

**COVER SHEET**

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S.E.C. Registration Number

P.S.E. Control Number

V I V A N T C O R P O R A T I O N

(Company's Full Name)

U n i t 9 0 7 - 9 0 8 A y a l a L i f e - F G U

C e n t e r , M i n D a n a o A v e . , c o r .

B i l i r a n R o a d , C e b u C i t y

(Business Address: No. Street City/Town Province)

Joan A. Giduquio-Baron

Contact Persons

(032) 232-0283, 234-2256 and 234-2285

Telephone Number of the Contact Person

1 2

Month Day  
Fiscal Year

3 1

**SEC FORM 17-Q**

FORM TYPE

0 6

Month

3 0

Day

Secondary license Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

1,466

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **June 30, 2015**
2. Commission identification number: **175222**                      3. BIR Tax Identification No.: **242-603-734-000**

**Vivant Corporation**

4. Exact name of issuer as specified in its charter

**Mandaluyong City**

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code:  (SEC Use Only)

**Unit 907-908 Ayala Life-FGU Center, Mindanao Ave.  
corner Biliran Road,  
Cebu Business Park, Cebu City**

7. Address of issuer's principal office **6000**  
Postal Code

**(032) 234-2256; (032) 234-2285**

8. Issuer's telephone number, including area code

**NA**

9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the SRC

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<b>Common Shares at Php 1.00 per share</b>	<b>Php 1,023,456,698</b>
<b>Amount of debt outstanding</b>	<b>Php 5,382,617,372</b>

11. Are any or all of the securities listed on a Stock Exchange?

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

**Philippine Stock Exchange**                                              **Common Stock**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Company Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes  No

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes  No

## PART I--FINANCIAL INFORMATION

### Item 1. Financial Statements.

Please see attached financial statements for the quarter ended June 30, 2015.

### Item 2. Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following is a discussion and analysis of the Company's consolidated financial condition and results of operations for the interim period ended June 30, 2015 compared with the interim period ended June 30, 2014. This report should be read in conjunction with the consolidated financial statements and the notes thereto.*

#### KEY PERFORMANCE INDICATORS

Management uses the following key performance indicators to evaluate the performance of the Company and its investee companies:

1. **Equity in Net Earnings (or Loss) of Associates.** Equity in net earnings (or loss) of associates is the Company's share in the income or loss of associates, or investee companies accounted for under the equity method. It indicates the profitability of the associates and measures their contribution to the profitability of the parent.
2. **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).** EBITDA is calculated by taking operating income and adding back to it the interest, depreciation and amortization expenses. Since EBITDA eliminates the effects of financing and accounting decisions, it can provide a relatively good comparison of the performance of the Company with other players in the industry. It also provides a good measure of the Company's ability to generate cash from operations to cover financial charges and income taxes.
3. **Cash Flow Generated.** Cash flow generated indicates the ability of the Company to generate enough cash for operating, investing and financing activities.
4. **Debt-to-Equity Ratio (DER).** DER gives an indication of the Company's leverage position and is computed by dividing total liabilities with total stockholders' equity.

5. **Current Ratio.** Current ratio is computed by dividing current assets by current liabilities. This indicates the liquidity of the Company in the short term and measures the peso amount of current asset available to cover a peso amount of current liability.

#### Year-to-Date (YTD) June 30, 2015 versus YTD June 30, 2014

The table below shows the comparative figures of the key performance indicators for the period in review.

Key Performance Indicators <i>Amounts in Php '000, except for ratios</i>	YTD June 2015	YTD June 2014	YE 2014
Equity in Net Earnings of Associates	553,517	552,498	
EBITDA	970,161	1,325,291	
Cash Flow Generated / (Used)	20,893	3,184,273	
Net cash flows from operating activities	115,979	398,035	
Net cash flows from investing activities	(211,759)	(207,497)	
Net cash flows from (used in) financing activities	116,672	2,993,735	
Debt-to-Equity Ratio (x)	0.63	0.64	0.56
Current Ratio (x)	2.59	4.03	3.80

The Company's share in net earnings of associates for the period ended-June 2015 slightly rose to Php 553.5 million (mn) from Php 552.5 mn, representing a 0.20% year-on-year (YoY) increase. The increase is mainly attributed to the enhanced bottomline performance of an associate arising from a 4% expansion in the volume of electricity sold and an improvement in its operating efficiency. This was, however, tempered by the drop in the performance of some of the Company's associates due to lower average selling prices of energy sold. There were also plant availability issues for an associate due to power plant repairs, which led to an increase in the associate's purchased power cost. In compliance with the International Accounting Standards (IAS) 28<sup>1</sup>, the Company did not book its share in the net losses of two associates, which amounted to Php 161.7 mn as of end-June 2015, of which Php 68.1 mn pertained to unrealized forex losses from the dollar denominated portion of an associate's liability arising from its administrator contract with the Power Sector Assets and Liabilities Management Corporation (PSALM). On the other hand, an associate which was previously covered by IAS 28 fully covered its previously unrecognized net losses by subsequent net earnings during the period in review. In the same period last year, Php 69.7 mn was the Company's share in net losses of an associate and a joint venture that was not recognized due to IAS 28.

The decline in the topline performance of the Company's subsidiary led to a 27% YoY decrease in EBITDA for the period in review, from Php 1.3 billion (bn) to Php 970.2 mn.

The Company ended the first semester with a net cash generation of Php 20.9 mn, which was mainly brought about by the positive cash generated by operations and financing.

<sup>1</sup> *IAS 28 Losses in Excess of Investments.* If an investor's or joint venturer's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture, the investor or joint venturer discontinues recognising its share of further losses. If the associate or joint venture subsequently reports profits, the investor or joint venturer resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Vis-à-vis year-end 2014, the Debt-to-Equity ratio rose to 0.63x as of end-June 2015. This is mainly attributable to the 64% YoY rise in current liabilities, particularly trade payables (up 60% YoY), notes payable (up 547% YoY) and income tax payable (up 107% YoY). Total equity, in the meantime, recorded a 7% YoY improvement resulting from the Company's income generated during the period in review.

The expansion in the Company's current liabilities outpaced the increase in current assets. This resulted to the decline in the Company's current ratio to 2.59x as of end-June 2015 from 3.80x as of end-2014.

Material Changes in Line Items of Registrant's Income Statement  
(YTD June 2015 vs. YTD June 2014)

As of end-June 2015, Vivant's total revenues was marginally lower at Php 2.57 bn from Php 2.59 bn as of end-June 2014. This is attributed to the following:

1. Energy fees declined slightly by 1% YoY to Php 1.9 bn from Php 2.0 bn due to a subsidiary's reduced top line performance arising from the lower average selling price of energy sold. The decline was, however, mitigated by revenues earned by another subsidiary from the administration of 17 MW of geothermal power which commenced at the start of the period in review.
2. The Company's share in net earnings of associates for the period ended-June 2015 slightly rose to Php 553.5 mn from Php 552.5 mn, representing a 0.20% YoY increase. The increase is mainly attributed to the enhanced bottomline performance of an associate arising from a 4% expansion in the volume of electricity sold and an improvement in its operating efficiency. This was, however, tempered by the drop in the performance of some of the Company's associates due to lower average selling prices of energy sold. There were also plant availability issues for an associate due to power plant repairs, which led to an increase in the associate's purchased power cost. In compliance with the IAS 28, the Company did not book its share in the net losses of two associates, which amounted to Php 161.7 mn as of end-June 2015, of which Php 68.1 mn pertained to unrealized forex losses from the dollar denominated portion of an associate's liability arising from its administrator contract with PSALM. On the other hand, an associate, which was previously covered by IAS 28, fully covered its previously unrecognized net losses by subsequent net earnings during the period in review. In the same period last year, Php 69.7 mn was the Company's share in net losses of an associate and a joint venture that was not recognized due to IAS 28.
3. Management fees dipped by 10% YoY to Php 54.3 mn from Php 60.2 mn as a result of the decrease in management fees and service billings to two associates.
4. Interest income was up 40% YoY to Php 25.8 mn from Php 18.5 mn, mainly on account of higher interest rates during the semester in review.
5. The other income account recorded a drop of 24% YoY to Php 3.2 mn from Php 4.3 mn. The lower revenue base of a subsidiary engaged in IT services, coupled with the hike in its operating expenses, resulted to a lower bottomline during the period in review.

Total operating expenses for the first half of 2015 grew by 27% YoY, from Php 1.3 bn to Php 1.6 bn. Said movement can be accounted for by the following:

1. Generation cost went up by 31% YoY to Php 1.4 bn from Php 1.1 bn, which was due to costs incurred by a subsidiary for the administration over 17 MW of geothermal power at the start of the period in review.
2. Management fees were down by 52% YoY to Php 32.2 mn from Php 66.9 mn due to a downward adjustment in rates.
3. Salaries and employee benefits rose by 86% YoY to Php 68.8 mn from Php 37.0 mn on account of the additional manpower, the upward adjustment in salaries and benefits, and the payment of discretionary bonus which was not made in 2014. The increase was also due to the accrual of 13<sup>th</sup> month pay and other benefits in the current period while there was none in the first four months of 2014. Salaries and employee benefits would have been Php 39.2 mn as of end-June 2014 if accruals were made.
4. Taxes and licenses declined by 59% YoY to Php 12.5 mn from Php 30.6 mn. In the same period last year, the Company paid taxes relating to the Fixed Rate Corporate Notes (FRCN) issuance, which amounted to Php 15.0 mn. Moreover, documentary stamp tax (DST) was higher last year due to investments made by a subsidiary.
5. Payments to consultants in relation to the set-up of operational systems and new projects accounted for the 37% YoY rise in professional fees to Php 31.3 mn from Php 22.9 mn. Adding to this are the administrative fees paid by the Company's subsidiary for the administration over 17 MW of geothermal power.
6. There was a 36% YoY increase in depreciation and amortization bringing it to Php 9.5 mn from Php 7.0 mn. The expansion was a result of the acquisition of additional depreciable assets, mostly relating to the expansion of the Company's office space, increase in manpower headcount, acquisition of vehicles and construction of a warehouse.
7. Rent and association dues grew by 42% YoY to Php 2.9 mn from Php 2.0 mn given the escalated rental fees for office spaces and additional parking spaces leased during the period in review.
8. Communication and utilities increased by 21% YoY to Php 2.2 mn from Php 1.8 mn as a factor of the increase in the manpower headcount. The construction of the Company's warehouse and improvements in additional office space were factors in the rise in power and water charges.
9. Representation recorded a YoY growth of 531% to Php 3.1 mn from Php 0.5 mn. This variance is attributed to increased representation costs of the Company and a subsidiary in relation to projects and meetings with business partners.
10. Security and janitorial expenses rose by 55% YoY to Php 1.5 mn from Php 1.0 mn given rate adjustments on agency fees and the hiring of additional personnel.
11. Other general and administrative expenses posted a 72% YoY rise to Php 37.5 mn from Php 21.8 mn due to the increase in royalty fees of a subsidiary and the payment of various fees in relation to the application for the increase in capitalization by two of the Company's subsidiaries.

Vivant's finance cost of Php 85.8 mn as of end-June 2015 is 62% higher versus last year's Php 53.1 mn. Last year's interest payment and accruals were reckoned from the date of issuance of the FRCN, i.e. Php 1 bn and Php 2 bn on February 3 and March 31, 2014, respectively. Whereas interest payment and accruals this year covered the entire semester in review. Adding to this is the finance cost of a subsidiary for its short term loan.

An unrealized foreign exchange loss of Php 0.8 mn was taken up during the semester in review. This pertains to the restatement of the US Dollar and Euro cash balances of the Company and a subsidiary. For the same period last year, the Company booked an unrealized foreign exchange loss of Php 1.7 mn.

The Company accrued consolidated tax expenses of Php 91.8 mn as of end-June 2015, recording a 267% YoY rise. The increase was mainly a result of the non-accrual for period January to April 2014. Adjusting for this, the Company would have recorded an income tax expense of Php 136.4 mn as of end-June 2014.

Taking all of the above into account, Vivant recorded a total net income for the period ending June 30, 2015 of Php 782.9 mn, a reduction of 37% YoY. Meanwhile, net income attributable to parent amounted to Php 615.9 mn, down by 28% YoY. The profit decline was due to the drop in the topline performance of the Company's subsidiary, which was slightly offset by the energy fees earned from the administration by a subsidiary of 17 MW of geothermal power. The rise in operating expenses and non-accrual of certain expenses (i.e. Php 2.2 mn in salaries and benefits and Php 111.4 mn in income tax expense) in 2014 likewise contributed to the decline in net income during the period in review.

*Changes in Registrant's Consolidated Resources, Liabilities and Shareholders' Equity*  
*(End-June 2015 vs. Year-end 2014)*

The Company's total assets expanded by 12%, from end-2014's level of Php 12.5 bn to Php 13.9 bn.

The following are the material movements in the assets of the Company as of end-June 2015.

1. Trade and other current receivables rose by 384% to Php 669.8 mn as of end-June 2015 largely due to the increase in energy sales of its subsidiaries.
2. Advances to associates and stockholders fell by 28% to Php 29.6 mn as of end-June 2015 from Php 40.9 mn as of end-2014. The decline was brought about by the repayment of advances by an associate.
3. Prepayments and other current assets as of semester-end were up by 28% at Php 549.8 mn, which was a result of a subsidiary's increase in advances to suppliers.
4. Investment in subsidiaries and associates rose by 9% to Php 6.3 bn from Php 5.8 bn because of the additional investments in associates made by two of the Company's subsidiaries. This increase was slightly tempered by the redemption of preferred shares of an associate and dividends received from associates as of end-June 2015.
5. Property and equipment was up by 31% to Php 995.4 mn as of end-June 2015, resulting from the purchase of power plant equipment by a subsidiary and the Company's purchase of

service vehicles, office furniture and equipment, renovation of offices and the construction of a warehouse.

6. Payments to land owners in relation to agreements entered into by a subsidiary for the perpetual use of land for use in the development and construction of a renewable energy power plant, and advances to suppliers for projects in the pipeline account for the increase in other non-current assets by 11% at Php 32.5 mn as of end-June 2015.

Total liabilities grew by 21% to Php 5.4 bn as of end-June 2015. The movement was brought about by the expansion of trade and accounts payable mostly arising from the recognition of the generation cost by subsidiaries, payables to suppliers, legal fees and the Company's dividends payable. The short term loan and accrued income tax of a subsidiary also contributed to the increase.

As a result of the net income generated during the semester in review, total stockholders' equity increased by 7%, from approximately Php 8.0 bn as of year-end 2014 to Php 8.5 bn as of end-June 2015. Meanwhile, equity attributable to parent ended up higher by 5% at Php 8.0 bn as of the end of June 2015.

*Material Changes in the Consolidated Liquidity and Cash Reserves of Registrant  
(End-June 2015 vs. End-June 2014)*

For the period ending June 30, 2015, the net cash generated by the Company's operations was lower at Php 116.0 mn from Php 398.0 mn as of end-June 2014. The reduction could be attributed to the lower topline contribution of a subsidiary, the increase in trade and other receivables, the prepayment to suppliers, and interest payment on the FRCN mainly accounted for the movement.

Net cash used in investing activities as of end-June 2015 amounted to Php 211.8 mn, vis-a-vis last year's utilization of Php 207.5 mn. Higher investments made and additional purchase of fixed assets during the semester in review resulted in the period's higher usage.

A subsidiary's short term borrowings mainly accounted for the cash generated from financing activities for the period in review, which amounted to Php 116.7 mn. This is a marked reduction from last year's P3.0 bn, which was when the Company issued its FRCN.

As of June 30, 2015, cash and cash equivalents decreased by 22%, from Php 6.2 bn as of end-June 2014 to Php 4.9 bn.

*Financial Ratios*

Vis-à-vis year-end 2014, the Debt-to-Equity ratio slightly rose to 0.63x as of end-June 2015. There was an increase in the Company's current liabilities, the impact of which was moderated by the increase in equity resulting from the Company's income generated during the period in review.

The expansion in the Company's current liabilities, which was spurred by increases in trade payables, short term loans payable and income tax payable, outpaced the increase in current assets. This resulted to the decline in the Company's current ratio to 2.59x as of end-June 2015 from 3.80x as of end-2014.



### Material Events and Uncertainties

- Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated trade terms.

The Company does not expect any liquidity problems and is not in default of any financial obligations.

- Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None.

- Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None.

- Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.

The Company has projects in the pipeline, at varying degrees of development. These projects are being undertaken through wholly owned subsidiary, Vivant Energy Corporation.

- Vivant Malogo Hydropower Inc. (VMHI) is a joint venture that will serve as the proponent for the development and implementation of a Greenfield power plant project. The project will involve the construction and operation of a series of run-of-river hydropower facilities that will be located in Barangay Kapitan Ramon in Silay City, Negros Occidental. The project will be designed to feed off the Malogo River and will consist of three (3) phases. The first phase of the project will have a total capacity of 6 MW. VMHI is currently in the process of obtaining the necessary permits and contract approvals. Once done, construction will commence and is estimated to be completed after 24 months. The project will be funded via a combination of debt (70%) and equity (30%). In July 2014, VEC's stake was reduced from 75% to 63%, which was in accordance with the mutual agreement of the shareholders.
- Minergy Coal Corporation (MCC) is the project proponent for a new 3x55 MW coal-fired power generation plant in Balingasag, Misamis Oriental. Construction commenced in the first quarter of 2014. The power generation facility is expected to feed into the franchise area of Cagayan de Oro Electric Power and Light Corporation (CEPALCO), which covers the City of Cagayan de Oro and adjoining towns, by 2017. This project will be funded via a combination of debt (70%) and equity (30%). Through wholly-owned Vivant Integrated Generation Corporation (VIGC), the Company has an equity ownership of 40% in MCC.

- Therma Visayas, Inc. (TVI) is the project proponent for the construction and operation of a 300-MW (net) coal-fired power generation facility on a site in Toledo City, Cebu. The project is intended to address the increasing power demand of the Visayas grid. The plant design includes provisions for the addition of a third generating unit. In March 2015, the notice to proceed for all EPC activities was issued. The first unit is expected to be turned over by end 2017, with the second unit following three months thereafter. This project will be funded via a combination of debt (75%) and equity (25%). An agreement between VIGC and Therma Power, Inc. was signed in August 2014, which will involve the investment by VIGC in TVI for a 20% equity stake.
- The Company, through its Business Development Group, continuously looks for opportunities in the power generation business, whether it be via greenfield, brownfield or acquisition. The Company conducts an extensive evaluation process before any proposed project is undertaken. Several factors are assessed and considered, which include but not limited to, the project's land use requirements, access to the grid, fuel supply availability and arrangements, permits and licenses, competitiveness of the plant and presence of potential offtakers. The Company intends to bankroll these projects via a combination of equity (30%) and debt (70%), where debt will be booked at the project company.
- Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.

The overall economic performance of the Philippines is a key factor in the sale of electricity. Thus, the performance of the Company, including its subsidiaries and associates, is affected by the economic state of the country.

Given the uncontracted portion of the Company's attributable generation capacity, any movement in the spot market price of electricity could have a significant impact on the Company's overall financial performance. Spot price of electricity is mostly determined by the supply and demand situation prevailing in the market.

- Any significant elements of income or loss that did not arise from the registrant's continuing operations

None.

- Any material changes in estimates of amounts reported in prior interim period of the current financial year and interim period of the prior financial year, respectively.

None.

- Any seasonal aspects that had a material effect on the financial condition or results of operations

The Company currently has two run-of-river hydropower plant facilities in its power generation portfolio. In the absence of any storage capability, the plants' operations are dependent on water availability in the form of river water flow. These plants are at minimal operating levels during the dry months, or the first half, of the year. These are reversed in the second semester, or at the onset of the rainy season, which result to high generation capability given the increased river water flow.

- Any material events subsequent to the end of the interim period that have not been reflected in the financial statements of the interim period

None.

#### **PART II--OTHER INFORMATION**

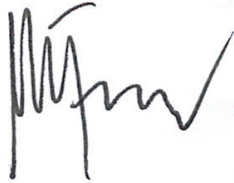
Other than what has been reported, no event has since occurred.

## SIGNATURES

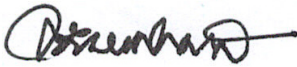
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### VIVANT COMPANY

By:

A handwritten signature in black ink, appearing to read 'Minuel', with a stylized flourish at the end.

**MINUEL CARMELA N. FRANCO**  
VP - Finance

A handwritten signature in black ink, appearing to read 'Sembrano', with a stylized flourish at the end.

**MARIA VICTORIA E. SEMBRANO**  
AVP - Finance  
*August 13, 2015*

# **VIVANT CORPORATION AND SUBSIDIARIES**

Unaudited Consolidated Financial Statements  
As of June 30, 2015 (with Comparative Audited Consolidated Figures as of  
December 31, 2014) and for the Three Months Ended June 30, 2014

**VIVANT CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2015****(With Comparative Figures as of December 31, 2014)****(Amounts in Philippine Pesos)**

	Notes	June 30, 2015	December 31, 2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	1	<b>₱4,881,198,594</b>	₱4,859,530,626
Trade and other receivables – net	2	<b>669,778,916</b>	138,516,463
Advances to associates and stockholders	2	<b>29,642,218</b>	40,930,884
Inventories		<b>110,416,093</b>	106,831,729
Prepayments and other current assets	3	<b>549,810,957</b>	429,586,090
<b>Total Current Assets</b>		<b>6,240,846,777</b>	5,575,395,792
<b>Noncurrent Assets</b>			
Investments in subsidiaries and associates	7	<b>6,295,163,112</b>	5,756,787,415
Property, plant and equipment - net	5	<b>995,408,142</b>	760,769,518
Investment properties	6	<b>274,071,000</b>	274,071,000
Deferred tax assets		<b>14,179,895</b>	14,179,895
Goodwill		<b>42,559,451</b>	42,559,451
Other non-current assets – net	8	<b>32,544,765</b>	29,317,004
Available-for-sale (AFS) investments	4	<b>4,324,131</b>	4,324,131
<b>Total Noncurrent Assets</b>		<b>7,658,250,497</b>	6,882,008,414
<b>TOTAL ASSETS</b>		<b>₱13,899,097,273</b>	₱12,457,404,205

**LIABILITIES AND EQUITY****Current Liabilities**

Trade and other current payables	<b>₱2,069,654,426</b>	₱1,295,219,670
Advances from related parties	<b>107,870,148</b>	115,486,477
Notes payable – current portion	<b>169,155,546</b>	26,155,546
Income tax payable	<b>65,247,827</b>	31,556,533
<b>Total Current Liabilities</b>	<b>2,411,927,947</b>	1,468,418,226

**Noncurrent Liabilities**

Notes payable - net of current portion	<b>2,917,573,704</b>	2,947,573,704
Pension liability	<b>25,540,297</b>	23,209,026
Deferred tax liabilities	<b>27,575,424</b>	27,575,424
<b>Total Noncurrent Liabilities</b>	<b>2,970,689,425</b>	2,998,358,154
<b>Total Liabilities</b>	<b>5,382,617,372</b>	4,466,776,380

**Equity Attributable to Shareholders of the Parent**

Capital stock	9	<b>1,023,456,698</b>	1,023,456,698
Additional paid-in capital		<b>8,339,452</b>	8,339,452
Other components of equity:			
Revaluation reserve		<b>1,261,492,837</b>	1,261,492,837
Remeasurement loss on employee benefits		<b>(69,240,190)</b>	(69,240,190)
Unrealized valuation gain on AFS		<b>254,554</b>	254,554
Retained earnings:			
Appropriated for business expansion		<b>2,810,784,261</b>	2,810,784,261
Unappropriated		<b>2,944,869,514</b>	2,596,929,852

**Equity Attributable to Shareholders of the Parent**

Parent		<b>7,979,957,127</b>	7,632,017,464
<b>Non-controlling Interest</b>		<b>536,522,774</b>	358,610,361
<b>Total Equity</b>		<b>8,516,479,901</b>	7,990,627,825
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>₱13,899,097,273</b>	₱12,457,404,205

*See accompanying Notes to Consolidated Financial Statements.*

**VIVANT CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD JANUARY 1 TO JUNE 30, 2015  
(With Comparative Figures for the same period in 2014)  
(Amounts in Philippine Pesos)**

	2015	2014
<b>REVENUE</b>		
Energy fees	<b>₱1,933,175,263</b>	₱1,951,799,710
Equity in net earnings of associates	<b>553,517,231</b>	552,497,665
Management fees	<b>54,268,328</b>	60,246,742
Interest income	<b>25,777,277</b>	18,468,343
Other income	<b>3,244,973</b>	4,289,576
	<b>2,569,983,072</b>	2,587,302,037
<b>GENERATION COSTS</b>	<b>1,402,908,976</b>	1,071,828,456
<b>OPERATING EXPENSES</b>		
Salaries and employees' benefits	<b>68,807,877</b>	37,046,444
Management fees	<b>32,151,739</b>	66,929,920
Professional fees	<b>31,332,713</b>	22,884,817
Taxes and licenses	<b>12,521,551</b>	30,555,701
Depreciation and amortization	<b>9,524,877</b>	6,984,640
Travel	<b>5,703,455</b>	5,641,120
Representation	<b>3,088,799</b>	489,717
Rent and association dues	<b>2,858,098</b>	2,016,947
Communication and utilities	<b>2,233,452</b>	1,842,216
Security and janitorial	<b>1,515,040</b>	979,932
Other general and administrative expenses	<b>37,509,834</b>	21,795,273
	<b>207,247,434</b>	197,166,726
<b>INCOME FROM OPERATIONS</b>	<b>959,826,662</b>	1,318,306,855
<b>OTHER INCOME (CHARGES)</b>		
Finance costs	<b>(85,819,805)</b>	(53,105,221)
Foreign exchange gains (losses)	<b>774,907</b>	1,719,297
Others – net	<b>(41,075)</b>	–
	<b>(85,085,974)</b>	(51,385,924)
<b>INCOME BEFORE INCOME TAX</b>	<b>874,740,688</b>	1,266,920,931
<b>TAX EXPENSE</b>	<b>91,837,649</b>	25,015,415
<b>NET INCOME</b>	<b>782,903,039</b>	1,241,905,516
<b>OTHER COMPREHENSIVE INCOME</b>	<b>–</b>	–
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱782,903,039</b>	₱1,241,905,516
<b>NET INCOME ATTRIBUTABLE TO:</b>		
Shareholders of the parent company	<b>₱615,880,628</b>	₱860,975,415
Non-controlling interests	<b>167,022,412</b>	380,930,101
	<b>₱782,903,039</b>	₱1,241,905,516
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>₱0.602</b>	₱0.841

See accompanying Notes to Consolidated Financial Statements.



**VIVANT CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED JUNE 30, 2015**
**(With Comparative Figures for the same period in 2014)  
(Amounts in Philippine Pesos)**

	2015	2014
<b>REVENUE</b>		
Energy fees	P <b>1,238,137,227</b>	P1,613,204,245
Equity in net earnings of associates	<b>314,346,014</b>	330,648,402
Management fees	<b>27,418,484</b>	27,921,303
Interest income	<b>13,996,713</b>	11,747,108
Other income	<b>1,798,324</b>	2,437,908
	<b>1,595,696,763</b>	1,985,958,965
<b>GENERATION COSTS</b>	<b>881,860,364</b>	865,022,304
<b>OPERATING EXPENSES</b>		
Salaries and employees' benefits	<b>47,971,218</b>	24,039,078
Management fees	<b>27,434,239</b>	63,593,730
Professional fees	<b>21,228,297</b>	12,100,408
Taxes and licenses	<b>5,860,363</b>	15,731,671
Depreciation and amortization	<b>3,537,996</b>	3,581,147
Travel	<b>3,884,584</b>	4,058,634
Rent and association dues	<b>1,894,314</b>	1,066,654
Representation	<b>1,434,925</b>	424,482
Communication and utilities	<b>1,222,812</b>	1,149,936
Security and janitorial	<b>1,135,457</b>	723,466
Other general and administrative expenses	<b>28,900,276</b>	7,438,093*
	<b>144,504,481</b>	133,907,300
<b>INCOME FROM OPERATIONS</b>	<b>569,331,917</b>	987,029,361
<b>OTHER INCOME (CHARGES)</b>		
Finance costs	<b>(44,172,433)</b>	(52,241,474)
Foreign exchange gains (losses)	<b>2,331,819</b>	(2,887,701)
Others – net	<b>1,038,151</b>	–
	<b>(40,802,463)</b>	(55,129,175)
<b>INCOME BEFORE INCOME TAX</b>	<b>528,529,454</b>	931,900,186
<b>TAX EXPENSE (BENEFIT)</b>	<b>73,859,555</b>	25,015,415
<b>NET INCOME</b>	<b>454,669,900</b>	906,884,772
<b>OTHER COMPREHENSIVE INCOME</b>	–	–
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>P454,669,900</b>	P906,884,772*
<b>NET INCOME ATTRIBUTABLE TO:</b>		
Shareholders of the parent company	<b>P341,467,494</b>	P580,077,213
Non-controlling interests	<b>113,202,406</b>	326,807,559
	<b>P454,669,900</b>	P906,884,772
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>P0.334</b>	P0.567

*See accompanying Notes to Consolidated Financial Statements.*
*\* Other general and administrative expense and total comprehensive income were reported as Php 7.3 mn and Php 907 mn, respectively, in last year's SEC 17Q.*

**VIVA NT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED JUNE 30, 2015**  
**(With Comparative Figures for the same period in 2014)**  
**(Amounts in Philippine Pesos)**

	Notes	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		<b>₱874,740,688</b>	₱1,266,920,931
Adjustments for:			
Equity in net earnings of associates		<b>(553,517,231)</b>	(552,497,665)
Finance costs		<b>85,819,805</b>	53,105,221
Interest income		<b>(25,777,277)</b>	(18,468,343)
Depreciation and amortization		<b>10,334,081</b>	6,984,640
Unrealized foreign exchange gains		<b>(774,907)</b>	132,128
Operating income before working capital changes		<b>390,825,159</b>	756,176,912
Decrease (increase) in:			
Trade and other current receivables	2	<b>(522,748,611)</b>	66,507,429
Inventories		<b>(3,584,365)</b>	(45,323,108)
Prepayments and other current assets	3	<b>(120,224,866)</b>	(15,841,810)
Other non-current assets	8	<b>(4,036,964)</b>	(2,520,504)
Increase (decrease) in:			
Trade and other current payables		<b>479,724,052</b>	(196,195,331)
Non-current liabilities		<b>2,331,271</b>	75,440,040
Non-controlling interest		<b>10,890,000</b>	–
Cash generated from operations		<b>233,175,676</b>	638,243,629
Interest paid		<b>(83,505,123)</b>	(53,105,221)
Income taxes paid		<b>(33,691,294)</b>	(187,103,465)
Net cash provided by (used in) operating activities		<b>115,979,259</b>	398,034,943

<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends from associates	<b>711,941,536</b>	573,870,308
Interest received	<b>17,263,430</b>	18,468,343
Additions to property, plant and equipment	5 <b>(244,163,501)</b>	(22,962,463)
Advances to affiliates	–	(123,336,170)
(Increase) decrease in investments in associates	7 <b>(696,800,000)</b>	(653,536,591)
<b>Net cash flows provided by (used in) investing activities</b>	<b>(211,758,535)</b>	(207,496,572)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans	<b>143,000,000</b>	3,000,000,000
Payment of loans	<b>(30,000,000)</b>	–
Cash dividends paid	–	–
Additional deposits for future stock subscriptions of non-controlling interest of a subsidiary	–	–
Advances from associates and stockholders	<b>3,672,337</b>	(6,265,020)
<b>Net cash provided by (used in) financing activities</b>	<b>116,672,337</b>	2,993,734,980
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>20,893,060</b>	3,184,273,351
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>774,907</b>	(132,128)
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT BEGINNING OF THE PERIOD</b>	<b>4,859,530,626</b>	3,057,406,413
<b>CASH AND CASH EQUIVALENTS</b>		
<b>AT END OF THE PERIOD</b>	<b>₱4,881,198,594</b>	₱6,241,547,636

*See accompanying Notes to Consolidated Financial Statements.*

**VIVANT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED JUNE 30, 2015**

**(With Comparative Figures for the same period in 2014)  
(Amounts in Philippine Pesos)**

	Notes	2015	2014
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>			
<b>CAPITAL STOCK - ₱1 par value</b>			
Authorized – 2,000,000,000 shares			
Issued and outstanding – 1,023,456,698 shares	9	<b>₱1,023,456,698</b>	₱1,023,456,698
<b>ADDITIONAL PAID-IN CAPITAL</b>			
Balance at beginning of period		<b>8,339,452</b>	8,339,452
Balance at end of interim period		<b>8,339,452</b>	8,339,452
<b>REVALUATION RESERVE</b>			
Balance at beginning of period		<b>1,261,492,837</b>	1,292,314,176
Depreciation on the revaluation increment of an associate		–	–
Balance at end of interim period		<b>1,261,492,837</b>	1,292,314,176
<b>FAIR VALUE RESERVE</b>			
Balance at beginning of period		<b>254,554</b>	191,083
Changes		–	–
Balance at end of interim period		<b>254,554</b>	191,083
<b>REMEASUREMENT LOSS ON EMPLOYEE BENEFITS</b>			
Balance at beginning of period		<b>(69,240,190)</b>	(67,944,717)
Balance at end of interim period		<b>(69,240,190)</b>	(67,944,717)
<b>RETAINED EARNINGS</b>			
Balance at beginning of period		<b>5,407,714,113</b>	4,213,714,010
Dividends declared		<b>(267,940,960)</b>	(225,467,512)
Depreciation on the revaluation increment of an associate		–	–
Net income	10	<b>615,880,628</b>	860,975,415
Balance at end of interim period		<b>5,755,653,775</b>	4,849,221,913
		<b>7,979,957,127</b>	7,105,578,605

**NON-CONTROLLING INTEREST**

Balance at beginning of period	358,610,361	496,688,804
Property dividend	–	–
Cash dividends	–	(233,292,352)
Conversion of deposit for future stock subscription	10,890,000	–
Minority income for the period	167,022,412	380,930,101
Balance at end of interim period	536,522,774	644,326,553

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<b>TOTAL EQUITY</b>	<b>₱8,516,479,901</b>	<b>₱7,749,905,159</b>
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*See accompanying Notes to Consolidated Financial Statements.*

**VIVANT CORPORATION AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements  
June 30, 2015

**1. Cash and Cash Equivalents**

This account consists of:

	June 30, 2015	December 31, 2014
Cash on Hand and in Banks	₱657,494,652	₱1,647,369,237
Short Term Placements	4,223,703,942	3,212,161,389
	<b>₱4,881,198,593</b>	<b>₱4,859,530,626</b>

**2. Trade and other receivables, advances and other current receivables**

This account consists of:

	June 30, 2015	December 31, 2014
Trade Receivables	660,990,248	₱85,262,479
Accounts Receivable	16,925,541	68,919,357
Accrued interest	2,394,395	2,530,402
Advances to officers and employees	17,587,863	6,287,355
Others	6,338,915	9,974,916
	704,236,961	172,974,509
Less allowance for impairment loss	34,458,046	34,458,046
	<b>₱669,778,916</b>	<b>₱138,516,463</b>
<b>Advances to associate and Stockholders</b>	<b>₱29,642,218</b>	<b>₱40,930,884</b>

**2.1 Aging of Trade receivables, advances and other current receivables**

	June 30, 2015			December 31, 2014				
	0-30 DAYS	31-60 DAYS	OVER 60 DAYS	TOTAL	0-30 DAYS	31-60 DAYS	OVER 60 DAYS	TOTAL
Trade receivables, advances and other current receivables	P601,481,896	P60,239,523	P40,121,147	P701,842,566	P1,512,402	P60,662,037	P108,269,663	P170,444,102
Less: Allowance for impairment loss			34,458,046	34,458,046			34,458,046	34,458,046
	<b>P601,481,896</b>	<b>P60,239,523</b>	<b>P5,663,101</b>	<b>P667,384,520</b>	<b>P1,512,402</b>	<b>P60,662,037</b>	<b>P73,811,617</b>	<b>P135,986,056</b>

### 3. Prepayments and other current assets

The composition of this account is shown below:

	June 30, 2015	December 31, 2014
Advances to suppliers and other parties	₱393,871,198	₱325,352,461
Input tax	74,518,594	53,044,665
Creditable withholding taxes	60,672,028	24,319,217
Prepaid insurance	10,802,975	25,638,897
Others	9,946,161	1,230,850
	<b>₱549,810,957</b>	<b>₱429,586,090</b>

### 4. Available-for-sale investments

This account is composed of investments in shares of stock of the following entities:

	June 30, 2015	December 31, 2014
At Fair Value:		
Aboitiz Equity Ventures	₱573,500	₱573,500
PLDT	600	600
Paper Industries of the Phils.	31	31
	574,131	574,131
Add (Less) Fair Value Adjustment	-	-
	574,131	574,131
At Cost:		
VC Exchange Inc.	8,345,118	8,345,118
Cebu Country Club, Inc.	3,400,000	3,400,000
Tower Club, Inc.	300,000	300,000
INCA Plastic Phils., Inc.	50,000	50,000
	12,095,118	12,095,118
Less:		
Impairment loss on AFS	8,345,118	8,345,118
	3,750,000	3,750,000
<b>Total Available for Sale Investments</b>	<b>₱4,324,131</b>	<b>₱4,324,131</b>



**5. Property and Equipment**

Property and equipment consists of the following major classifications:

	Condominium Unit, Building and Improvement	Plant and Equipment	Leasehold and Improvement	Office Furniture, Fixtures and Equipment	Transportation Equipment	Construction in Progress	Tools and Other Assets	Total
<b>Cost</b>								
Beg. Balance, Dec. 31, 2014	P25,924,832	P18,014,045	P25,157,022	P27,812,923	P33,249,958	P685,455,790	P505,670	P816,120,240
Additions	7,095,577	-	82,620	4,630,646	6,494,285	231,177,280	-	249,480,408
Retirement	-	-	-	-	1,254,464	-	-	1,254,464
End. Balance, Jun. 30, 2015	33,020,409	18,014,045	25,239,641	32,443,569	38,489,779	916,633,071	505,670	1,064,346,184
<b>Less: Accumulated Depreciation</b>								
Beg. Balance, Dec. 31, 2014	9,291,210	4,061,256	9,093,582	16,820,517	15,779,531	-	304,626	55,350,722
Depreciation & Amortization	507,976	5,755,005	1,115,191	3,760,446	3,318,074	-	50,566	14,507,258
Retirement	-	-	-	-	(919,941)	-	-	(919,941)
End. Balance, Jun. 30, 2015	9,799,186	9,816,261	10,208,773	20,580,964	18,177,664	-	355,192	68,938,040
<b>Carrying value, June 30, 2015</b>	<b>P23,221,223</b>	<b>P8,197,784</b>	<b>P15,030,868</b>	<b>P11,862,605</b>	<b>P20,312,115</b>	<b>P916,633,071</b>	<b>P150,478</b>	<b>P995,408,144</b>

## 6. Investment Properties

Investment properties consist of parcels of land, building and improvements held by Hijos De F. Escano, Inc. for capital appreciation, rather than for administrative purposes or sale in the ordinary course of business. Some properties were leased out to outside parties to earn rental income.

Investment properties are valued at fair value based on the valuation carried out by independent appraisers as at February 2012. There was no appraisal made as at June 30, 2015 and year end 2014, and management has assessed that there is no significant change in the fair value of these properties since its valuation date.

Details of investment properties as at June 30, 2015 and December 31, 2014 are as follows:

	June 30, 2015	December 31, 2014
<b>Land</b>		
Cost	₱3,473,986	₱3,473,986
Fair Value Adjustment	266,629,014	266,629,014
	<u>270,103,000</u>	<u>270,103,000</u>
<b>Building</b>		
Cost	₱-	₱-
Fair Value Adjustment	3,968,000	3,968,000
	<u>3,968,000</u>	<u>3,968,000</u>
<b>Total Investment Properties</b>	<b><u>₱274,071,000</u></b>	<b><u>₱274,071,000</u></b>

## 7. Investment in and advances to associates and joint ventures:

The components of the carrying values of investment in an associate are as follows:

	June 30, 2015	December 31, 2014
<b>Investment in VECCO:</b>		
Acquisition Cost	₱840,333,112	₱840,333,112
Accumulated Equity Earnings-net	90,411,470	126,995,923
Revaluation Surplus	1,291,291,883	1,291,291,883
Carrying Value	<u>2,222,036,465</u>	<u>2,258,620,918</u>
<b>Investment in Delta P:</b>		
Acquisition Cost	150,117,231	102,117,231
Accumulated Equity Earnings-net	29,218,777	19,983,408
Revaluation Surplus	-	-
Carrying Value	<u>179,336,008</u>	<u>122,100,639</u>
<b>Investment in CPPC:</b>		
Acquisition Cost	305,119,049	305,119,049
RPS Redemption – Cost	(100,693,994)	(100,693,994)
Accumulated Equity Earnings-net	(124,045,189)	(125,446,754)
Revaluation Surplus	-	-
Carrying Value	<u>80,379,866</u>	<u>78,978,301</u>

<b>Investment in ABOVANT:</b>		
Acquisition Cost	1,127,984,699	1,127,984,699
Redemption	(151,200,000)	
Accumulated Equity Earnings-net	371,158,776	506,150,986
Revaluation Surplus	-	-
Carrying Value	1,347,943,475	1,634,135,685
<b>Investment in VSNRGC:</b>		
Acquisition Cost	46,000,000	46,000,000
Deposit for future stock subscription	271,520,000	271,520,000
Accumulated Equity Earnings-net	(46,000,000)	(46,000,000)
Revaluation Surplus	-	-
Carrying Value	271,520,000	271,520,000
<b>Investment in AHPC:</b>		
Acquisition Cost	11,500,000	11,500,000
Accumulated Equity Earnings-net	(11,500,000)	(11,500,000)
Revaluation Surplus	-	-
Carrying Value	-	-
<b>Investment in PEI:</b>		
Acquisition Cost	500,000	500,000
Accumulated Equity Earnings-net	9,934	9,934
Revaluation Surplus	-	-
Carrying Value	509,934	509,934
<b>Investment in CIPC:</b>		
Acquisition Cost	3,125,000	3,125,000
Deposit for future stock subscription	98,972,167	98,972,167
Accumulated Equity Earnings-net	(609,576)	(3,125,000)
Revaluation Surplus	-	-
Carrying Value	101,487,591	98,972,167
<b>Investment in TVI:</b>		
Acquisition Cost	231,496,655	231,496,655
Accumulated Equity Earnings-net	(127,934)	(127,934)
Revaluation Surplus	40,603,451	40,603,451
Carrying Value	271,972,172	271,972,172
<b>Investment in MCC:</b>		
Acquisition Cost	1,821,250,000	1,021,250,000
Accumulated Equity Earnings-net	(1,272,401)	(1,272,401)
Revaluation Surplus	-	-
Carrying Value	1,819,977,599	1,019,977,599
<b>Total Carrying Value of Investments</b>	<b>₱6,295,163,110</b>	<b>₱5,756,787,415</b>

The Group has unrecognized share in losses from results of operations of its associates and joint venture amounting to P161.7 mn as of June 30, 2015 and P58.0 mn as of December 31, 2014.

## 8. Other Non-Current Assets

The details of this account are shown below:

	June 30, 2015	December 31, 2014
Software cost	₱2,148,630	₱2,957,834
Advances to suppliers	24,817,052	24,019,530
Others	5,579,083	2,339,640
	<b>₱32,544,765</b>	<b>₱29,317,004</b>

## 9. Capital Stock

The details of the capital stock account are as follows:

	June 30, 2015	December 31, 2014
Authorized Capital Stock – P1.00 par value	₱2,000,000,000	₱2,000,000,000
Issued – 1,023,456,698 shares	1,023,456,698	1,023,456,698

## 10. Earnings Per Share

The financial information pertinent to the derivation of earnings per share follows:

	June 30, 2015	June 30, 2014
<b>Basic Earnings Per Share</b>		
Net income (loss) attributable to Parent shareholders	615,880,628	860,975,415
Less: Preferred shares	-	-
Net income (loss) identified with Common stock	615,880,628	860,975,415
Actual number of shares Outstanding	1,023,456,698	1,023,456,698
	<b>0.602</b>	<b>0.841</b>

## **11. OTHER DISCLOSURES**

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The principal accounting policies and methods of computation used in the annual financial statements were also followed in the preparation of the interim financial statements.

There are no significant changes in estimates in amounts reported in prior financial years that have a material effect in the current interim period.

There are no material events subsequent to the end of the interim period that has not been reflected in the financial statements for the interim period.

There are no material contingencies, events or transactions that are material to an understanding of the current interim period.

Vivant Corporation issued 7-year fixed rate notes with a total principal amount of Php 3 bn. The issue was fully subscribed by a consortium of local banks composed of Metropolitan Bank and Trust Company, China Banking Corporation, Development Bank of the Philippines, Philippine Savings Bank, Rizal Commercial Banking Corporation and Robinsons Savings Bank.

The FRCN issue was done in two tranches. The first tranche of notes worth Php 1 bn were issued on February 3, 2014 at an interest rate of 5.7271% p.a. Meanwhile, the second tranche of notes worth Php 2 bn were issued on March 31, 2014 at an interest rate of 5.4450% p.a.

Vivant Corporation made a partial payment on the principal for Php 30 mn.

Vivant Corporation declared on May 25, 2015 combined cash dividends per share of P0.2618 (regular cash dividend of P0.1885 and special cash dividend of P0.0733) for stockholders of record as of June 8, 2015. The said cash dividends were paid on July 3, 2015.

The Company is not required to disclose segment information in its annual financial statements.

There have been no changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

There are no contingent liabilities or contingent assets since the last annual balance sheet date.

### **Financial Instruments and Financial Risk Management**

The Company and its subsidiaries (the "Group") are exposed to a variety of financial risks which resulted from its operating and investing activities. The Group focuses on actively securing its short-to-medium term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

## Credit Risk

Credit Risk represents the risk of loss the Group would incur if counterparties fail to perform their contractual obligations. The Group's credit risk arises principally from its receivables.

Generally, the maximum credit risk exposure of financial assets is their carrying amount as shown in the balance sheets. Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount. The Group's receivables are actively monitored to avoid significant concentrations of credit risk. Please refer to the Note 2 of the Notes to the interim Financial Statements as of June 30, 2015 for the aging analysis of the Group's receivables.

## Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by management to finance its operations and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained from related party advances and short-term loans when necessary.

## Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the Philippine Peso (PHP), which are United States Dollar (USD) and European Euro (€).

The Group's exposure to foreign currency risk based on amounts is as follows:

	June 30, 2015
Loan Receivables	USD -
Trade Receivables	USD -
Cash	USD 1,501,207
	Euro 515
Gross Exposure	USD 1, 501,207
	Euro 515

The average exchange rate for the semester ended June 30, 2015 are as follows:

US Dollar-Philippine Peso	US\$1 = Php44.54
Euro-Philippine Peso	Eu€1 = Php49.21

The exchange rate applicable as of June 30, 2015 are the following:

US Dollar-Philippine Peso	US\$1 = Php45.14
Euro-Philippine Peso	Eu€1 = Php50.80

## Sensitivity Analysis

A 10% strengthening of the Philippine Peso against US Dollar and European Euro as of June 30, 2015 would have decreased equity and profit by Php6.8 mn. A 10% weakening of the Philippine Peso

against the US Dollar and European Euro as of June 30, 2015 would have an equal but opposite effect, on the basis that all other variables remain constant.

The Group absorbs the risk and favorable and unfavorable exchange rate movement as they arise.

The Company neither issues nor invests in complex securities, particularly on derivatives.

The Company does not have investments in foreign securities.

The carrying values of cash and cash equivalents, receivables, trade, and other payables approximate their fair values due to short-term maturity of these instruments.

The Company has minimal financial instruments in the form of available for sale shares of stock which are traded in the market. These financial instruments are however not traded actively