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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

VIVANT CORPORATION AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

Unit 907-908, Ayala Life-FGU Center, Mindanao Avenue Corner Biliran Road, Cebu Business Park, Barangay Luz, Cebu City, Philippines 6000

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
vivant@vivant.com.ph	(032) 234-2256	N/A

98

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,449	June 4	December 31, 2015

510

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Joan A. Giduquio-Baron	jbaron@jpgarcialaw.com	(032) 232-0253	0917-5356692

CONTACT PERSON's ADDRESS

15th Floor Ayala Life FGU Center, Mindanao Avenue corner Biliran Road, Cebu Business Park, Cebu City

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SEC
Cebu Extension Office
APR 0 8 2016
By:
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VIVANT

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **VIVANT CORPORATION & ITS SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

DENNIS N.A. GARCIA
Chairman of the Board

RAMONTITO E. GARCIA
President/Chief Executive Officer

MINUEL CARMELA N. FRANCO
Vice-President, Finance/Chief Financial Officer

Signed this 1st day of April, 2016.

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Building a better working world

SyCip Gorres Velayo & Co.
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Mindanao Avenue corner
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Cebu City
6000 Cebu, Philippines

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Vivant Corporation
Unit 907-908 Ayala Life-FGU Center
Mindanao Avenue Corner Biliran Road
Cebu Business Park, Barangay Luz
Cebu City, Philippines 6000

We have audited the accompanying consolidated financial statements of Vivant Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Vivant Corporation and Subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Leovina Mae V. Chu

Leovina Mae V. Chu
Partner
CPA Certificate No. 99910
SEC Accreditation No. 1199-AR-1 (Group A),
June 22, 2015, valid until June 21, 2018
Tax Identification No. 209-316-911
BIR Accreditation No. 08-001998-96-2015,
January 5, 2015, valid until January 4, 2018
PTR No. 875706, January 11, 2016, Cebu City

April 1, 2016

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November 10, 2015, valid until November 9, 2018

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Vivant Corporation
Unit 907-908 Ayala Life-FGU Center
Mindanao Avenue Corner Biliran Road
Cebu Business Park, Barangay Luz
Cebu City, Philippines 6000

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vivant Corporation and Subsidiaries as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated April 1, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Leovina Mae V. Chu

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Partner
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PTR No. 875706, January 11, 2016, Cebu City

April 1, 2016

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31 2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	**₱4,068,285,801**	₱4,859,530,626
Trade and other receivables (Note 7)	**342,691,120**	138,516,463
Advances to associates and stockholders (Note 16)	**31,167,018**	40,930,884
Inventories (Note 8)	**89,095,939**	106,831,729
Prepayments and other current assets (Note 9)	**707,243,179**	429,586,090
Total Current Assets	**5,238,483,057**	5,575,395,792
Noncurrent Assets		
Investments in and advances to associates and joint ventures (Note 10)	**6,913,791,619**	5,756,787,415
Property, plant and equipment (Note 11)	**916,497,160**	760,769,518
Investment properties (Note 12)	**514,801,557**	274,071,000
Other noncurrent assets (Note 13)	**93,781,925**	76,200,586
Deferred income tax assets - net (Note 20)	**12,581,733**	14,179,894
Total Noncurrent Assets	**8,451,453,994**	6,882,008,413
TOTAL ASSETS	**₱13,689,937,051**	₱12,457,404,205
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term note payable (Note 15)	**₱33,000,000**	₱–
Trade and other payables (Note 14)	**1,546,394,312**	1,295,219,670
Advances from related parties (Note 16)	**110,212,802**	115,486,477
Income tax payable	**154,009**	31,556,533
Current portion of long-term notes payable (Note 15)	**25,989,025**	26,155,546
Total Current Liabilities	**1,715,750,148**	1,468,418,226
Noncurrent Liabilities		
Long-term notes payable - net of current portion (Note 15)	**2,921,584,679**	2,947,573,704
Pension liability (Note 19)	**14,770,643**	23,209,026
Deferred income tax liabilities (Note 20)	**99,767,008**	27,575,424
Total Noncurrent Liabilities	**3,036,122,330**	2,998,358,154
Total Liabilities	**4,751,872,478**	4,466,776,380
Equity Attributable to Equity Holders of the Parent		
Capital stock - ₱1 par value (Note 21) Authorized - 2,000,000,000 shares Issued - 1,023,456,698 shares	1,023,456,698	1,023,456,698
Additional paid-in capital	8,339,452	8,339,452

(Forward)

	December 31	
	2015	2014
Other components of equity:		
Share in revaluation increment of an associate (Note 10)	**₱1,234,371,697**	₱1,261,492,837
Remeasurement gain (loss) on employee benefits (Note 19)	**3,625,317**	(1,735,079)
Share in remeasurement losses on employee benefits of associates and a joint venture (Note 10)	**(59,172,924)**	(67,505,111)
Unrealized valuation gain on AFS investments	**191,083**	254,554
Retained earnings (Notes 10 and 21):		
Appropriated for business expansion	**2,493,584,261**	2,810,784,261
Unappropriated	**3,726,045,896**	2,596,929,852
Equity Attributable to Equity Holders of the Parent	**8,430,441,480**	7,632,017,464
Equity Attributable to Non-controlling Interests (Note 21)	**507,623,093**	358,610,361
Total Equity	**8,938,064,573**	7,990,627,825
TOTAL LIABILITIES AND EQUITY	**₱13,689,937,051**	₱12,457,404,205

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2015	2014	2013
REVENUE			
Sale of power (Note 23)	**₱2,797,425,370**	₱3,207,748,349	₱2,593,003,368
Equity in net earnings of associates and joint ventures (Note 10)	**1,009,709,570**	1,110,762,054	817,167,990
Management fees (Note 16)	**149,044,346**	138,915,915	167,051,799
Interest income (Notes 6 and 16)	**59,747,515**	50,712,945	33,592,952
	4,015,926,801	4,508,139,263	3,610,816,109
GENERATION COSTS (Notes 17 and 23)	**2,292,370,990**	2,067,662,019	1,633,537,609
OPERATING EXPENSES			
Salaries and employee benefits (Note 18)	**127,327,809**	83,791,123	74,424,765
Professional fees (Notes 16 and 23)	**75,655,817**	168,936,237	237,426,374
Taxes and licenses	**42,571,432**	23,836,166	28,583,812
Management fees (Note 16)	**25,431,290**	61,560,712	15,775,116
Travel	**21,360,359**	17,336,895	14,497,677
Depreciation and amortization (Notes 11 and 13)	**18,667,737**	17,378,708	13,284,269
Representation	**6,261,621**	3,267,245	3,746,174
Rent and association dues	**5,514,472**	5,375,178	6,003,603
Communication and utilities	**4,560,920**	4,617,323	3,448,265
Security and janitorial	**833,276**	591,615	569,377
Impairment loss on trade receivables (Note 7)	**–**	34,125,014	–
Other operating expenses (Note 17)	**47,452,075**	25,012,141	34,356,747
	375,636,808	445,828,357	432,116,179
INCOME FROM OPERATIONS	**1,347,919,003**	1,994,648,887	1,545,162,321
OTHER INCOME (CHARGES)			
Gain on fair value remeasurement of investment properties (Note 12)	**240,730,557**	–	–
Finance costs (Note 15)	**(172,833,443)**	(140,546,624)	(17,210,327)
Foreign exchange gains (losses)	**(302,360)**	4,269,158	2,951,800
Gain on redemption of an equity interest in an associate (Note 10)	**–**	–	10,155,539
Other income	**5,164,859**	63,937,040	(15,182,057)
	72,759,613	(72,340,426)	(19,285,045)
INCOME BEFORE INCOME TAX	**1,420,678,616**	1,922,308,461	1,525,877,276
PROVISION FOR INCOME TAX (Note 20)	**170,716,071**	226,853,561	221,432,432
NET INCOME	**1,249,962,545**	1,695,454,900	1,304,444,844

(Forward)

	Years Ended December 31		
	2015	2014	2013
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that may be reclassified to consolidated statements of comprehensive income:			
Unrealized valuation gain on AFS investments	**(₱124,600)**	₱124,600	₱–
Items that will not be reclassified to consolidated statements of comprehensive income:			
Share in revaluation increment of an associate, net of tax	–	40,603,451	884,597,344
Remeasurement gain (loss) on employee benefits (Note 19)	**7,738,786**	(1,841,100)	(1,496,260)
Income tax effect of remeasurement gain (loss) on employee benefits	**(2,296,210)**	192,476	448,878
	5,442,576	(1,648,624)	(1,047,382)
Share in the remeasurement gains (losses) on employee benefits of associates and a joint venture, net of tax (Note 10)	**8,332,187**	(1,116,142)	(7,653,347)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**13,650,163**	37,963,285	875,896,615
TOTAL COMPREHENSIVE INCOME	**₱1,263,612,708**	₱1,733,418,185	₱2,180,341,459
NET INCOME			
Attributable to:			
Equity holders of the parent	**₱1,052,735,864**	₱1,348,042,824	₱1,008,748,891
Non-controlling interests	**197,226,681**	347,412,076	295,695,953
	₱1,249,962,545	₱1,695,454,900	₱1,304,444,844
TOTAL COMPREHENSIVE INCOME			
Attributable to:			
Equity holders of the parent	**₱1,066,364,976**	₱1,387,414,273	₱1,885,020,619
Non-controlling interests	**197,247,732**	346,003,912	295,320,840
	₱1,263,612,708	₱1,733,418,185	₱2,180,341,459
EARNINGS PER SHARE			
Basic and diluted, for net income for the year attributable to equity holders of the parent (Note 22)	**₱1.029**	₱1.317	₱0.986

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Attributable to Equity Holders of the Parent										
	Capital Stock (Note 21)	Additional Paid-in Capital	Share in Revaluation Increment of an Associate	Remeasurement Gain (Loss) on Employee Benefits	Share in Remeasurement Losses on Employee Benefits of Associates and A Joint Venture	Unrealized Valuation Gain on AFS Investments	Retained Earnings (Note 21) Appropriated	Retained Earnings (Note 21) Unappropriated	Total	Equity Attributable to Non-Controlling Interests (Note 21)	Total Equity
Balances at January 1, 2015	₱1,023,456,698	₱8,339,452	₱1,261,492,837	(₱1,735,079)	(₱67,505,111)	₱254,554	₱2,810,784,261	₱2,596,929,852	₱7,632,017,464	₱358,610,361	₱7,990,627,825
Total comprehensive income	–	–	–	5,360,396	8,332,187	(63,471)		1,052,735,864	1,066,364,976	197,247,732	1,263,612,708
Appropriation for business expansion	–	–	–	–	–	–	534,000,000	(534,000,000)	–	–	–
Reversal of appropriation for business expansion	–	–	–	–	–	–	(851,200,000)	851,200,000	–	–	–
Additional investments of non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	10,890,000	10,890,000
Share in the amount transferred to retained earnings representing depreciation on the revaluation increment of an associate (Note 10)	–	–	(27,121,140)	–	–	–	–	27,121,140	–	–	–
Cash dividends	–	–	–	–	–	–	–	(267,940,960)	(267,940,960)	(59,125,000)	(327,065,960)
Balances at December 31, 2015	₱1,023,456,698	₱8,339,452	₱1,234,371,697	₱3,625,317	(₱59,172,924)	₱191,083	₱2,493,584,261	₱3,726,045,896	₱8,430,441,480	₱507,623,093	₱8,938,064,573
Balances at January 1, 2014	₱1,023,456,698	₱8,339,452	₱1,292,314,176	(₱874,453)	(₱67,070,264)	₱191,083	₱1,856,476,291	₱2,357,237,719	₱6,470,070,702	₱496,688,804	₱6,966,759,506
Total comprehensive income	–	–	40,603,451	(860,626)	(434,847)	63,471		1,348,042,824	1,387,414,273	346,003,912	1,733,418,185
Appropriation for business expansion	–	–	–	–	–	–	1,446,207,970	(1,446,207,970)	–	–	–
Reversal of appropriation for business expansion	–	–	–	–	–	–	(491,900,000)	491,900,000	–	–	–
Conversion of deposits for future stock subscription and additional investments of non-controlling interests of a subsidiary		–	–	–	–	–	–	–	–	3,107,645	3,107,645
Share in the amount transferred to retained earnings representing depreciation on the revaluation increment of an associate (Note 10)		–	(71,424,790)	–	–	–	–	71,424,790	–	–	–
Cash dividends		–	–	–	–	–	–	(225,467,511)	(225,467,511)	(487,190,000)	(712,657,511)
Balances at December 31, 2014	₱1,023,456,698	₱8,339,452	₱1,261,492,837	(₱1,735,079)	(₱67,505,111)	₱254,554	₱2,810,784,261	₱2,596,929,852	₱7,632,017,464	₱358,610,361	₱7,990,627,825
Balances at January 1, 2013	₱1,023,456,698	₱8,339,452	₱454,642,913	(₱202,184)	(₱59,416,917)	₱191,083	₱–	₱3,367,540,626	₱4,794,551,671	₱902,555,073	₱5,697,106,744
Total comprehensive income	–	–	884,597,344	(672,269)	(7,653,347)	–	–	1,008,748,891	1,885,020,619	295,320,840	2,180,341,459
Appropriation for business expansion		–	–	–	–	–	1,856,476,291	(1,856,476,291)	–	–	–
Deposits for future stock subscription of non-controlling interests of a subsidiary		–	–	–	–	–	–	–	–	10,919,854	10,919,854
Share in the amount transferred to retained earnings representing depreciation on the revaluation increment of an associate		–	(46,926,081)	–	–	–	–	46,926,081	–	–	–
Property dividends		–	–	–	–	–	–	–	–	(234,353,981)	(234,353,981)
Cash dividends		–	–	–	–	–	–	(209,501,588)	(209,501,588)	(477,752,982)	(687,254,570)
Balances at December 31, 2013	₱1,023,456,698	₱8,339,452	₱1,292,314,176	(₱874,453)	(₱67,070,264)	₱191,083	₱1,856,476,291	₱2,357,237,719	₱6,470,070,702	₱496,688,804	₱6,966,759,506

See accompanying Notes to Consolidated Financial Statements.

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VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,420,678,616**	₱1,922,308,461	₱1,525,877,276
Adjustments for:			
Equity in net earnings of associates and joint ventures (Note 10)	**(1,009,709,570)**	(1,110,762,054)	(817,167,990)
Gain on fair value remeasurement of investment properties (Note 12)	**(240,730,557)**	–	–
Finance costs	**172,833,443**	140,546,624	17,210,327
Interest income (Notes 6 and 16)	**(59,747,515)**	(50,712,945)	(33,592,952)
Depreciation and amortization (Notes 11 and 13)	**52,255,128**	21,554,410	13,399,269
Pension expense (Note 19)	**10,802,650**	11,591,504	9,285,463
Gain on disposal of property and equipment	**(892,010)**	–	–
Unrealized foreign exchange gains	**(2,868,471)**	(4,677,416)	(2,893,892)
Impairment loss on trade receivables (Note 7)	**–**	34,125,014	–
Loss on redemption of an equity interest in an associate and other adjustments (Note 10)	**–**	–	10,060,175
Impairment loss on AFS investments (Note 10)	**–**	–	5,007,071
Operating income before working capital changes	**342,621,714**	963,973,598	727,184,747
Decrease (increase) in:			
Trade and other receivables	**(69,504,409)**	574,908,883	(125,919,563)
Prepayments and other current assets	**(277,657,089)**	(134,814,811)	158,699,278
Inventories	**17,735,790**	(7,671,725)	4,041,765
Increase (decrease) in trade and other payables	**302,170,265**	(88,050,229)	760,682,138
Cash generated from operations	**315,366,271**	1,308,345,716	1,524,688,365
Interest paid	**(172,958,893)**	(115,129,266)	(14,546,497)
Income tax paid	**(130,571,660)**	(350,016,142)	(159,514,181)
Contributions to the retirement fund	**(11,502,247)**	(7,422,815)	(9,270,000)
Net cash flows from operating activities	**333,471**	835,777,493	1,341,357,687
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase (decrease) in investments and advances to associates and joint ventures (Note 10)	**(1,436,488,703)**	(1,623,238,821)	200,000
Dividends received from associates and joint ventures (Note 10)	**1,013,754,256**	1,003,535,759	979,868,460
Additions to property, plant and equipment (Note 11)	**(313,549,045)**	(718,711,033)	(28,046,390)
Decrease (increase) in:			
Intangible assets (Note 13)	**(930,837)**	(3,579,009)	(49,150)
Other noncurrent assets	**(18,743,166)**	868,232	(5,049,794)
Interest received	**58,049,267**	49,255,749	34,031,184
Proceeds from redemption of an equity interest in an associate (Note 10)	**151,200,000**	–	114,712,200
Proceeds from disposal of property and equipment	**954,869**	–	–
Net cash flows from (used in) investing activities	**(545,753,359)**	(1,291,869,123)	1,095,666,510
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid (Note 21)	**(267,073,599)**	(767,299,540)	(687,254,570)
Proceeds from availment of notes payable debts - net of transaction costs (Note 15)	**143,000,000**	2,970,432,078	22,200,989
Increase (decrease) in advances from/to related parties	**4,490,191**	47,298,244	(141,447,272)

(Forward)

	Years Ended December 31		
	2015	2014	2013
Additional investments and deposits for future stock subscriptions of non-controlling interests of a subsidiary (Note 21)	**₱10,890,000**	₱3,107,645	₱10,919,854
Payments of notes payable (Note 15)	**(140,000,000)**	–	(387,200,989)
Net cash flows from (used in) financing activities	**(248,693,408)**	2,253,538,427	(1,182,781,988)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(794,113,296)**	1,797,446,797	1,254,242,209
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**2,868,471**	4,677,416	2,893,892
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
Cash (Note 6)	**4,859,530,626**	3,057,406,413	1,800,270,312
Restricted cash (Notes 9 and 13)	**775,000**	1,437,500	–
	4,860,305,626	3,058,843,913	1,800,270,312
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Cash (Note 6)	**4,068,285,801**	4,859,530,626	3,057,406,413
Restricted cash (Notes 9 and 13)	**775,000**	775,000	1,437,500
	₱4,069,060,801	₱4,860,305,626	₱3,058,843,913

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

Vivant Corporation (the "Parent Company" or "Vivant") was incorporated under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on May 28, 1990. The Parent Company is listed in the Philippine Stock Exchange using the symbol VVT.

The Parent Company's primary purpose is to invest in and manage the general business of any other corporation or corporations except management of fund securities portfolios and other similar assets of a managed entity.

The Parent Company is owned by Mai-I Resources Corporation (MRC) and JEG Development Corporation (JDC) with a combined ownership of 75.86% in 2015, 2014 and in 2013. MRC and JDC are entities incorporated and domiciled in the Philippines.

The Parent Company and its Subsidiaries (collectively referred to as the Group) are engaged in various business activities, through its subsidiaries and affiliates, namely electric power generation (both renewable and non-renewable energy), electric power distribution and retail electricity supply business.

The principal office address of the Parent Company is located at Unit 907-908, Ayala Life-FGU Center, Mindanao Avenue Corner Biliran Road, Cebu Business Park, Barangay Luz, Cebu City, Philippines 6000.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries and associates, all incorporated in the Philippines, as of December 31, 2015 and 2014:

	2015		2014	
	Percentage of Ownership			
	Direct	**Indirect**	Direct	Indirect
Subsidiaries				
Hijos De F. Escaño (HDFE)	**50.94**	–	50.94	–
VC Ventures Net, Inc. (VNI)	**100.00**	–	100.00	–
Vivant Energy Corporation (VEC)	**100.00**	–	100.00	–
Vivant Integrated Generation Corporation (VIGC)	–	**100.00 [a]**	–	100.00 [a]
Vivant Geo Power Corp. (VGPC)	–	**100.00 [b] [g]**	–	100.00 [b] [g]
Vivant Isla, Inc. (VII)	–	**100.00 [a] [h]**	–	100.00 [a] [h]
Vivant Renewable Energy Corporation (VREC) [f]	–	**100.00 [a]**	–	100.00 [a]
Corenergy Inc. (Core)	–	**100.00 [a]**	–	100.00 [a]
Vivant Integrated Diesel Corporation (VIDC)	–	**100.00 [a] [i]**	–	–
Vivant-Malogo Hydropower, Inc. (VMHI)	–	**67.00 [a]**	–	67.00 [a]
Vics-Amlan Holdings Corp. (Vics-Amlan)	–	**60.00 [a]**	–	60.00 [a]
1590 Energy Corp. (1590 EC)	–	**52.70 [a]**	–	52.70 [a]
Associates				
Visayan Electric Company, Inc. (VECO)	**34.81 [c]**	–	34.81 [c]	–

(Forward)

	2015		2014	
	Percentage of Ownership			
	Direct	Indirect	Direct	Indirect
Prism Energy, Inc. (PEI)	**40.00**	–	40.00	–
Abovant Holdings, Inc. (AHI)	–	**40.00** [(c)]	–	40.00 [(c)]
Cebu Private Power Corporation (CPPC)	–	**40.00** [(a)]	–	40.00 [(a)]
Minergy Power Corporation (MPC)	–	**40.00** [(c)]	–	40.00 [(c)]
Amlan Hydroelectric Power Corporation (AHPC)	–	**30.00** [(d)]	–	30.00 [(d)]
Therma Visayas, Inc. (TVI)	–	**20.00** [(a) (c)]	–	20.00 [(a) (c)]
Delta P, Inc. (Delta P)	–	–		35.00 [(a)]
Joint Ventures				
Calamian Islands Power Corp. (CIPC)	–	**50.00** [(a)]	–	50.00 [(a)]
Vivant Sta. Clara Northern Renewables Generation Corporation (VSNRGC)	–	**48.00** [(a)(b) (j)]	–	46.00 [(b)]
Delta P	–	**50.00** [(a) (k)]	–	–

a. Indirect ownership through VEC
b. Indirect ownership through VREC (formerly Vics- Bakun)
c. Indirect ownership through VIGC
d. Indirect ownership through Vics-Amlan
e. Indirect ownership through HDFE until December 31, 2013
f. Incorporated on January 8, 2010. Changed its corporate name from Vics-Bakun Holdings Corporation (Vics-Bakun) to VREC on October 2, 2015.
g. Incorporated on April 23, 2014
h. Incorporated on July 11 2014
i. Incorporated on August 7, 2015
k. Increased to 50% effective May 28, 2015
j. Increased to 48% effective November 6, 2015

Subsidiaries. Except for 1590 EC, VEC, VMHI, Core, VII and VGPC, all subsidiaries are also operating as holding and investing companies, which are primarily engaged in power generation and distribution. 1590 EC is operating a diesel power plant and VEC is administering 17 mega-watt (MW) of geothermal power while VMHI and Core are on its pre-operating stage of building a hydro power plant in Silay, Negros Occidental and operating as a retail electricity supplier, respectively.

The following sets out a brief information of the Parent Company's subsidiaries and associates:

<u>HDFE</u>
HDFE was incorporated on December 24, 1926, which registration was renewed for another 50 years effective November 26, 1974. The primary purpose of HDFE is to invest in, hold, own, purchase, acquire, lease, contract, operate, improve, develop, grant, sell, exchange, or otherwise dispose of real and personal properties of every kind and description including shares of stocks, bonds and other securities or evidence of indebtedness of any other corporation, association, firm, or entity, domestic or foreign, where necessary or appropriate, and to process and exercise in respect thereof of all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, without acting as, or engaging in, the business of an investment company, or dealer or broker in securities.

<u>VNI</u>
VNI was incorporated on December 8, 2004 and its primary purpose is to invest in, purchase, or otherwise acquire and own, hold, develop, use, sell, lease, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description for whatever purpose the same may have been organized.

On March 5, 2015, during the Special Stockholders' Meeting and Special Board Meeting, the stockholders and Board of Directors approved that one of the Company's secondary purposes is to conduct and transact any and all lawful business, and to do or cause to be done any one or more of the acts and things set forth as its purposes, within or without the Philippines, and in any and all foreign countries, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers of the Company under the Corporation Code of the Philippines, or which shall at any time appear conducive to or expedient for the protection or benefit of the Company. These amendments made in the Company's AOI were approved by the SEC on October 8, 2015.

VEC

VEC was incorporated on January 25, 2005 and its primary purpose is to establish, maintain and operate power plants of any kind and such other sources that may be a viable source of electric light, heat and power system and to sell to the general public, electricity as the corporation may determine.

VEC currently exists as a holding company with direct equity shareholdings in CPPC, Delta P, 1590 EC, CIPC, VMHI, TVI, VII, VIDC, and VSNRGC, entities engaged in the power generation business and Core, an entity engaged in the retail electricity supply. VEC also has direct equity shareholdings on holding entities namely VIGC, Vics-Amlan and VREC.

In November 2013, VEC participated in the public bidding process conducted by PSALM for the selection and appointment of the IPP Administrator for the Strips of Energy of the Unified Leyte Geothermal Power Plants (ULGPP) located at Tongonan, Leyte. On January 29, 2014, PSALM has declared and selected VEC as the Winning Bidder for Seventeen (17) Strips of Energy of the ULGPP. This allowed VEC to sell seventeen (17) MW of geothermal power from ULGPP beginning January 1, 2015 (see Note 23g).

VIGC

VIGC was incorporated on November 5, 2008 with the primary purpose of holding investments in power generation companies. It has direct equity shareholdings in MPC and TVI, entities engaged in the power generation business and AHI, a holding entity.

VGPC

VGPC was incorporated on April 23, 2014. Its primary purpose is to establish, maintain, own, and operate geothermal, thermal, hydroelectric, solar, wind, coal, diesel power plants and such other sources that may be viable source of electric light, heat and power system and to sell and/or trade electricity for light, heat and power purposes within cities, municipalities and provinces of the Philippines as the corporation may determine and enter into business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2015, VGPC is still in the pre-operating stage.

VII

VII was incorporated on July 11, 2014. Its primary purpose is to engage in business of owning, acquiring, commissioning, operating, maintaining, evaluating, developing, constructing, holding and selling power generation facilities and related facilities, or any other business activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. As of December 31, 2015, VII is still in the pre-operating stage.

VREC

VREC, the holding entity of VSNRGC, was incorporated on January 8, 2010 with the primary purpose of holding investments in power generation companies. On October 2, 2015, the SEC approved its application for change in corporate name from Vics Bakun Holdings Corporation to VREC. It also has direct equity shareholdings on VGPC, a holding entity.

Core

Core was incorporated on December 14, 2012. Its primary purpose is to buy, source and obtain electricity from generating companies or from the wholesale electricity spot market to sell, broker, market or aggregate electricity to the end users in contestable market and enter into any necessary access or interconnection arrangements or other necessary contracts with the National Transmission Corporation or National Grid Corporation of the Philippines, distribution utilities and other entities in the electric power industry. As of December 31, 2015, Core has not yet started commercial operations and has an ongoing application for Retail Electricity Supplier license.

VIDC

VIDC was incorporated on August 7, 2015. Its primary purpose is to establish, maintain, acquire, own, hold, and operate diesel powered generating facilities. As of December 31, 2015, VIDC is still in the pre-operating stage.

VMHI

VMHI was incorporated on June 8, 2012. Its primary purpose is to engage in the business of owning, acquiring, operating, generating, collecting and distributing electricity.

VMHI is on its starting phase or pre-operational stage as a power generating entity. It is currently undergoing development and pre-construction works for a six (6) MW hydro power plant. The plant construction is estimated to be completed after 22–24 months from date of groundbreaking.

Vics-Amlan

Vics-Amlan, the holding entity of AHPC, was incorporated on August 26, 2009 with the primary purpose of holding investments in power generation companies.

1590 EC

1590 EC was incorporated and started operations on July 30, 2010. It is primarily engaged in power generation and operates a 225 MW diesel-fired power plant in Bauang, La Union. 1590 EC is also partly-owned by Gigawatt Power, Inc. (GPI), Eco Utilities Ventures Holdings Company, Inc. (EUVHCI) and ICS Renewables Holdings Corp. (IHI), among others.

Associates. VECO, PEI, AHI, CPPC, AHPC, TVI, and MPC qualify as associates of the Group.

VECO

VECO was incorporated on February 22, 1961 and whose corporate term was extended for another 50 years from and after the date of its expiration on February 23, 2012. VECO is a power distribution entity, the primary activities of which are to establish, maintain and operate electric light, heat and power systems and to sell to the general public electricity for light, heat and power purposes.

VECO serves the electrical power needs of four cities (Cebu, Mandaue, Talisay and Naga) and four municipalities (Minglanilla, San Fernando, Consolacion and Lilo-an) of the greater part of Metro Cebu by virtue of legislative franchise grants.

PEI

PEI was incorporated on March 24, 2009 as a retail electricity supplier. As of December 31, 2015, it has not yet started commercial operations.

AHI

AHI was incorporated on November 28, 2007 primarily to manage entities and to provide management, investment and technical advice for enterprises engaged in electricity generation and/or distribution.

AHI and Global Formosa Power Holdings, Inc., a joint venture between Global Business Power Corp. (Global Power) and Formosa Heavy Industries (Global Formosa), signed a shareholders' agreement to develop, construct and own a Cebu Energy Development Corporation (CEDC) 246 MW coal-fired power plant in Toledo City, Cebu. AHI has a 44% direct ownership interest in CEDC.

CPPC

CPPC was incorporated on July 13, 1994 and its primary purpose is to build, construct or own power generation plants and related facilities. It operates a 70 MW bunker "C" diesel-fired power generating plant.

MPC

MPC (formerly Minergy Coal Corporation) was registered with SEC on February 18, 2013, primarily to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the generation and supply of power utilizing any fuel or energy source.

AHPC

AHPC was incorporated on October 21, 2008 with the primary purpose to manufacture, acquire, develop, own and operate alternative fuels. Currently, AHPC is operating a 0.8 MW hydroelectric power plant in Amlan, Negros Oriental, which was purchased by AHPC from the Power Sector Assets and Liabilities Management (PSALM).

TVI

TVI was registered with SEC on October 15, 1997, primarily to acquire by purchase, lease, contract, concession, or otherwise any and all real estate, land, land patents, opinions, grants, concessions, franchises, water and other rights, privileges, easements, estates, interests and mineral properties of every kind and description.

In May 2014, TVI signed an Engineering, Procurement and Construction (EPC) contract with Hyundai Engineering Co., Ltd. and Galing Power Energy Co., Inc. TVI issued the full Notice to Proceed (NTP) in March 2015 to ensure guaranteed completion date by the last quarter of 2017. The first unit is expected to be turned-over by the end of 2017, with the second following three (3) months thereafter.

Joint Ventures. CIPC, Delta P and VSNRGC qualify as joint ventures of the Group.

CIPC

CIPC was incorporated on October 19, 2010 primarily to engage in the business of owning, acquiring, commissioning, operating and selling power generation facilities and related facilities, or any other business or activity that now or hereafter may be necessary, incidental, proper, advisable or convenient in furtherance of or otherwise relating to such purpose. Currently, CIPC operates an 8 MW bunker and 0.75 MW diesel-fired power generation plants in the municipalities of Coron and Busuanga, respectively.

VSNRGC

VSNRGC was organized on July 9, 2009 primarily to engage in the general business of power generation and sale of electric power to National Power Corporation (NAPOCOR), private electric cooperatives and other entities.

In December 2009, PSALM awarded VSNRGC to be the IPP administrator of the contracted capacities of Bakun and Benguet power plants. VSNRGC formally became the IPP administrator in February 2010 upon signing of the related documents and payment of the related consideration. In the latter part of the same year, PSALM exercised the right to divide and segregate the contracted capacities of the Bakun and Benguet power plants. By virtue of the segregation done by PSALM, VSNRGC assumed the responsibility of selling only the Bakun power plant's contracted capacity and started its commercial operations as an IPP administrator in 2010. The Bakun power plant has an installed capacity of 70 MW and is located in Alilem, Ilocos Sur.

Delta P

Delta P was registered with SEC on September 20, 2002 primarily to operate and maintain a 16 MW heavy fuel oil-fired generating power station in Puerto Princesa, Palawan. On May 28, 2015, GPI agreed to sell to VEC 6,310,352 common shares representing 15% of DPI's total issued and outstanding capital stock, bringing the Group's ownership in DPI to 50% (see Note 10).

The consolidated financial statements of the Group as at and for the years ended December 31, 2015, 2014 and 2013 were approved and authorized for issuance by the Board of Directors (BOD) on April 1, 2016.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for AFS investments and investment properties which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso, the Parent Company's functional currency. All values are rounded to the nearest Peso except as otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The consolidated financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Transactions with Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the parent. Transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is reflected as being a transaction between owners and recognized directly in equity. Gain or loss on disposals to non-controlling interest is also recognized directly in equity.

3. Changes in Accounting Policies and Disclosures

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2015.

The nature and the impact of each new standard and amendment are described below:

Amendments to PAS 19, *Defined Benefit Plans: Employee Contributions*

PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014.

This amendment, which becomes effective on or after July 1, 2014, is not applicable to the Group since its defined benefit plan does not require contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)
These improvements are effective from July 1, 2014 for which the Group has assessed to have no impact on the financial statements. They include:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*

  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

  a. A performance condition must contain a service condition;
  b. A performance target must be met while the counterparty is rendering service;
  c. A performance target may relate to the operations or activities of an entity, or to those of another entity in the same ;
  d. A performance condition may be a market or non-market condition; and,
  e. If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

  This amendment does not apply to the Group as it has no share-based payment transactions.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*

  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments,* if early adopted). The Group shall consider this amendment in future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*

  The amendments are applied retrospectively and clarify that:

  a. An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

  b. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment,* and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*

  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This amendment has no impact on the Group since its property, plant and equipment and intangible assets are carried at cost.

- PAS 24, *Related Party Disclosures - Key Management Personnel*

  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment has no impact on the Group since it does not engage a management entity for key management personnel services.

<u>Annual Improvements to PFRSs (2011–2013 cycle)</u>
These improvements are effective from July 1, 2014 and are not expected to have a material impact on the Group. They include:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*

  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

  a. Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  b. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The Group shall consider this amendment in future joint arrangements.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*

  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (or PFRS 9, if early adopted). The amendment has no significant impact on the Group's financial position or performance.

- PAS 40, *Investment Property*

  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between the investment property and owner-occupied property (i.e., property, plant and equipment). This amendment has no significant impact on the Group's financial position or performance.

New Standards and Interpretation Issued and Effective after December 31, 2015
The Group will adopt the standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations to have significant impact on the consolidated financial statements.

Deferred

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Adoption of the interpretation when it becomes effective will not have any impact on the financial statements.

Effective January 1, 2016

- PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures* - Investment Entities: Applying the Consolidation Exception (Amendments)

  The amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments are not expected to have any impact on the Group.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)

  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Group shall consider these amendments if it enters into this type of arrangement in the future.

- PFRS 14, *Regulatory Deferral Accounts*

  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. This standard is not applicable since the Group is an existing PFRS preparer.

- PAS 1, *Presentation of Financial Statements* - Disclosure Initiative (Amendments)

  The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:

  - That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions

  - That specific line items in the statement of income and OCI and the statement of financial position may be disaggregated

  - That entities have flexibility as to the order in which they present the notes to the financial statements

  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

  Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Group shall consider this amendment upon the effectivity of this standard.

- PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of *Acceptable Methods of Depreciation and Amortization* (Amendments)

  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These will have no impact on the Group given that it has not used a revenue-based method to depreciate its noncurrent assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments)

  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply.

  After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These will have no relevance to the Group since it is not engaged in agriculture business.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Group shall consider this amendment in accounting for its investments in subsidiaries and associates upon the effectivity of this standard.

Annual Improvements to PFRSs (2012-2014 cycle). The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have any material impact on the Group. They include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*

  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*

  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*

  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*

  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - Disclosure of Information "Elsewhere in the Interim Financial Report"*

  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments*

  In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*. The new standard (renamed as PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015.