowerGen acquired a 56.0% interest in GBPC for a total consideration of Pesos 22.1 billion (US$463.6 million) of which half was paid in cash and the remaining half in vendor finance was settled through a 10-year fixed interest rate peso denominated loan.

On 30 May 2016, MPIC acquired an additional 25.0% interest in Beacon Electric from PLDT's subsidiary PCEV for a consideration of Pesos 26.2 billion (US$549.6 million). MPIC has paid Pesos 17.0 billion (US$356.6 million) in cash to PCEV upfront and the balance of Pesos 9.2 billion (US$193.0 million) to be settled in annual installments until June 2020.

On 16 June 2016, MWIC acquired a 65.0% interest in ESTII for a total consideration of Pesos 1.8 billion (US$38.3 million). ESTII's core businesses are related to wastewater and sewage treatment plant facilities.

On 29 July 2016, MPHHI completed the acquisition of a 93.1% interest in MVMC for a total consideration of Pesos 993 million (US$20.8 million). MVMC is a prominent tertiary hospital in Marikina with 140 beds, its newly built 7-storey Medical Arts Building has 44 clinics for MVMC's more than 270 accredited doctors.

On 3 October 2016, CCLEC, Cebu City and Municipality of Cordova signed the concession agreement for the financing, design, construction, implementation, operation and maintenance of the Cebu Cordova Link Expressway ("CCLEX"). The estimated construction cost is expected to be about Pesos 27.9 billion (US$561.1 million). Groundbreaking for the project took place on 2 March 2017 and construction is expected to be completed by 2020.

On 23 November 2016, NLEX Corporation and the Republic of the Philippines acting through the Department of Public Works and Highways ("DPWH") signed the concession agreement for the design, financing, construction, operation and maintenance of the NLEX-SLEX Connector Road ("Connector Road"). The Connector Road is an eight-kilometer elevated toll expressway over the right of way of the Philippine National Railways connecting the NLEX to the SLEX. The construction is expected to start in 2018 and to complete in 2021, with an estimated cost of Pesos 21.8 billion (US$438.5 million).

On 24 January 2017, MMI, through its wholly-owned subsidiary PremierLogistics, Inc., signed an agreement to acquire certain logistics-related assets and businesses of Ace Logistics, Inc. for a consideration of Pesos 280 million (US$5.6 million). This transaction is expected to be completed by April 2017.

On 31 January 2017, MPHHI completed an agreement to invest approximately Pesos 134 million (US$2.7 million) of cash into DCI through a subscription to preferred shares representing approximately 65% of the total expanded capital stock of DCI. DCI is the owner and operator of the JDMH in Quezon City.

Equity Placement

On 27 May 2016, MPIC raised Pesos 22.0 billion (US$460.7 million) of new equity by placing 3.6 billion of new shares to GT Capital. The funds were primarily used for the acquisition of an additional 25% interest in Beacon Electric from PCEV and the acquisition of a 56.0% interest in GBPC by Beacon Electric. GT Capital also acquired another 1.3 billion shares of MPIC from MPHI which brings its economic interest in MPIC to 15.6%.

Power

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

During 2016, MPIC added GBPC to its power generation portfolio through Beacon Electric. GBPC is a leading power producer in the Visayas region and Mindoro Island with current generation capacity of 854 megawatts, of which 70 megawatts is contracted to Meralco.

Meralco's operating performance was strong, driven by higher average temperatures, sustained strong economic growth, low inflation and low retail electricity prices. The volume of electricity sold rose 8% to 40,142 gigawatt hours, with residential, commercial and industrial demand recording 12%, 8% and 4% increases, respectively. Revenues flat at Pesos 257.2 billion (US$5.4 billion), reflecting lower average distribution rate and pass-through fuel charges eroded the positive impact of an 8% growth in energy sales and a 4% increase in number of customers. Capital expenditure up 1% to Pesos 11.4 billion (US$239.1 million) and system loss at record low of 6.35%.

Natural gas accounted for 42% of Meralco's total fuel sources, followed by coal at 38%. The remaining 20% included hydro, biomass, geothermal and natural gas sources.

Meralco PowerGen Corporation ("Meralco PowerGen"), Meralco's wholly-owned power generation subsidiary, is developing several power projects in the Philippines with a total planned capacity of over 3,000 megawatts through San Buenaventura Power, Redondo Peninsula Energy, Atimonan One Energy, St. Raphael Power and Mariveles Power Generation Corporation. It also has investments in GBPC's power assets and the PLP power plant in Singapore.

Water

Maynilad is the biggest water utility in the Philippines. It operates a concession that runs until 2037 for water distribution and sewerage services for the West Zone of Metro Manila.

During 2016, Maynilad's average non-revenue water fell to 29.9% from 31.0%. Revenues rose 6% to Pesos 20.2 billion (US$424.3 million), reflecting a 4% increase in billed water volume to 499 million cubic meters, a 4% increase in billed customers to 1.3 million and a 2% increase in the average tariff due to inflationary adjustment. Core income declined 26% to Pesos 7.2 billion (US$151.0 million), resulting from the expiration of an income tax holiday and higher water treatment expenses.

Maynilad's water tariff under the rate rebasing for the period from 2013 to 2017 received a favorable award in arbitration proceedings on 29 December 2014. However, the Metropolitan Waterworks and Sewerage System ("MWSS") of the Philippines has not yet acted on the arbitration award. The final hearing for the arbitration was completed in December 2016 and final judgement is expected in the first half of 2017. Despite the delay in the tariff increase it is entitled to, Maynilad remains committed to enhance its services through installing new water pipes, expanding distribution lines and increasing drinking water supply and sewerage coverage. In 2016, capital expenditure up 19% to Pesos 9.5 billion (US$199.3 million).

MWIC extended its bulk water supply services in Cebu, Laguna and Iloilo, amounted to 150 million liters of water per day. The investments in ESTII allows MPIC to diversify its water-related investment and invest in the high-growth wastewater engineering procurement and construction ("EPC") and operations and maintenance ("O&M") market. As at year-end 2016, ESTII has 109 recurring contracts for sewerage treatment services and 115 ongoing sewerage treatment plant construction projects.

Toll Roads

MPTC operates NLEX, CAVITEX, SCTEX and the Subic Freeport Expressway in the Philippines, and has investments in DMT in Thailand and CII B&R in Vietnam.

In 2016, revenues rose 23% to Pesos 11.9 billion (US$249.7 million), reflecting strong traffic growth and a full year contribution from SCTEX.

Capital expenditure increased 34% to Pesos 8.9 billion (US$186.7 million) mainly reflecting the cost of integrating SCTEX with NLEX, and Segments 2 and 3 of the NLEX road widening project. In the Philippines, the construction of Segment 10 of the NLEX Harbour Link is expected to be completed in early 2018, while completion is expected in 2020 for CAVITEX C5 South Link, CALAX and CCLEX, and in 2021 for NLEX-SLEX Connector Road and NLEX Citi Link.

The entitled tariff adjustments for NLEX, CAVITEX and SCTEX remain unresolved with the regulator. The delay since 2012 has hurt MPTC's ability to finance its road construction projects.

Hospitals
MPIC's Hospital group comprises 13 full-service hospitals and MegaClinic, a mall-based diagnostic and surgical center, and has indirect ownership in two healthcare colleges in Davao and Bacolod. MPIC is the largest private provider of premier hospital services in the Philippines with approximately 2,900 beds.

Revenues rose 29% to Pesos 19.6 billion (US$411.2 million), reflecting contributions from three newly-acquired hospitals and higher contributions from existing hospitals. The number of out-patients rose 35% to 2.7 million and in-patients rose 26% to 160,581.

The Hospital division plans to expand its portfolio to over 5,000 beds and aims to enhance healthcare services by the implementation of synergies across its hospital network, expanding capacity and upgrading facilities, establishing a central laboratory and specialty healthcare facilities.

Rail
LRMC commenced operation of LRT1, its first rail project, in September 2015, in a concession which runs until 2047. In 2016, it recorded revenues of Pesos 3.0 billion (US$63.3 million) reflecting a full-year contribution from LRT1 and a 5% growth in LRT1's average daily ridership to 409,412.

In February 2016, LRMC signed a Pesos 24.0 billion (US$503.5 million) loan facility for the LRT1 project, of which Peso 15.3 billion (US$321.0 million) is for the construction of the Cavite Extension while the remaining is for the rehabilitation of the existing LRT1 system. Since takeover in September 2015, 23 LRVs were restored which increased the total number of LRVs in operation to 100.

Projects for rail replacement, lining and leveling are progressing as scheduled and are expected to be completed by 2017. Other enhancement projects involve improvements for stations and depots and the unification of the central station. The Cavite Extension project has secured financing and is pending for the Grantor's delivery of the right of way.

2017 Outlook
Strong economic growth is expected to continue, driven in part by increasing household incomes. Greater spending power by consumers will continue to drive volume growth in all of MPIC's major areas of business from toll roads to healthcare. However, while tariff disputes with regulators remain unresolved, it is difficult to reliably forecast financial and operating results.

FPW/Goodman Fielder

FPW contributed a normalized profit of US$24.0 million to the Group (2015: US$13.3 million). The 80% increase in profit contribution reflected a full year of contribution versus nine months in 2015, higher contribution from the Australian Grocery and Baking, New Zealand Baking and China divisions, partly offset by a lower contribution from the Papua New Guinea business and the costs associated with short term incentives and the implementation of a long-term management incentive scheme.

For 2016, Goodman Fielder recorded core net income of A$67.6 million (US$50.2 million), sales of A$2.0 billion (US$1.5 billion) and normalized EBIT of A$135.0 million (US$100.2 million). Capital expenditure was reduced by 4%.

International Business

Sales from the international business rose 2% reflecting strong volume growth in most markets mostly offset by lower average selling prices in the dairy and flour products, and a weaker performance in Papua New Guinea due to operational issues and the depreciation of the Papua New Guinean Kina and the Renminbi against the U.S. dollar.

In Papua New Guinea, Goodman Fielder maintained a strong market position in the flour and snack categories. Sales volumes of flour, stock feed and snacks increased 1%, 8% and 36%, respectively. SKEL rice introduced in the fourth quarter of 2016 was well received in the market.

In Fiji, overall volume growth is 8%. Sales grew by 11% in 2016 with regular new product development for poultry and ice cream being favorably received in the market. Capital investment and operational improvements are underway to bolster operating performance and position the business for future growth.

Expanded milk production facilities enable Goodman Fielder to capture a growing share of the high demand for dairy products in international markets. Export volumes of its Meadow Fresh UHT milk to Southeast Asia rose approximately 100% during 2016. Sales volume in China (including North Asia) of UHT milk rose 21% to 20.1 million liters. Goodman Fielder also introduced whipping cream to the Chinese market in 2016. In the markets of Papua New Guinea, Fiji and New Caledonia, total sales volumes of UHT milk grew from 0.6 million liters to 4.3 million liters.

In addition to UHT milk, Goodman Fielder aims to increase exports of dairy cream, yoghurt, butter and cheese products to the food service and retail markets across China and Southeast Asia and Pacific.

New Zealand Business

The dairy business, including Puhoi Valley premium organic milk and flavored milk, Fresh Beverages and Everyday Cheese, sustained strong growth in 2016. Sales for New Zealand declined 1% reflecting a slightly weaker performance for the baking and dairy businesses, partly offset by improvement in the grocery business.

In 2016, Goodman Fielder's specialty cheese products received notable industry awards, with Puhoi Valley Kawau Blue named the best cheese at the New Zealand Champion of Cheese awards. Puhoi Valley also won the washed rind cheese category with their cellar range washed rind receiving a perfect score of 100 from the judges and Puhoi Valley's Fresh Goat cheese was the first goat cheese to win the Champion Export Cheese Award.

The expanded UHT milk facility at Christchurch increased Goodman Fielder's efficiency and production capacity, while the margin of its dairy products improved to 39.4% from 39.0%. The New Zealand business implemented cost-out initiatives for Operations, Supply Chain and Commercial departments.

Australia Business

In Australia, Goodman Fielder's branded products under Meadow Lea, Praise, White Wings, Pampas, Helga's, Wonder White, Vogel's, Meadow Fresh, Edmonds and Irvines labels remain popular with strong market share in the local market.

Sales of local business declined 2% to A$858.6 million (US$637.4 million) reflecting weaker baking business offset by growth in the grocery business. New logistics arrangements reduced total logistics costs by approximately 10%. In 2016, Goodman Fielder launched a wide range of new products, including White Wings' "Cake in a Cup", new Praise Deli dressings and mayo range, Wonder Smooth Whole Grain bread, Coles loaf HI-TOP range and Helga's Gluten free wholemeal bread.

The optimization plan for bread manufacturing facilities commenced in 2016 with initiatives set to continue in 2017, including closure of one baking facility in Perth and another two in Brisbane. The total number of baking production plants is expected to be reduced by 3 to 11.

Debt Profile

As at 31 December 2016, Goodman Fielder's net debt stood at A$512.5 million (US$369.0 million) with maturity ranging from 2017 to 2020, and 32% of total borrowings were at a fixed rate. Fixed-rate borrowings denominated in U.S. dollars and hedged to A$167.9 million. Australian dollar and New Zealand dollar floating-rate borrowings are funded by a diverse panel of domestic and international banks. Interest expense in 2016 was A$34.5 million (US$25.6 million).

2017 Outlook

Healthy economic growth in most of Goodman Fielder's markets suggests sanguine conditions for sales and earnings growth across the Australia, New Zealand and International businesses. Smaller markets in ASEAN will receive greater attention from Goodman Fielder export sales while local manufacturing operations in Papua New Guinea, Fiji and New Caledonia will see a boost to profitability stemming from improved management and cost controls.

Philex

Philex's natural resources portfolio as at 28 March 2017 comprises:

Philex for metal-related assets

- 100% in Padcal mine
- 100% in Silangan Mindanao Exploration Co., Inc. ("SMECI")
- 100% in Silangan Mindanao Mining Co., Inc.
- 100% in Philex Gold Philippines, Inc.
- 99.0% in Lascogon Mining Corporation
- 5% in Kalayaan Copper Gold Resources, Inc.

PXP Energy Corporation ("PXP")*, formerly Philex Petroleum Corporation, for energy- and hydrocarbon-related assets

- 53.4% in Pitkin Petroleum Limited which owns oil and gas exploration assets in Peru Block Z-38
- 73.9% † in Forum Energy Limited ("Forum") which owns 70.0% of Service Contract ("SC") 72, and a 2.3% interest in the Galoc oil field (SC 14C-1) which is in the production stage, both of these assets are located in the West Philippine Sea
- 50.0% in SC 75 and 70.0% in SC 74, both located in Northwest Palawan

* *19.8% held by Philex, 25.0% held by First Pacific and 7.7% held by Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific.*

† *69.5% held directly by PXP and 8.0% held by PXP's 54.99%-owned Canadian subsidiary FEC Resources, Inc., for a total effective interest of 73.9% held by PXP. In addition, 3.3% held directly by First Pacific.*

Philex's contribution to the Group increased 108% to US$10.2 million (2015: US$4.9 million) on the strength of lower production costs and operating expenses, as well as higher gold and copper prices. These positive factors were partly offset by a lower volume of gold sold due to lower gold grades. The average realized price for gold rose 9% to US$1,254 per ounce, while the average realized copper price rose 3% to US$2.35 per pound.

Total ore milled increased 2% to 9.4 million tonnes, driven primarily by more operating days, with an average grade of 0.417 grams per tonne of gold (2015: 0.438 grams per tonne) and 0.206% copper (2015: 0.205%). Gold production fell 4% to 103,304 ounces due to lower gold grades, while copper production rose 3% to 35.0 million pounds as a result of higher tonnage milled.

During 2016, Philex repaid US$8.5 million of outstanding debts. As at 31 December 2016, it had Pesos 458 million (US$9.2million) of cash and cash equivalents and Pesos 9.7 billion (US$194.6 million) of borrowings comprising convertible notes issued by SMECI and short-term bank loans.

Core net income up 83% to Pesos 1.7 billion (US$34.8 million) from Pesos 905 million (US$19.8 million)	▪ reflecting higher gold and copper prices ▪ lower operating costs and expenses through efficiency and cost management initiatives
Net income up 77% to Pesos 1.6 billion (US$33.3 million) from Pesos 896 million (US$19.6 million)	▪ reflecting higher core net income
Revenue up 12% to Pesos 10.3 billion (US$216.1 million) from Pesos 9.2 billion (US$201.7 million)	▪ reflecting reclassification in relation to the deconsolidation of PXP ▪ higher metal prices and favorable foreign exchange rate ▪ higher output of copper resulting from higher total ore milled ▪ partly offset by lower output of gold due to lower gold grades ▪ revenues from gold, copper and silver contributed 60%, 39% and 1% of the total, respectively
EBITDA up 39% to Pesos 3.9 billion (US$81.8 million) from Pesos 2.8 billion (US$61.4 million)	▪ reflecting higher revenue and lower operating expenses through efficiency and cost management initiatives
Operating cost per tonne of ore milled down 2% to Pesos 793 (US$16.6) from Pesos 808 (US$17.7)	▪ arising from lower renegotiated power rates and implementation of efficiency and cost management initiatives
Capital expenditure (including exploration costs) down 39% to Pesos 2.4 billion (US$50.3 million) from Pesos 3.9 billion (US$85.5 million)	▪ reflecting lower capital expenditure for the Silangan project due to the near completion of the capital-intensive phase of the feasibility study

The mine life of Philex's major operating metal asset Padcal mine was extended to 2022 in October 2015 with additional resources and reserves declared.

Dividends

Property Dividend

On 29 February 2016, Philex's Board of Directors approved a property dividend of record as at 15 March 2016, in which every 100 shares of Philex was entitled to receive 17 shares of PXP. Philex's registered shareholders in the U.S. received the equivalent property dividend in the form of cash. The property dividend distribution was completed on 15 July 2016, with Philex's shareholding in PXP declining from 64.7% to 19.8%, and First Pacific and its Philippine affiliate Two Rivers Pacific Holdings Corporation's economic interest increasing to 25.0% and 7.7%, respectively.

Cash Dividends

Given the significantly improved results, Philex's Board of Directors declared a final dividend of Peso 0.04 (U.S. 0.080 cent) per share payable on 27 March 2017 to shareholders on record as at 14 March 2017. Together with the interim dividend of Peso 0.03 (U.S. 0.063 cent) per share paid on 24 August 2016, total cash dividends for 2016 amounted to Peso 0.07 (U.S. 0.143 cent) per share, representing a payout ratio of 21% of core net income.

Silangan Project

The gold copper mine development project is located in Surigao del Norte, Northeastern Mindanao in the Philippines. The project has secured from DENR and currently maintains all major permits including environmental compliance certification ("ECC") for surface mining, a tree-cutting permit and approval by DENR of the amended Declaration of Mining Project Feasibility for surface mining. The project's definitive feasibility study is expected to be completed in 2017. The project has not yet commenced operation, meanwhile community development and environment enhancement programs are continuing in compliance to the ECC conditions and in continuing to strengthen the support from the local communities.

On 14 February 2017 and 24 February 2017, Philex disclosed its responses to DENR's show cause order to the PSE that the MPSAs of Silangan project and four tenements of its other subsidiary, Philex Gold Philippines, Inc. are valid and legal, and are not located in proclaimed watershed forest reserves or critical watersheds where mining is prohibited. The MPSAs are issued after securing all legal requirements and regulatory clearance. Philex is confident that its MPSAs can withstand any legal challenge.

Mineral Resources and Proved Reserves

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

	Padcal mine (As at 31 December 2016*)	Silangan project (as at 5 August 2011)	
		Boyongan	Bayugo
Resources (million tonnes)	222.5(i)	273(i)	125(i)
Gold (gram/tonne)	0.38	0.72	0.66
Copper (%/tonne)	0.21	0.52	0.66
Contained copper (thousand lbs)	1,016,600	3,120,000	1,820,000
Contained gold (ounces)	2,684,500	6,300,000	2,700,000
Copper equivalent(ii) cutoff (%)	0.332	-	-
Copper equivalent cutoff (%)	-	0.50	0.50
Proved reserves (million tonnes)	59.7		
Gold (gram/tonne)	0.41		
Copper (%/tonne)	0.20		
Recoverable copper (thousand lbs)	216,200		
Recoverable gold (ounces)	627,400		
Copper equivalent(ii) cutoff (%)	0.332		

* *Based on the Competent Person's report disclosed in March 2017*

(i) *Measured and indicated*

(ii) *Copper equivalent = % copper + 0.66 x gram/tonne gold; Metal prices: US$2.75/lb copper, US$1,275/oz gold; Metal recoveries: 82% copper, 80% gold*

PXP

In 2016, petroleum revenues declined 41% to Pesos 102 million (US$2.1 million) as a result of lower crude oil prices and lower output in the Galoc oil field. Costs fell 48% to Pesos 171 million (US$3.6 million) due to organizational restructuring and cost reduction initiatives.

SC 72

The property covered by SC 72 is located in the Reed Bank (Recto Bank) which lies within the Philippines' Exclusive Economic Zone ("EEZ"). Its second sub-phase of exploration activities is currently suspended due to a force majeure imposed since 15 December 2014.

On 12 July 2016, the Permanent Court of Arbitration made a favorable decision confirming that PXP's service contracts, particularly SC 72, are within the Philippine's EEZ. PXP, through Forum, will take guidance from the Philippine Government in respect of any future activity in SC 72 and other areas covered by the Tribunal's decision. Upon the lifting of the force majeure, Forum will have 20 months to drill two wells as required in SC 72 and will have 18 months to obtain 1,000 square kilometers of 3D seismic data as stated in SC 75.

SC 74 Linapacan Block, SC 75 Northwest Palawan, SC 14C-1 Galoc and SC 14C-2 West Linapacan in the Philippines and Peru Block Z-38 in Peru are in different stages of data processing and interpretation, and drilling preparation.

2017 Outlook

The current regulatory environment remains very challenging and largely dictates the pace and speed at which the development of the Silangan project will be pursued. In addition, production will be challenged by lower ore grades at the existing Padcal mine. Nonetheless, Philex will continue to pursue the completion of the Silangan project's definitive feasibility study in 2017 and continue exploring around the Padcal mine to further extend its mine life to beyond 2022, amid uncertainties in the local mining industry.

FPM Power/PLP

First Pacific through a 60/40-owned entity with Meralco PowerGen holds a 70% interest in PLP. PLP is the first power plant in Singapore fully fueled by liquefied natural gas, equipped with efficient facilities for power generation. The plant's fuel is provided by BG Group under a long-term agreement through SLNG Terminal developed by the Singaporean Government.

First Pacific's share of FPM Power's loss widened by 29% to US$13.9 million, reflecting a lower contribution from the retail market due to a decline in the non-fuel margin of non-vesting generation, a longer outage of the plant for scheduled maintenance to a generator, three incidents of forced outages, and non-recognition of deferred tax credits arising from tax losses. In 2016, the plant's system availability was 94% despite a longer-than-expected outage for scheduled maintenance. The heat rate exceeded its target level by 1%.

In 2016, the volume of electricity sold rose 12% to 4,997 gigawatt hours, of which 95% was for retail, vesting contracts, contracts for difference and futures, and the remaining 5% for merchant market sales. PLP's generation market share for the year was approximately 9%.

Core net loss up 23% to S$88.0 million (US$63.7 million) from S$71.6 million (US$51.9 million)	▪ reflecting a lower contribution from the retail and pool markets due to a decline in the non-fuel margin resulting from strong competition ▪ a longer outage for regular plant maintenance and three incidents of forced outages ▪ non-recognition of deferred tax credits arising from tax losses
Net loss up 29% to S$108.6 million (US$78.6 million) from S$84.1 million (US$61.0 million)	▪ reflecting higher core net loss ▪ higher foreign exchange losses on US$ denominated shareholders' loans ▪ partly offset by a lower net provision for onerous contracts
Revenues down 13% to S$795.0 million (US$575.3 million) from S$915.0 million (US$663.5 million)	▪ reflecting a lower average selling price per unit of electricity sold due to intense competition despite a higher volume of electricity generated and sold
Operating expenses up 5% to S$23.7 million (US$17.1 million) from S$22.6 million (US$16.4 million)	▪ reflecting an absence of property tax savings in 2016 and higher information technology-related expenditure
EBITDA down 73% to S$4.8 million (US$3.5 million) from S$18.0 million (US$13.1 million)	▪ reflecting a lower contribution from the retail and pool markets due to intense competition

Debt Profile

As at 31 December 2016, FPM Power's net debt stood at US$470.2 million while gross debt stood at US$521.7 million with 8% of debts maturing in 2017 and the remaining debts maturing from 2018 up to 2021. All of the borrowings were floating-rate bank loans, with 95% effectively changed to fixed rate borrowings through interest rate swap arrangements.

2017 Outlook

Competition in Singapore's power generation market is expected to remain strong in 2017 as a result of oversupply. PLP will continue developing its partnership with its gas supplier and leverage its efficiency advantage and operational flexibility to improve its performance. However, low crude oil prices will weigh on the price competitiveness of electricity providers fueled by liquefied natural gas owing to the disparate pricing mechanisms for piped natural gas and liquefied natural gas.

FP Natural Resources/RHI/FCMI

Disposal and Additional Investment

On 18 February 2016, FP Natural Resources sold its entire 14.8% interest in Victorias Milling Company, Inc. ("VMC") to VMC and LT Group in two transactions for a total consideration of approximately Pesos 2.2 billion (US$45.3 million). The proceeds raised were used to participate in RHI's rights issue and invest in FCMI.

On 18 May 2016, FP Natural Resources and its Philippine affiliate First Agri Holdings Corporation increased their economic interest in RHI to 59.7% from 50.8% for a consideration of Pesos 1.1 billion (US$23.1 million) by participating in RHI's rights issue.

On 1 February 2017, FP Natural Resources through its wholly-owned subsidiary, agreed to subscribe to approximately Pesos 524 million (US$10.5 million) of convertible note issued by RHI which can be converted to 125 million common shares of RHI at a price of Pesos 4.19 (U.S. 8 cents) per share. On 16 February 2017, FP Natural Resources submitted a notice to RHI for the conversion which is pending while awaiting approval from the Philippine Securities and Exchange Commission of the proposed increase in RHI's authorized share capital. Following the conversion, FP Natural Resources and its Philippine affiliate First Agri Holdings Corporation's aggregate economic interest in RHI will increase to 62.9% from 59.7%.

Review of Operations

First Pacific and its indirect agribusiness subsidiary IndoAgri, through a 70/30-owned entity FP Natural Resources and a Philippine affiliate have an aggregate 59.7% interest in RHI and 100.0% in FCMI.

During 2016, First Pacific's share of FP Natural Resources' loss narrowed 24% to US$2.9 million (2015: US$3.8 million). The loss principally reflected share of loss of US$3.2 million (2015: US$3.4 million) at FCMI while RHI recorded a profit contribution of US$0.6 million (2015: US$0.01 million).

RHI

Together with its associate Hawaiian-Philippine Company, Inc. ("HPC"), RHI is one of the largest raw sugar producers in the Philippines, accounting for 17% of the Philippines' raw sugar production. It has three sugar mills, one in Batangas and two in Negros Occidental, with combined milling capacity of 34,500 tonnes of sugar cane per day. Its refinery facility in Batangas has capacity of 18,000 Lkg per day (one Lkg is a unit of measure equal to one 50-kilogram bag of sugar). RHI also has two ethanol plants in Negros Occidental with daily production capacity of 285,000 liters.

During 2016, RHI sold 1.7 million Lkg (2015: 1.5 million Lkg) of refined sugar, 1.4 million Lkg (2015: 1.4 million Lkg) of raw sugar, 97,000 Lkg (2015: 289,000 Lkg) of premium raw sugar and 64.6 million liters (2015: 58.7 million liters) of ethanol in the Philippines.

Core net income up 130% to Pesos 129 million (US$2.7 million) from Pesos 56 million (US$1.2 million)

- reflecting a 12% and 10% increase in sales volumes of refined sugar and ethanol, respectively, and higher average selling prices of all products
- partly offset by higher cost of sugar cane resulting from continuing supply shortages of sugar cane in the Philippines, extended facility upgrades for ethanol, and higher interest expenses due to a higher debt level

Reported net income of Pesos 112 million (US$2.3 million) from a reported net loss of Pesos 119 million (US$2.6 million)

- reflecting higher core net income
- lower non-recurring expenses in 2016; 2015's expenses include tax expenses related to prior years, staff reduction and transaction costs for the acquisition of 93.7% of SCBI

Revenue up 11% to Pesos 10.8 billion (US$227.3 million) from Pesos 9.7 billion (US$212.7 million)

- mainly driven by improved sales volumes and higher average selling prices of refined sugar and ethanol

Operating expenses flat at Pesos 932 million (US$19.6 million)

- reflecting cost-control initiatives and lower taxes
- offset by the consolidation of SCBI's full-year operating expenses compared with eight months in 2015 and higher selling and distribution expenses in line with higher sales volumes of refined sugar and ethanol

EBITDA up 28% to Pesos 1.4 billion (US$29.4 million) from Pesos 1.1 billion (US$24.1 million)

- reflecting higher core net income

EBITDA margin up to 13% from 11%

- reflecting higher EBITDA

Debt Profile

As at 31 December 2016, long-term debt of RHI stood at Pesos 5.8 billion (US$117.0 million) with maturities ranging from two to eight years at an annual interest of approximately 4.2%. Short-term debt stood at Pesos 4.5 billion (US$90.2 million) with an average interest of approximately 3.7%.

Dividend

In 2016, due to higher capital expenditure employed for production facilities enhancement and expansion, RHI did not declare any dividend.

FCMI

In 2016, supply of copra was under pressure as the harvest was adversely impacted by El Niño. Coconut oil is primarily used for food, cosmetics and pharmaceutical purposes and coconut by-products remain highly in demand due to their health and nutritional benefits. However, the higher average selling price was offset by the significantly increase in the milling cost of copra. FCMI sold 15,000 tonnes and 1,700 tonnes of coconut oil and refined, bleached and deodorized ("RBD") coconut oil, respectively.

In 2016, FCMI's revenue was Pesos 1.2 billion (US$25.7 million), while reported core loss was Pesos 215 million (US$4.5 million) reflecting high raw material costs due to shortage of supply copra.

Debt Profile

As at 31 December 2016, FCMI had no outstanding debt.

2017 Outlook

At RHI, improved supply of cane will alleviate a brake on revenue growth while stronger cost controls will improve margins. With expected stronger cane supplies and an improved grip on costs, it is likely to deliver improved operating and financial results.

FCMI will focus on securing consistent supply of copra at a lower cost and improving operational efficiency of its production facilities.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

NET DEBT AND GEARING

(A) Head Office net debt

The decrease in net debt principally reflects the net proceeds on sale of 1.3 billion common shares in MPIC of US$168.6 million. The Head Office's borrowings at 31 December 2016 comprise bonds of US$1,442.1 million (with an aggregated face value of US$1,450.2 million) which are due for redemption between 2017 and 2023 and a bank loan of US$317.4 million (with a principal amount of US$320 million) which is due for repayment in 2018.

Changes in Head Office net debt

US$ millions	Borrowings	Cash and cash equivalents[i]	Net debt
At 1 January 2016	1,789.4	(114.1)	1,675.3
Movement	(29.9)	(134.1)	(164.0)
At 31 December 2016	**1,759.5**	**(248.2)**	**1,511.3**

(i) Includes pledged deposits and restricted cash as at 31 December 2016 of US$11.7 million (2015: US$11.5 million)

Head Office free cash flow[ii]

For the year ended 31 December US$ millions	**2016**	2015
Dividend and fee income	**199.7**	268.9
Head Office overhead expense	**(27.6)**	(27.6)
Net cash interest expense	**(91.7)**	(94.2)
Net cash inflow from operating activities	**80.4**	147.1
Net proceeds on sale of investment[iii]/net investments[iv]	**163.2**	(456.6)
Financing activities		
- Dividends paid	**(74.2)**	(115.5)
- (Repayment of loans)/borrowings, net	**(36.0)**	49.7
- Repurchase of shares	**-**	(19.0)
- Others	**0.5**	(0.3)
Increase/(decrease) in cash and cash equivalents	**133.9**	(394.6)
Cash and cash equivalents at 1 January	**102.6**	497.2
Cash and cash equivalents at 31 December	**236.5**	102.6

(ii) Excludes pledged deposits and restricted cash as at 31 December 2016 of US$11.7 million (31 December 2015: US$11.5 million and 1 January 2015: US$11.3 million).

(iii) Principally represents the net proceeds from the sale of 1.3 billion common shares in MPIC.

(iv) 2015's net investments represent principally the investments in an additional 40.2% effective interest in Goodman Fielder of US$423.4 million.

(B) Group net debt and gearing

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

Consolidated

US$ millions	**Net debt 2016**	**Total equity 2016**	**Gearing[i] (times) 2016**	Net debt 2015	Total equity 2015 (Restated)	Gearing[i] (times) 2015 (Restated)
Head Office	**1,511.3**	**2,016.7**	**0.75x**	1,675.3	2,112.6	0.79x
Indofood	**674.3**	**3,349.2**	**0.20x**	1,053.3	3,193.7	0.33x
MPIC	**1,492.9**	**3,775.5**	**0.40x**	1,282.3	3,202.4	0.40x
FPM Power	**470.2**	**344.8**	**1.36x**	465.4	397.2	1.17x
FP Natural Resources	**189.3**	**201.2**	**0.94x**	191.6	215.0	0.89x
Group adjustments[ii]	**-**	**(1,653.1)**	**-**	-	(1,786.5)	-
Total	**4,338.0**	**8,034.3**	**0.54x**	4,667.9	7,334.4	0.64x
Associated companies and joint venture						
PLDT	**2,942.7**	**2,183.0**	**1.35x**	2,431.7	2,420.3	1.00x
FPW	**368.6**	**952.8**	**0.39x**	336.9	972.9	0.35x
Philex	**185.4**	**470.6**	**0.39x**	182.1	579.8	0.31x

(i) Calculated as net debt divided by total equity

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

Head Office's gearing decreased which reflects the net proceeds on sale of 1.3 billion MPIC shares.

Indofood's gearing decreased because of a decrease in its net debt, which mainly reflects its operating cash inflow and net proceeds from disposal of CMZ which have been used to repay debts, despite the appreciation of the rupiah against the U.S. dollar during the year and its payments for capital expenditure and dividends to shareholders, coupled with an increase in its equity reflecting its profit recorded during the year and the appreciation of the rupiah against the U.S. dollar.

MPIC's gearing remained unchanged, mainly reflecting a growth of its equity as a result of its share placement of US$460.7 million and profit recorded during the year, despite the depreciation of the peso against the U.S. dollar during the year, and an increase in its net debt, which mainly reflects its payments for acquisition of additional interests in Beacon Electric and Meralco, and payments for capital expenditure by Maynilad and MPTC, partly offset by the proceeds from its share placement and operating cash inflow and the depreciation of the peso against the U.S. dollar during the year.

FPM Power's gearing increased mainly because of a decrease in its equity following its loss recorded during the year, which includes an impairment provision for its investments in PLP, and the depreciation of the S$ against the U.S. dollar during the year, coupled with an increase in its net debt as a result of its operating cash outflow.

FP Natural Resources' gearing increased because of a decrease in its equity mainly reflecting its loss recorded during the year and the depreciation of the peso against the U.S. dollar, despite a decrease in its net debt as a result of the proceeds from its sale of investments in Victorias Milling Company, Inc., partly offset by its repayment of advances to First Pacific and RHI's payments for capital expenditure.

The Group's gearing decreased to 0.54 times which reflects an increase in the Group's equity as a result of sale of MPIC shares, MPIC's share placement, and its profit recorded during the year, coupled with a lower net debt level reflecting Indofood's net proceeds from its disposal of CMZ and Head Office's net proceeds on sale of 1.3 billion MPIC shares, despite Indofood's payments for capital expenditure and dividends and MPIC's payments for additional investments in Beacon Electric.

PLDT's gearing increased because of an increase in net debt mainly reflecting its payments for capital expenditure and its reduced equity reflecting dividends paid. FPW's gearing increased mainly reflecting an increase in its net debt reflecting its payments for capital expenditure, partly offset by its operating cash inflow, despite a growth of FPW's equity as a result of its profit recorded during the year. Philex gearing increased principally because of its reduced equity as a result of its distribution of PXP shares as a property dividend, coupled with its payments for capital expenditure.

MATURITY PROFILE

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

Consolidated

	Carrying amounts		**Nominal values**	
US$ millions	**2016**	2015	**2016**	2015
Within one year	**1,280.7**	998.6	**1,283.4**	1,000.2
One to two years	**953.8**	574.1	**958.6**	578.0
Two to five years	**2,040.6**	2,513.7	**2,051.4**	2,542.2
Over five years	**1,833.3**	2,275.5	**1,839.9**	2,285.4
Total	**6,108.4**	6,361.9	**6,133.3**	6,405.8

The change in the Group's debt maturity profile from 31 December 2015 to 31 December 2016 mainly reflects a shift in long-term borrowings among the different maturity periods for Indofood and MPIC, Head Office's reclassification of US$286.9 million of its bonds mature in July 2017 from long-term to short-term, Indofood's reclassification of Rupiah 2.0 trillion (US$148.8 million) of its bonds mature in May 2017 from long-term to short-term and MPIC's new long-term borrowings and repayments of short-term borrowings.

Associated companies and joint venture

	PLDT				**FPW**				**Philex**			
	Carrying amounts		**Nominal values**		**Carrying amounts**		**Nominal values**		**Carrying amounts**		**Nominal values**	
US$ millions	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Within one year	**669.2**	359.4	**673.2**	365.7	**306.8**	122.2	**307.1**	122.2	**62.0**	70.5	**62.0**	70.5
One to two years	**294.8**	693.1	**297.3**	695.9	**0.5**	170.3	**0.5**	170.9	**-**	-	**-**	-
Two to five years	**1,216.3**	1,008.5	**1,220.9**	1,012.6	**142.7**	143.1	**143.0**	143.7	**-**	-	**-**	-
Over five years	**1,541.2**	1,357.9	**1,542.8**	1,359.0	**-**	-	**-**	-	**132.6**	133.0	**144.8**	153.0
Total	**3,721.5**	3,418.9	**3,734.2**	3,433.2	**450.0**	435.6	**450.6**	436.8	**194.6**	203.5	**206.8**	223.5

The change in PLDT's debt maturity profile from 31 December 2015 to 31 December 2016 mainly reflects new borrowings arranged to finance capital expenditure and/or refinance its loan obligations which were utilized for service improvements and expansion programs, loan repayments and reclassification of borrowings from long-term to short-term. The change in FPW's debt maturity profile from 31 December 2015 to 31 December 2016 principally reflects its new short-term borrowings and reclassification of borrowings from long-term to short-term. The decrease in Philex's debt mainly reflects loan repayments.

CHARGES ON GROUP ASSETS

At 31 December 2016, certain bank and other borrowings were secured by the Group's property, plant and equipment, accounts receivable, pledged deposits, cash and cash equivalents and inventories amounting to a net book value of US$1,336.2 million (2015: US$1,280.2 million), receipts from future toll collections and funds in the related accounts of CIC and the Group's interests of 12.0% (2015: 6.9%) in PLDT, 35.6% (2015: 40.2%) in MPIC, 100% (2015: 100%) in CIC, 100% (2015: 100%) in AIF Toll Road Holdings (Thailand) Limited, 25.9% (2015: 25.9%) in DMT, 93.7% (2015: 93.7%) in San Carlos Bioenergy, Inc. and none (2015: 45.1%) in Hawaiian-Philippine Company, Inc.

FINANCIAL RISK MANAGEMENT

FOREIGN CURRENCY RISK

(A) Company risk

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

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

With the exception of the Head Office, the principal components of the Group's net asset value (NAV) mainly relate to investments denominated in the peso and the rupiah. Accordingly, any change in these currencies, against their respective 31 December 2016 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)	15.2	2.76
Indofood	(i)	25.9	4.72
MPIC	(i)	17.7	3.23
Philex	(i)	3.9	0.72
PXP	(i)	0.4	0.07
FP Natural Resources	(ii)	0.5	0.09
Head Office - Other assets	(iii)	1.0	0.19
Total		**64.6**	**11.78**

(i) Based on quoted share prices at 31 December 2016 applied to the Group's economic interests

(ii) Based on quoted share prices of RHI at 31 December 2016 applied to the Group's effective economic interest and the value of other assets measured at cost

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

(B) Group risk

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

NET DEBT BY CURRENCY

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

Consolidated

US$ millions	US$	Peso	Rupiah	S$	Others	**Total**
Total borrowings	2,417.9	2,035.3	1,049.1	521.7	84.4	**6,108.4**
Cash and cash equivalents[i]	(542.8)	(478.7)	(696.9)	(47.0)	(5.0)	**(1,770.4)**
Net debt	1,875.1	1,556.6	352.2	474.7	79.4	**4,338.0**
Representing:						
Head Office	1,525.6	(11.2)	-	-	(3.1)	**1,511.3**
Indofood	288.6	-	352.2	(7.2)	40.7	**674.3**
MPIC	73.7	1,377.3	-	-	41.9	**1,492.9**
FPM Power	(11.6)	-	-	481.9	(0.1)	**470.2**
FP Natural Resources	(1.2)	190.5	-	-	-	**189.3**
Net debt	1,875.1	1,556.6	352.2	474.7	79.4	**4,338.0**

Associated companies and joint venture

US$ millions	US$	Peso	NZ$	A$	Others	**Total**
Net debt						
PLDT	810.9	2,135.8	-	-	(4.0)	**2,942.7**
FPW	141.0	(1.2)	156.0	103.2	(30.4)	**368.6**
Philex	56.4	129.0	-	-	-	**185.4**

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

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

US$ millions	Total US$ exposure	Hedged amount	Unhedged amount	Profit effect of 1% change in currency	**Group net profit effect**
Head Office(i)	1,525.6	-	1,525.6	-	**-**
Indofood	288.6	-	288.6	2.9	**1.1**
MPIC	73.7	-	73.7	0.7	**0.2**
FPM Power	(11.6)	-	(11.6)	(0.1)	**-**
FP Natural Resources	(1.2)	-	(1.2)	-	**-**
PLDT	810.9	(451.6)	359.3	3.6	**0.6**
FPW	141.0	(142.8)	(1.8)	-	**-**
Philex	56.4	-	56.4	0.6	**0.2**
Total	**2,883.4**	**(594.4)**	**2,289.0**	**7.7**	**2.1**

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

EQUITY MARKET RISK

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

INTEREST RATE RISK

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

Consolidated

US$ millions	Fixed interest rate borrowings(i)	Variable interest rate borrowings(i)	Cash and cash equivalents(ii)	**Net debt(ii)**
Head Office	1,442.1	317.4	(248.2)	**1,511.3**
Indofood	297.2	1,371.6	(994.5)	**674.3**
MPIC	1,829.2	122.0	(458.3)	**1,492.9**
FPM Power	497.5	24.2	(51.5)	**470.2**
FP Natural Resources	127.9	79.3	(17.9)	**189.3**
Total	4,193.9	1,914.5	(1,770.4)	**4,338.0**
Associated companies and joint venture				
PLDT	3,412.2	309.3	(778.8)	**2,942.7**
FPW	142.8	307.2	(81.4)	**368.6**
Philex	132.6	62.0	(9.2)	**185.4**

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

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

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

US$ millions	Variable interest rate borrowings	Profit effect of 1% change in interest rates	**Group net profit effect**
Head Office	317.4	3.2	**3.2**
Indofood	1,371.6	13.7	**5.1**
MPIC	122.0	1.2	**0.4**
FPM Power	24.2	0.2	**0.1**
FP Natural Resources	79.3	0.8	**0.2**
PLDT	309.3	3.1	**0.5**
FPW	307.2	3.1	**1.1**
Philex	62.0	0.6	**0.2**
Total	**2,593.0**	**25.9**	**10.8**

ADJUSTED NAV PER SHARE

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

At 31 December US$ millions	Basis	**2016**	2015
PLDT	(i)	**1,516.7**	2,418.3
Indofood	(i)	**2,593.0**	1,649.1
MPIC	(i)	**1,771.2**	1,604.7
Philex	(i)	**394.6**	213.3
PXP	(i)	**37.0**	5.5
FPW	(ii)	**554.0**	554.0
FPM Power	(iii)	**230.0**	335.3
FP Natural Resources	(iv)	**50.1**	79.4
Head Office - Other assets	(v)	**101.4**	107.1
- Net debt		**(1,511.3)**	(1,675.3)
Total Valuation		**5,736.7**	5,291.4
Number of Ordinary Shares in Issue (millions)		**4,281.7**	4,268.5
Value per share - U.S. dollars		**1.34**	1.24
- HK dollars		**10.45**	9.67
Company's closing share price (HK$)		**5.42**	5.14
Share price discount to HK$ value per share (%)		**48.1**	46.8

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

(ii) Represents investment costs

(iii) Represents carrying costs at 31 December 2016 and investment costs at 31 December 2015

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

(v) Represents investment costs in SMECI's convertible notes

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2016, the Company has not repurchased any of its ordinary shares (2015: repurchased 18,778,000 ordinary shares at an aggregate consideration of HK$139.1 million (US$18.0 million)) on The Stock Exchange of Hong Kong Limited (SEHK). The Company has repurchased US$12.5 million (2015: Nil) of the US$300 million 7.375% Guaranteed Bonds due July 2017 issued by its subsidiary company, FPMH Finance Limited, at an aggregate consideration of US$13.3 million (2015: Nil), US$4.6 million (2015: Nil) of the US$400 million 6.375% Guaranteed Bonds due September 2020 issued by its subsidiary company, FPT Finance Limited, at an aggregate consideration of US$5.1 million (2015: Nil) and US$17.0 million (2015: US$15.7 million) of the US$400 million 4.5% Guaranteed Bonds due April 2023 issued by its subsidiary company, FPC Treasury Limited, at an aggregate consideration of US$17.6 million (2015: US$15.8 million). These bonds were subsequently cancelled.

During the year ended 31 December 2016, the independent trustee managing the Company's share award scheme subscribed 4,284,489 new shares (2015: Nil) issued by the Company at an aggregate consideration of HK$21.3 million (US$2.8 million) (2015: Nil) and purchased 6,764,000 shares (2015: Nil) of the Company at an aggregate consideration of HK$37.1 million (US$4.7 million) (2015: Nil) at the cost of the Company.

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

CORPORATE GOVERNANCE

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

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

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

Code Provision B.1.5: Issuers should disclose details of any remuneration payable to members of senior management by band in their annual reports. Recommended Best Practice B.1.8: Issuers should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in their annual reports.

The Company does not disclose details of any remuneration payable to members of senior management, either by band or 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.

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

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

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

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

Continuing Connected Transactions and Connected Transaction

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

- 29 July 2016 announcement: following the Company's previous announcement made on 15 October 2014 relating to certain continuing connected transactions in respect of the Indofood Group's noodles business, plantations business, insurance business, distribution business, flour business, beverage business and dairy business and the respective Annual Caps for 2014, 2015 and 2016, the Annual Cap in respect of a continuing connected transaction between PT Indolakto, a subsidiary of Indofood, and PT Nippon Indosari Corpindo, an associate of Mr. Salim, has been increased from US$0.3 million (equivalent to approximately HK$2.3 million) to US$1.0 million (equivalent to approximately HK$7.8 million) as a result of expansion of the Dairy Business, thereby increasing the aggregated Annual Cap in respect of the Dairy Business Transactions relating to associates of Mr. Salim from US$6.1 million (equivalent to approximately HK$47.6 million) to US$6.8 million (equivalent to approximately HK$53.0 million) for 2016. Furthermore, PT Salim Ivomas Pratama Tbk (SIMP), a member of the Indofood Group, proposed to enter into a revolving loan agreement with the Plantation Joint Venture companies ("the Borrowers") whereby SIMP will provide a revolving loan facility of up to US$40 million (equivalent to approximately HK$312 million) to the Borrowers, which are the Company's connected subsidiaries relating to the Indofood Group's plantations business, in order to finance the immediate and urgent working capital requirements of the Borrowers and to facilitate the smooth running of their operations. In compliance with the Listing Rule requirements, the Company announced the revised Annual Cap in respect of the Dairy Business Transactions relating to associates of Mr. Salim for 2016 as well as the entering into of the revolving loan agreement between SIMP and the Borrowers on 29 July 2016.

- 7 September 2016 announcement: following the Company's previous announcements made on 31 December 2014 and 16 October 2015 in relation to the possible sale of a 52.94% interest in China Minzhong Food Corporation Limited (CMZ) by Indofood to China Minzhong Holdings Limited (CMZ BVI) under a binding Memorandum of Understanding (MOU), Indofood, CMZ BVI and Marvellous Glory Holdings Limited (Marvellous BVI) entered into an Implementation Agreement on 6 September 2016 in relation to certain amendments to the transaction proposed under the MOU and implementation of the amended transaction. Marvellous BVI is indirectly owned as to approximately 92.99% by Mr. Anthoni Salim and as to approximately 7.01% by CMZ BVI. Mr. Salim is the Chairman of the Board, a substantial shareholder of the Company and the President Director and CEO of Indofood. The Implementation Agreement provides that Marvellous BVI will, subject to satisfaction of the Pre-Conditions, make a voluntary general offer under the Singapore Takeovers Code to acquire all the issued CMZ Shares (Offer), including all of the 543,252,517 Indofood CMZ shares (representing approximately 82.88% of the existing issued share capital of CMZ), at the Offer Price of S$1.20 (equivalent to approximately US$0.84 or HK$6.55) per CMZ Share. Marvellous BVI has stated its intention to privatize and delist CMZ, if possible, by way of voluntary general offer and compulsory acquisition of CMZ Shares not tendered for acceptance under the voluntary general offer.

- 19 October 2016 announcement: at the special general meeting of the Company held on 19 October 2016, the Company's independent shareholders approved the entering into of the Implementation Agreement and the transactions contemplated thereunder in relation to Marvellous BVI's intention to make a voluntary general offer under the Singapore Takeovers Code to acquire all the issued CMZ Shares.

- 10 November 2016 announcement: following the Company's previous announcements made on 9 December 2013, 9 May 2014, 15 October 2014, 16 October 2015 and 29 July 2016 in relation to certain continuing connected transactions ("CCTs") in respect of the Indofood Group's noodles business, plantations business, distribution business, insurance policies, flour business, beverages business relating to associates of Mr. Salim, dairy business, beverages business relating to associates of Asahi Group SEA and the revolving loan facility provided to connected subsidiaries of the Company relating to the Indofood Group's plantations business, the Company announced (i) the revised Annual Caps for the year ended 31 December 2016 in respect of certain previously announced CCTs relating to the Indofood Group's distribution and dairy business transactions; (ii) a number of new CCTs (and the relevant agreements to be entered into in relation to them) to be entered into by members of the Indofood Group on 1 January 2017 to replace certain previously announced CCTs immediately following its expiry on 31 December 2016; and (iii) a number of new CCTs (and the relevant agreements to be entered into in relation to them) to be entered into by members of the Indofood Group on 1 January 2017 in relation to the Indofood Group's customer relationship management and its baby diapers business; and (iv) the renewal of 2017-2019 Annual Caps in respect of Indofood's existing CCTs.

- 5 December 2016 announcement: following the Company's previous announcement made on 10 November 2016 in relation to certain CCTs relating to the Indofood Group, due to the expansion of its Distribution Business, the amounts transacted during 2016 in respect of two Distribution Business transactions have exceeded their existing 2016 Annual Caps, while the Annual Caps for some of the other Distribution Business transactions would not be fully utilized in 2016. After undertaking a review of each individual transaction's Annual Cap for 2016 in respect of all the existing Distribution Business transactions, the Company revised certain Annual Caps to more closely reflect the projected transaction amounts for the Distribution Business transactions for the remainder of 2016, while the aggregated 2016 Annual Cap remained unchanged at US$230.0 million (equivalent to approximately HK$1.8 billion).

  As for the Dairy Business transactions, due to the expansion of its Dairy Business, the amounts transacted during 2016 in respect of two Dairy Business transactions were higher than the respective existing Annual Caps for those transactions announced on 29 July 2016. As announced on 10 November 2016, the 2016 Annual Caps have been increased to accommodate the increase of Annual Caps for those transactions.

- 9 December 2016 announcement: following the Company's previous announcements made on 7 September 2016, 19 October 2016 and 21 October 2016 and the Company's circular dated 28 September 2016 in relation to the Implementation Agreement relating to the sale of interest in CMZ, Indofood accepted the Offer in respect of all the Indofood CMZ Shares on 7 December 2016, which Offer closed on 8 December 2016. As at the close of the Offer, Marvellous BVI has received, pursuant to the Offer, valid acceptance in respect of approximately 99.57% of the total number of issued CMZ Shares, including all the Indofood CMZ Shares.

  Settlement of the consideration in respect of the Indofood CMZ Shares tendered by Indofood in acceptance of the Offer was settled by a combination of cash in the amount of approximately S$416.4 million (equivalent to approximately US$291.0 million or HK$2.3 billion); and Exchangeable Bonds in the aggregate principal amount of approximately S$235.5 million (equivalent to approximately US$164.6 million or HK$1.3 billion). On 14 February 2017, Indofood has served an exchange notice on Marvellous BVI to exercise its exchange right to exchange all of its Exchangeable Bonds into 196,249,971 CMZ Shares (representing approximately 29.94% of the total number of issued CMZ Shares) at an exchange price of S$1.20 per CMZ Share.

Since Marvellous BVI has received valid acceptance, pursuant to the Offer, in respect of not less than 90% of the total number of issued CMZ Shares, it was entitled to, and intended to, exercise its right of compulsory acquisition to compulsorily acquire all the CMZ Shares from holders of CMZ Shares who have not accepted the Offer ("Dissenting Shareholders"). Marvellous BVI has exercised its right of compulsory acquisition on 13 February 2017 to acquire the CMZ Shares of the Dissenting Shareholders and the compulsory acquisition has been completed on 16 February 2017. Subsequent to such compulsory acquisition, CMZ has become a wholly-owned subsidiary of Marvellous BVI and has been delisted from the Official List of the SGX-ST with effect from 9:00 a.m. (Singapore time) on 28 February 2017.

- 30 December 2016 announcement: the Company published a notice of special general meeting to be held on 23 January 2017 to seek the approval from its independent shareholders in relation to the renewal of the 2017-2019 Annual Caps in respect of the Indofood Group's Noodles, Plantations and Distribution business transactions, details as set out in the Company's circular dated 30 December 2016.

- 23 January 2017 announcement: at the special general meeting of the Company held on 23 January 2017, the Company's independent shareholders approved the renewal of the 2017-2019 Annual Caps in respect of the Indofood Group's Noodles, Plantations and Distribution business transactions.

Risk Management and Internal Control

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

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

The Board is responsible for maintaining an adequate risk management and internal control systems across the Group and reviewing their effectiveness through the Audit and Risk Management Committee.

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

In respect of the financial year ended 31 December 2016, the Board confirmed that it has received confirmations from the operating companies' audit committee, risk committee and/or internal auditor/chief risk officer on the effectiveness of the Group's risk management and internal control systems and that there is no significant area of concern to be disclosed.

During the year ended 31 December 2016, the Audit and Risk Management Committee reviewed and advised that:

- The risk management and internal controls 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 2016 in their report dated 28 March 2017.

REVIEW STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee has reviewed the 2016 annual results, including the accounting policies and practices adopted by the Group.

FINAL DISTRIBUTION
The Board has recommended a final cash distribution of HK5.50 cents (US0.71 cent) per ordinary share. Subject to approval by shareholders at the 2017 Annual General Meeting (AGM), the final distribution will be paid in cash in a currency to be determined based on the registered address of each Shareholder on the Company's Register of Members as follows: Hong Kong dollars for Shareholders with registered addresses in Hong Kong, Macau and PRC, Sterling pounds for Shareholders with registered addresses in the United Kingdom and US dollars for Shareholders with registered addresses in all other countries. It is expected that the distribution warrants will be dispatched to shareholders on or about Tuesday, 27 June 2017.

CLOSURE OF REGISTER OF MEMBERS

1. **Annual General Meeting**
   The Register of Members will be closed from Monday, 5 June 2017 to Wednesday, 7 June 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 2 June 2017.

2. **Proposed Final Distribution**
   Upon Shareholders' approval of the proposed final distribution, the Register of Members will be closed from Wednesday, 14 June 2017 to Friday, 16 June 2017, both days inclusive, during which period no transfer of shares will be registered. The ex-dividend date will be Monday, 12 June 2017. In order to qualify for the proposed final distribution, 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 Tuesday, 13 June 2017. The final distribution will be paid to shareholders whose names appear on the Register of Members on Friday, 16 June 2017 and the payment date will be on or about Tuesday, 27 June 2017.

AGM
The AGM will be held at Landmark Mandarin, Hong Kong on Wednesday, 7 June 2017 at 2:30 p.m. The Notice of AGM will be published on the website of the Company (www.firstpacific.com) and the website of SEHK (www.hkexnews.hk), and be despatched to shareholders by the end of April 2017.

RESULTS ANNOUNCEMENT AND ANNUAL REPORT
This final results announcement is published on the website of the Company (www.firstpacific.com) and the website of SEHK (www.hkexnews.hk). The 2016 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 2017.

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

Hong Kong, 28 March 2017

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
Ambassador Albert F. del Rosario

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