

VIVANT CORPORATION
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
Cebu Country Club, Banilad, Cebu City
October 11, 2012 at 9:00 AM

PRESENT:

Mr. Dennis N. A. Garcia	Chairman
Mr. Ramonito E. Garcia	President
Mr. Charles Sylvestre A. Garcia	Director
Mr. Gil A. Garcia II	Director
Mr. Jose Marko G. Sarmiento	Director
Mr. Emil M. Garcia	Director
Mr. Elbert M. Zosa	Director
Mr. Effen P. Sarmiento	Director

ALSO PRESENT:

Mr. Arlo A.G. Sarmiento	Chief Operating Officer
Ms. Maria Victoria E. Sembrano	AVP-Finance and Treasury
Atty. Macario C. Padullo, Jr.	Finance Manager
Atty. Jess Anthony N. Garcia	Corporate Secretary
Mr. Hans R. Hauri	

NOT PRESENT:

Amb. Raul Ch. Rabe	Independent Director
Atty. Jesus B. Garcia	Independent Director

I. Call to Order

The Chairman, Mr. Dennis N.A. Garcia (DAG), called the Regular Meeting of the Board of Directors of Vivant Corporation (“Vivant”) to order at 9:00 AM and presided over the same.

II. Proof of Notice and Certification of Quorum

The Corporate Secretary, Atty. Jess Anthony N. Garcia (JNG) certified to the Board of Directors (BOD) that notices were sent in accordance with the By-Laws and a quorum was present to transact business.

III. Reading and Approval of Minutes of Previous Meeting

The minutes of the BOD meeting last June 1, 2012 was presented by JNG to the BOD for reading and approval. Upon motion that was duly seconded, the BOD approved the minutes as presented without corrections.

IV. Matters Arising from Previous Meeting

Arlo A.G. Sarmiento (AGS) reported on the engagement of a law firm for NR and the appointment of Francis Bonocan as the handling executive for Vivant's account in First Metro.

V. Industry Update

Emil Andre M. Garcia (EMG) presented a summary of the LWAP in the WESM and he compared the average and maximum LWAP for 2010, 2011, and 2012. He noted that comparing 2012 with 2010, it seemed that 2012 was trending to have a higher LWAP than 2010. The BOD discussed the state of the WESM and the possible reasons for the high prices in 2012.

VI. VECO Update

- Financial Reports

Ms. Hadie Ohayas (HO) reported the income statement of VECO as of August 31, 2012. She reported a gross profit of Php1.934 Billion compared to a budget of Php1.907 Billion or a favourable variance of 1.4%. Operating income was reported at Php843 Billion compared to a budget of Php722 Billion or a favourable variance of 16.7%. VECO's net income was reported to be Php766 Million compared to budget of Php671 Million or a positive variance of 14.2%.

She presented the balance sheet of VECO as of August 31, 2012. Total assets amounted to Php10.879 Billion compared to Php10.877 Billion for end of December 31, 2011 or a variance of 0%. Total liabilities amounted to Php6.4 Billion compared to December 31, 2011 of Php6.1 Billion or a variance of 4.4%. Total liabilities and equity was at Php10.879 Billion compared to end of December 31, 2011 of Php10.877 Billion or a variance of .02%.

- Statistics Reports

Lyndon Jayme (LJ) reported the UE statistics report for VECCO. He presented a comparative analysis of the Actual Mwh sales for the month of August. He discussed that VECCO's generic growth for August was at 6%. He also presented a pie chart of the customer mix of VECCO, noting that sales to industrial customers amounted to 56% of total sales. He also presented a comparative analysis of the actual Mwh sales from January to August 2012. He reported a consumption growth for VECCO of 7.81% and a YTD growth of 3% on the number of customers.

He also present VECCO's cost of purchased power on a per supplier basis for August 2012. He mentioned that average generation charge for VECCO was at PhP5.38 per kwh.

LJ presented a list of top customers with an average bill of PhP1 Million. The BOD took note of the customers in the list and discussed their relative consumption rates and changes in consumption behaviour.

Finally, LJ reported the system loss of VECCO as of July 2012.

VII. NR Updates

- Financial Reports

HO presented the financial highlights of NR. First, she presented the income statement. She said that as of August 2012, gross profit/loss was at negative PhP4.5 Million due to the shutdown of the power plant. Net loss for the said period was at PhP121.5 Million compared to a budgeted loss of PhP120 Million or a negative variance of 0.9%.

Next, HO presented NR's balance sheet. Total assets were valued at PhP13.5 Billion compared to budget of PhP13.9 Billion or a negative variance of 3%. Total liabilities amounted to PhP13.3 Billion compared to PhP13.6 Billion for budget or a negative variance of 2.2%. Total liabilities and equity was at PhP13.5 Billion compared to budget of PhP13.9 Billion or a negative variance of 3%.

- Status of Tunnel Repair

EMG reported to the BOD that the Bakun Hydroelectric Power Plant came back online on September 26, 2012 after the long shutdown for the tunnel repair. He said that generation for

the month of September to the start of October 2012 was relatively low compared to previous years but since the WESM prices were good, the company's revenues remained steady.

AGS gave the BOD a background of the shutdown of the BHEPP. He discussed the impact of the shutdown due to loss of revenue during the entire time. AGS said that the shutdown resulted in two legal issues: 1) was the issue of the reduction of monthly payment due to the scheduled outage, and 2) was the contract reopener provision regarding the revision of the monthly payment schedule. JNG discussed the legal issues with the BOD. The BOD discussed the viability of the project despite the losses experienced by the company during the shutdown. EMG discussed the long term viability of the project and presented the expected cash flows of the company until the turn over from PSALM to the IPPA after 13 years.

- Resumption of Operations

The BOD also discussed the resumption of the plant's operations, including generation of the power plant and the WESM prices.

VIII. 1590EC Updates

- Financial Reports

HO presented the income statement as of July 2012 for 1590. She reported revenues of PhP1.8 Billion compared to budget of PhP559 Million or a favourable variance of 227%. Operating and maintenance expenses also increased for the same period due to the increase in generation. Net income was reported to be at PhP1 Billion against a budgeted loss of PhP123 Million or a favourable variance of 925%.

HO reported the balance sheet of the company. Total assets amounted to PhP2.5 Billion against a budget of PhP1.3 Billion or a favourable variance of 90%. Total liabilities were at PhP731 Million against a budget of PhP671 Million or a variance of 8.8%.

- Lease Extension

EMG reported on the possible extension of the lease for the power plant. JNG discussed the terms for the extension of the lease under the contract. EMG said that the priority of management was to get the lease extension to secure the power plant for 1590EC. EMG also mentioned the engine block problem for one engine that may be an insurable event. However, since this was a known defect in the past, he said that there was a chance for this to occur again and this should be a concern for the company moving forward.

IX. CEDC Updates

- Financial Reports

Juanito Baguio (JB) presented the income statement for CEDC as of August 2012. He reported total revenues of Php6.1 Billion compared to Php6.1 Billion for budget or virtually no variance. Gross profit was at Php2.8 Billion against as budget of Php2.78 Billion or a positive variance of 1.6%. Net income was reported at Php 1.58 Billion compared to budget of Php 1.52 Billion or a positive variance of 3.8%.

JB also presented the balance sheet of the company as of August 2012. Total assets were at Php23.1 Billion compared to Php24.3 Billion as of end Dec 31, 2011. Total liabilities were at Php16.9 Billion compared to Php17.6 Billion as of Dec 31, 2011.

X. CPPC Updates

- Financial Reports

Lea Nisnisan reported on the income statement of CPPC as of August 2012. She reported revenues of Php1.382 Billion compared to Php1.349 Billion in the budget or a positive variance of 2.5%. She reported a net income of Php226 Million compared to budget of Php191 Million or a positive variance of 18.2%.

She presented the balance sheet as of August 2012 and reported total assets at Php1.26 Billion compared to Php1.17 Billion as of end Dec 2011 or a positive variance of 8.2%. Total liabilities was reported to be Php623 Million compared to Php753 Million as of yearend 2011 or a negative variance of 17.3%.

XI. Report on DPI

- Financial Reports

LN presented the income statement of DPI as of August 2012. She reported total revenues of Php535 Million compared to budget of Php483 Million or a positive variance of 10.8%. Net income was at Php30.1 Million compared to Php31.8 Million in the budget or a negative variance of 4.5%.

She also presented the balance sheet as of August 2012. Total assets were at Php595 Million compared to Php615 Million as of yearend 2011 or a negative variance of 3.1%. Total

liabilities were at Php260 Million compared to budget of Php269 Million or a negative variance of 3.3%.

- Bunker Fuel Report

EMG reported a comparison among the prices of Bunker fuel for the different power plants of Vivant. The BOD had a discussion on the differences in the price.

XII. Updates on Business Development

- Silay

EMG gave the updates on the Silay Project. He reported that the operating company has already been incorporated, and that there were permits and licenses that had to be obtained for this purpose. He said that project launching was scheduled tentatively to be on Oct 23, 2012. He said that there was a piping facility project in progress.

- CIPC
- Status of Unified Leyte

XIII. VIVANT

- Consolidated Financial Report

Maria Victoria E. Sembrano (MES) reported the consolidated income statement of VVT as of August 2012. She reported total revenues of Php1.172 Billion against budget of Php482 Million or 143% higher than budget. She discussed the breakdown of the revenues based on the contributions of VVT's subsidiaries. Net income before tax was reported at Php 1.108Billion against a budget of Php377 Million or 194% above budget. Total Operating Expense was at Php35 Million against budget of Php50 Million or a positive variance of 31%.

MES reported the balance sheet. Total assets as of August 2012 were reported to be at Php7.8 Billion compared to Php8.4 Billion as of December 2011 or a negative variance of 7%. Total liabilities were at Php1.6 Billion compared to budget of Php4.1 Billion or a negative variance of 60%.

MES also presented the financial ratios of VVT as of August 2012.

MES presented the rolling forecast for 2012 reporting an expected net income of Php957 Million.

XII. Adjournment

After a motion duly made and seconded and there being no other matters to discuss, the Chairman of the Board formally declared the meeting adjourned.

Prepared by:


ATTY. JESS ANTHONY N. GARCIA
Corporate Secretary


Attested by:


DENNIS N.A. GARCIA
Director


GIL A. GARCIA II
Director


EMH. ANDRE M. GARCIA
Director

RAMON TITO E. GARCIA
Director


CHARLES SYLVESTRE A. GARCIA
Director


EFFREN P. SARMIENTO
Director


ELBERT M. ZOSA
Director

JOSE MARKO G. SARMIENTO
Director