

COVER SHEET

1 7 5 2 2 2

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)

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

C E n t e r , C e b u B u S i n e s S P a r k ,

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 3 1

Month Day Fiscal Year

SEC FORM 17-Q

FORM TYPE

0 3 3 1

Month Day

Secondary license Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = Pls. Use black ink for scanning purposes

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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: **March 31, 2014**
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)

**Suites 907-908 Ayala Life-FGU Center, Mindanao Ave. corner Biliran Road,
Cebu Business Park, Cebu City 6000**

7. Address of issuer's principal office Postal Code

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

8. Issuer's telephone number, including area code

There has been no change in name, address and fiscal year since last report.

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
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Common Shares at P1.00 per share	1,023,456,698
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11. Are any or all of the securities listed on a Stock Exchange?

Yes [x] No []

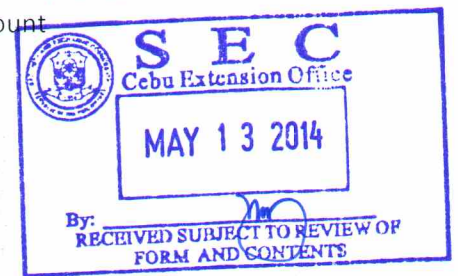
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

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 March 31, 2014.

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 March 31, 2014 compared with the interim period ended March 31, 2013. 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) March 31, 2014 versus YTD March 31, 2013

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

Key Performance Indicators (Amounts in Php/000, except for ratios)	YTD March 2014	YTD March 2013	YE 2013
Equity in Net Earnings of Associates	221,849	149,607	
EBITDA	333,577	145,203	
Cash Flow Generated	2,638,790	334,602	
Net cash flows from operating activities	(62,265)	(159,202)	
Net cash flows from investing activities	292,338	516,266	
Net cash flows from (used in) financing activities	2,993,394	(22,461)	
Debt-to-Equity Ratio (x)	0.61	0.20	0.25
Current Ratio (x)	5.59	2.81	2.51

The Company's share in net earnings of associates for the period ended-March 2014 amounted to Php 221.8 million (mn), representing a 48% year-on-year (YoY) increase from Php 149.6 mn. The expansion was mainly due to the non-booking of the Company's share in an associate's net loss for the quarter in review, which is in compliance with International Accounting Standards (IAS) 28.¹

The enhanced topline performance of the Company's subsidiary, coupled with the higher recorded share in equity earnings from its associates and joint ventures, led to a 130% YoY increase in EBITDA for the period in review, from Php 145.2 mn to Php 333.6 mn.

The Company ended the quarter with a net cash generation of Php 2.6 billion (bn), which was mainly a result of cash flows from financing activities. As of March 31, 2014, the Company issued Fixed Rate Corporate Notes (FRCN) with a total principal amount of Php 3 bn.

Debt-to-Equity ratio rose to 0.61x as of end-March 2014 from 0.25x as of year-end 2013. This was mainly a result of the FRCN issue.

The buildup in cash and cash equivalents during the period in review, coupled with reduced current liabilities, accounts for the improvement in the Company's current ratio to 5.59x as of end-March 2014 vis-a-vis 2.51x as of end-2013.

Material Changes in Line Items of Registrant's Income Statement (YTD March 2013 vs. YTD March 2014)

As of end-March 2014, Vivant's total revenues amounted to Php 602.6 mn, recording a 51% YoY climb from Php 400.2 mn. The upswing is attributed to the following:

1. Energy fees earned by its subsidiary accounted for the bulk at 56%, or Php 338.6 mn. The favorable selling price for its net generation mainly accounted for the subsidiary's enhanced revenue performance.

¹ 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.

2. The Company's equity share in net earnings of its associates brought in 37% of the revenues (or Php 221.8 mn), registering an increase of 48% YoY. Application of the IAS 28 resulted to the higher figure booked for the period in review. If the company was allowed to book equity losses of a joint venture exceeding its corresponding investment, equity share in net earnings during the period in review would have amounted to Php 116.3 mn. The Group has unrecognized share in losses from results of operations of its joint ventures amounting to Php105.5 million as of end-March 2014 and Php 212.8 mn as of end-2013.
3. Interest income was down 8% YoY to Php 6.7 mn mn, which was a result of lower placement rates during the period in review.
4. The other income account recorded an increase of 54% YoY to Php 1.8 mn due to the escalation of rental rates of leased assets and the increase in the service billings of Vivant to its subsidiaries and associates..

Total operating expenses for the first quarter of 2014 grew by 5% YoY, from Php 257.8 mn to Php 270.2 mn. Said movement can be accounted for by the following:

1. Generation cost during the quarter went up by 7% YoY to Php 206.8 mn, which was mainly due to the increase in fuel costs incurred by the Company's subsidiary.
2. Management fees were lower by 54% YoY at Php 3.3 mn from Php 7.3 mn due to the non-accrual of unpaid management fees.
3. Salaries and employee benefits rose by 51% YoY to Php 13.0 mn from Php 8.6 mn on account of additional manpower and an upward adjustment in salaries and benefits.
4. Taxes and licenses dropped by 14% YoY to Php 14.8 mn from Php 17.3 mn, due to lower real property taxes and business permit fees of subsidiaries.
5. Professional fees moved up 13% YoY to Php 10.8 mn from Php 9.5 mn. Cost items would include fees paid to legal, financial and other advisory services rendered in relation to the FRCN issue, business and project development among others.
6. There was a 31% YoY increase in depreciation and amortization bringing it to Php 3.4 mn for the quarter in review. This was a factor of the acquisition of additional depreciable assets, mostly relating to the expansion of the Company's office space and the acquisition of vehicles.
7. Travel expenses grew by 45% YoY to Php 1.6 mn from Php 1.1 mn because of the increased frequency of trips related to business development, plant inspections and meetings with partners and government agencies.
8. Representation recorded a YoY decline of 96% to Php 0.07 mn from Php 1.5 mn. This variance is attributed to a non-recurring representation expense in 2013.
9. Communication and utilities increased by 33% YoY to Php 0.7 mn from Php 0.5 mn due to the recorded increases in personnel and office space.
10. Security and janitorial expenses rose by 332% YoY to Php 0.3 mn given rate adjustments made to comply with the mandated minimum wage and hiring of additional personnel.

Vivant's finance cost of Php 0.9 mn during the period in review is 76% lower versus last year's Php 3.7 mn. Despite the increase in interest-bearing liabilities during the quarter, the significant drop in finance cost was due to the non-accrual of interest expense for the FRCN issue. First interest payment date is on May 5, 2014. Only commitment fees paid to the participating lenders were actually paid.

On the other hand, an unrealized foreign exchange gain of Php 4.6 mn was taken up during the quarter in review, which pertains to the restatement of the US dollar cash balance of Vivant and a subsidiary.

Taking all of the above into account, Vivant recorded a total net income for the period ending March 31, 2014 of Php 335.0 mn, recording a 142% YoY growth. On the other hand, net income attributable to parent amounted to Php 280.9 mn, up by 128% YoY.

Changes in Registrant's Consolidated Resources, Liabilities and Shareholders' Equity
(Year-end 2013 vs. End-March 2014)

The Company's total assets expanded by 33%, from end-2013's level of Php 8.7 bn to Php 11.6 bn.

The following accounts recorded material increases as of end-March 2014.

1. Cash and cash equivalents surged by 86%, to Php 5.7 bn as of end-March 2014. The increase was mainly due to the remitted proceeds from the FRCN issue.
2. Advances to associates and stockholders went up by 479% to Php 668.8 mn from Php 115.5 mn as of end-2013. The increase was brought about by the advances made to a subsidiary for potential investments in power generation projects.
3. Inventories increased by 7% as of end-March 2014 to Php 105.9 mn from Php 99.2 mn as of end-2013 due to the replenishment of stocks for spares and supplies..
4. Deferred tax assets grew by 5% to Php 22.5 mn as of end-March 2014, which was a result of the foreign exchange gains booked during the period in review.
5. Other non-current assets were up by 7% to Php 31.5 mn as of end-March 2014. The security deposit paid by a subsidiary to the National Grid Corporation of the Philippines (NGCP) accounted for this movement.

The following asset accounts recorded notable declines as of end-March 2014.

1. Trade and other current receivables recorded a decline of 35% to Php 485.0 mn as of March 31, 2014 largely due to the collection of trade accounts by a subsidiary.
2. Prepayments and other current assets as of quarter-end were lower by 11% at Php 263.3 mn, which was a result of the application of available input taxes against value added tax payable.

Total liabilities posted a significant increase of 149% to Php 4.4 bn as of end-March 2014. During the quarter in review, Vivant 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.

Partly mitigating the effect of the FRCN issue on the Company's liability accounts is the 30% reduction in trade payables as of March 31, 2014. Payments made during the period in review brought down the account to Php 994.8 mn from Php 1.4 bn as of end-2013.

As a result of net income generated during the period in review, total stockholders' equity increased by 3%, from Php 7.0 bn as of year-end 2013 to Php 7.2 bn as of end-March 2014. Equity attributable to parent meanwhile ended up higher by 4% at Php 6.8 bn as of the end of March 2014.

Material Changes in the Consolidated Liquidity and Cash Reserves of Registrant
(End-March 2013 vs. End-March 2014)

For the period ending March 31, 2014, the net cash utilized by the Company's operations amounted to Php 62.3 mn, recording an improvement of Php 96.9 mn over the same period last year. The enhanced operating performance of the Company's subsidiary mainly accounted for the movement.

Net cash used in investing activities for the three (3) months ended March 31, 2014 amounted to Php 292.3 mn, a reversal from last year's inflow of Php 516.3 mn. This was mainly due to the lower cash dividends received from associates and the advances made to a subsidiary during the period in review.

For the period in review, the Company raised cash of Php 3.0 bn from financing activities, which is a reversal from last year's comparable period where cash used for financing activities amounted to Php 22.5 mn. The proceeds from the FRCN issue comprise the cash inflow for the period in review while in 2013, there was payment of cash dividends and advances from an associate.

As of March 31, 2014, net cash inflows surpassed cash outflows resulting in an 86% expansion in cash and cash equivalents, from Php 3.1 bn as of year-end 2013 to Php 5.7 bn.

Financial Ratios

Current ratio increased from 2.51x as of year-end 2013 to 5.59x as of quarter-end March 31, 2014. The improved ratio is the combined effect of an increase in cash due to the FRCN proceeds and the reduction in current liabilities due to the partial settlement of trade payables.

Debt-to-equity ratio increased from year-end 2013 level of 0.25x to 0.61x as of March 31, 2014 given higher liabilities due to the Php 3 bn FRCN issue.

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.

- Calamian Islands Power Corporation (CIPC) is the project proponent for a new 8 MW bunker- and 750 kW diesel-fired power generation plants in the municipalities of Coron and Busuanga, respectively. CIPC broke ground in April 2013 for the construction of these facilities. The company expects to complete the construction and be commercially available in 2014. To partly fund the construction of these generation plants, CIPC obtained a Php 430 mn project financing facility via a 10-year Term Loan Agreement with the Metropolitan Bank and Trust Company. Said loan facility should cover at least 70% of the total project funding requirements, where the balance will be covered by equity infusions by CIPC's shareholders. VEC has a 50% equity stake in CIPC.
- Vivant Malogo Hydropower Inc. (VMHI) is a joint venture that will serve as the project proponent for the development and implementation of a greenfield power plant. 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%). VMHI is majority owned by VEC (75%).
- 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:



MINUEL CARMELA N. FRANCO
VP - Finance



MARIA VICTORIA E. SEMBRANO
AVP- Finance
May 13, 2014

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2014
(With Comparative Figures as of December 31, 2013)
(Amounts in Philippine Pesos)

<u>A S S E T S</u>	<u>Notes</u>	<u>Audited</u>	
		<u>MARCH 31, 2014</u>	<u>DEC 31, 2013</u>
CURRENT ASSETS			
Cash and cash equivalents	1	5,699,413,246	3,057,406,413
Trade and Other Current Receivables-net	2	484,956,548	746,093,162
Advances to Associates and Stockholders	2	668,769,616	115,486,983
Inventories		105,881,154	99,160,004
Prepayments and Other current assets	3	263,251,030	294,771,279
Total Current Assets		<u>7,222,271,593</u>	<u>4,312,917,841</u>
NON-CURRENT ASSETS			
Available-for-sale investments	4	3,846,131	3,846,131
Investments in subsidiaries and associates	7	3,951,613,945	3,986,834,990
Property and equipment - net	5	62,091,471	62,647,848
Investment property	6	274,071,000	274,071,000
Deferred Tax Assets		22,497,760	21,399,283
Goodwill		42,559,451	42,559,451
Other non-current assets - net	8	31,453,118	29,396,656
Total Non-current Assets		<u>4,388,132,876</u>	<u>4,420,755,359</u>
TOTAL ASSETS		<u>11,610,404,469</u>	<u>8,733,673,200</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and Other Current Payables		994,750,293	1,415,791,742
Advances from Related Parties		136,138,262	142,744,333
Income Tax Payable		162,166,436	162,125,636
Total Current Liabilities		<u>1,293,054,992</u>	<u>1,720,661,711</u>
NON-CURRENT LIABILITY			
Notes Payable - net of current Portion		3,000,000,000	-
Pension Liability		18,724,619	18,724,619
Deferred Output tax		59,911,118	-
Deferred Tax Liabilities		28,625,841	27,527,364
Total Non-Current Liabilities		<u>3,107,261,578</u>	<u>46,251,983</u>
Total Liabilities		<u>4,400,316,570</u>	<u>1,766,913,694</u>

**EQUITY ATTRIBUTABLE TO SHAREHOLDERS
OF THE PARENT**

Capital stock	9	1,023,456,698	1,023,456,698
Additional paid-in capital		8,339,452	8,339,452
Other component's of equity:			
Revaluation Reserve		1,292,314,175	1,292,314,176
Remeasurement loss on employee benefits		(67,944,717)	(67,944,717)
Unrealized valuation gain on AFS		191,083	191,083
Retained earnings (deficit)			
Appropriated for business expansion		1,856,476,291	1,856,476,291
Unappropriated		2,638,135,921	2,357,237,719
			<hr/>
Total Equity Attributable to Shareholders of the Parent		6,750,968,904	6,470,070,702
NON-CONTROLLING INTEREST		459,118,995	496,688,804
			<hr/>
TOTAL EQUITY		7,210,087,899	6,966,759,506
			<hr/>
TOTAL LIABILITIES AND EQUITY		11,610,404,469	8,733,673,200
			<hr/> <hr/>

See Notes to Consolidated Financial Statements

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD JANUARY 1 TO MARCH 31, 2014
(With Comparative Figures for the same period in 2013)
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
REVENUES			
Energy Fees		338,595,465	209,788,000
Equity in net earnings of associates		221,849,263	149,607,004
Management Fees		32,325,439	32,260,350
Interest income		6,721,236	7,323,071
Other income		1,851,669	1,198,974
		<u>601,343,072</u>	<u>400,177,399</u>
GENERATION COSTS			
		206,806,152	193,516,000
EXPENSES			
Management Fees		3,336,190	7,297,169
Salaries and employees' benefits		13,007,366	8,627,189
Taxes and licenses		14,824,030	17,273,666
Professional fees		10,784,408	9,527,288
Depreciation and amortization		3,403,493	2,589,987
Travel		1,582,485	1,092,579
Rent and association dues		950,293	917,318
Communication and utilities		692,279	519,990
Representation		65,235	1,549,687
Security and janitorial		256,466	59,400
Other general and administrative expenses		14,493,856	14,813,846
		<u>63,396,102</u>	<u>64,268,119</u>
INCOME FROM OPERATIONS			
		331,140,818	142,393,280
OTHER INCOME (CHARGES)			
Finance Cost		(863,747)	(3,618,402)
Foreign exchange gains (loss)		4,606,998	-
Gain on rescinded contract			-
Others-Net		136,675	-
		<u>335,020,745</u>	<u>138,774,878</u>
INCOME (LOSS) BEFORE INCOME TAX			
		335,020,745	138,774,878
TAX EXPENSE (BENEFIT)			
		-	482,750
NET INCOME			
		<u>335,020,745</u>	<u>138,292,128</u>
OTHER COMPREHENSIVE INCOME			
		-	-
TOTAL COMPREHENSIVE INCOME			
		<u>335,020,745</u>	<u>138,292,128</u>
NET INCOME ATTRIBUTABLE TO			
Shareholders of the Parent Company		280,898,202	123,257,840
Non-Controlling Interest		54,122,542	15,034,288
		<u>335,020,745</u>	<u>138,292,128</u>
BASIC AND DILUTED EARNINGS PER SHARE			
		<u>0.274</u>	<u>0.120</u>

See Notes to Consolidated Financial Statements

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2014
(With Comparative Figures for the same period in 2013)
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
REVENUES			
Energy Fees		338,595,465	209,788,000
Equity in net earnings of associates		221,849,263	149,607,004
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Other income		1,851,669	1,198,974
		<u>601,343,072</u>	<u>400,177,399</u>
GENERATION COST		206,806,152	193,516,000
EXPENSES			
Management Fees		3,336,190	7,297,169
Salaries and employees' benefits		13,007,366	8,627,189
Professional fees		10,784,408	9,527,288
Travel		1,582,485	1,092,579
Depreciation and amortization		3,403,493	2,589,987
Rent and association dues		950,293	917,318
Taxes and licenses		14,824,030	17,273,666
Communication and utilities		692,279	519,990
Security and janitorial		256,466	59,400
Representation		65,235	1,549,687
Other general and administrative expenses		14,493,856	14,813,846
		<u>63,396,102</u>	<u>64,268,119</u>
INCOME FROM OPERATIONS		331,140,818	142,393,280
OTHER INCOME (CHARGES)			
Finance Cost		(863,747)	3,618,402
Foreign exchange gains		4,606,998	-
Gain on rescinded contract		-	-
Others-Net		136,675	-
		<u>335,020,745</u>	<u>138,774,878</u>
INCOME (LOSS) BEFORE INCOME TAX		335,020,745	138,774,878
TAX EXPENSE (BENEFIT)		-	482,750
		<u>335,020,745</u>	<u>138,292,128</u>
NET INCOME		<u>335,020,745</u>	<u>138,292,128</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		<u>335,020,745</u>	<u>138,292,128</u>
NET INCOME ATTRIBUTABLE TO			
Shareholders of the Parent Company		280,898,202	123,257,840
Non-Controlling Interest		54,122,542	15,034,288
		<u>335,020,745</u>	<u>138,292,128</u>
BASIC AND DILUTED EARNINGS PER SHARE		<u>0.274</u>	<u>0.120</u>

See Notes to Consolidated Financial Statements

VIVANT CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2014
(With Comparative Figures for the same period in 2013 and year ended 2013)
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2014</u>	<u>1Q 2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		335,020,745	138,774,878
Adjustments for:			
Equity in net losses (earnings) of a subsidiary and an associate		(221,849,263)	(149,607,004)
Interest income		(6,721,236)	(7,323,071)
Finance Costs		(863,747)	3,618,402
Depreciation and Amortization		3,403,493	2,809,385
Unrealized foreign exchange gains		(3,216,437)	-
Realized Forex Gain		-	(482,389)
Operating income (loss) before working capital changes		<u>105,773,555</u>	<u>(12,209,799)</u>
Decrease (increase) in:			
Trade and Other Current Receivables		261,136,614	118,918,539
Inventories		(6,721,150)	2,655,769
Prepayments and other Current Assets		31,520,249	4,025,405
Deferred Tax Assets		(1,098,477)	-
Other Non-Current Assets		(2,056,462)	291,468
Increase (decrease) in non-controlling interest		(91,692,352)	-
Increase (decrease) in trade and other current payables		(421,041,449)	(269,265,470)
Increase (decrease) in income taxes payable		40,800	-
Increase (decrease) in Non-current liabilities		<u>61,009,595</u>	<u>-</u>
Cash generated by operations		(63,129,075)	(155,584,088)
Interest paid		863,747	(3,618,402)
Income Tax Paid		<u>-</u>	<u>-</u>
Net Cash provided by (used in) Operating Activities		<u>(62,265,328)</u>	<u>(159,202,490)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends from Associates		257,070,308	522,991,116
Interest received		6,721,236	7,323,071
Additions to:			
Property, plant and equipment		(2,847,116)	(14,048,340)
Advances to Affiliates		<u>(553,282,633)</u>	<u>-</u>
Net Cash Provided (Used) in Investing Activities		<u>(292,338,205)</u>	<u>516,265,847</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from FRCN		3,000,000,000	-
Cash dividends Paid		-	(47,300,000)
Advances from Associate and stockholders		<u>(6,606,071)</u>	<u>24,838,783</u>
Net Cash From (Used in) Financing Activities		<u>2,993,393,929</u>	<u>(22,461,217)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,638,790,396	334,602,140
EFFECT OF EXCHANGE RATE CHANGES		3,216,437	-
CASH AND CASH EQUIVALENTS			
AT BEGINNING OF THE PERIOD		<u>3,057,406,413</u>	<u>1,800,270,312</u>
CASH AND CASH EQUIVALENTS			
AT END OF THE PERIOD		<u>5,699,413,246</u>	<u>2,134,872,452</u>

See Notes to Consolidated Financial Statements

VIVANT CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2014
(With Comparative Figures for the same period in 2013)
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT			
CAPITAL STOCK - P1 par value			
Authorized - 2,000,000,000 shares			
Issued and outstanding - 1,023,456,698 shares		1,023,456,698	1,023,456,698
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of period		8,339,452	8,339,452
Balance at end of interim period		8,339,452	8,339,452
REVALUATION RESERVE			
Balance at beginning of period		1,292,314,176	454,642,913
Depreciation on the revaluation increment of an associate		-	(12,288,236)
Balance at end of interim period		1,292,314,176	442,354,677
FAIR VALUE RESERVE			
Balance at beginning of period		191,083	191,083
Balance at end of interim period		191,083	191,083
REMEASUREMENT LOSS ON EMPLOYEE BENEFITS			
Balance at beginning of the period		(67,944,717)	-
Balance at end of interim period		(67,944,717)	-
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of period		4,213,714,010	3,352,794,527
Prior Period Adjustment		-	-
Dividends Received		-	-
Depreciation on the revaluation increment of an associate		-	12,288,236
Net income (loss)		280,898,202	123,257,840
Balance at end of interim period		4,494,612,212	3,488,340,603
		6,750,968,905	4,962,682,513
NON-CONTROLLING INTEREST			
Balance at beginning of period		496,688,804	901,042,145
Prior Period Adjustment		-	-
Property Dividend		-	-
Cash Dividends		(91,692,352)	(47,300,000)
Acquisition of Shares		-	-
Minority income (loss) for the period		54,122,542	15,034,289
Balance at end of interim period		459,118,995	868,776,434
TOTAL EQUITY		7,210,087,899	5,831,458,947

See Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2014

1. Cash and Cash Equivalents

This account consists of:

	March 31, 2014	December 31, 2013
Cash on Hand and in Banks	P2,307,548,378	P1,711,048,047
Short Term Placements	3,391,864,868	1,346,358,366
	P5,699,413,246	P3,057,406,413

2. Trade receivables, advances and other current receivables

This account consists of:

	March 31, 2014	December 31, 2013
Trade Receivables	P471,046,499	P741,768,887
Advances to Officers and Employees	9,294,122	2,236,002
Others	4,948,958	2,421,305
	P485,289,579	P746,426,194
Less:		
Allowance for impairment loss	333,032	333,032
	P484,956,548	P746,093,162
 Advances to associate and Stockholders	 P 668,769,616	 P115,486,983

2.1 Aging of Trade receivables, advances and other current receivables

	March 31, 2014				December 31, 2013			
	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	P447,737,690	P6,212,074	P31,339,815	P485,289,579	P619,464,974	P27,756,231	P99,204,989	P746,426,194
Less: Allowance for impairment loss			333,032	333,032			333,032	333,032
	P447,737,690	P6,212,074	P31,006,783	P484,956,548	P619,464,974	P27,756,231	P98,871,957	P746,093,162

3. Prepayments and other current assets

The composition of this account is shown below:

	March 31, 2014	December 31, 2013
Advances to suppliers	P218,022,872	P199,904,425
Prepaid insurance	15,323,744	22,595,060
Prepaid royalty fees	-	12,739,990
Prepaid taxes	-	6,811,886
Creditable withholding taxes	2,743,080	-
Input tax	6,963,890	51,154,197
Others	20,197,444	1,565,721
	P 263,251,030	P294,771,279

4. Available-for-sale investments

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

	March 31, 2014	December 31, 2013
At Fair Value:		
Aboitiz Equity Ventures	P395,500	P395,500
PLDT	600	600
Paper Industries of the Phils.	31	31
San Miguel Corp	-	-
	396,131	396,131
Add (Less) Fair Value Adjustment	-	-
	396,131	396,131
At Cost:		
VC Exchange Inc.	8,345,118	8,345,118
Cebu Country Club, Inc.	3,400,000	3,400,000
INCA Plastic Phils., Inc.	50,000	50,000
	11,795,118	11,795,118
Less:		
Impairment loss on AFS	8,345,118	8,345,118
	3,450,000	3,450,000
Total Available for Sale Investments	P3,846,131	P3,846,131

5. Property and Equipment

Property and equipment consists of the following major classifications:

Cost	Condominium Unit, Building and Improvement	Plant and Machineryes and Equipment	Leasehold and Improvement	Office Furniture, Fixtures and Equipment	Transportation Equipment	Construction in Progress	Tools and Other Assets	Total
Beg. Balance, Dec. 31, 2013	P25,149,566	P714,286	P21,107,717	P19,657,549	P28,615,583	P1,658,836	P505,670	P97,409,207
Additions	-	-	-	1,396,879	-	1,805,843	-	3,202,721
Retirement	-	-	-	-	-	-	-	-
Total	25,149,566	714,286	21,107,717	21,054,428	28,615,583	3,464,679	505,670	100,611,928
Less: Accumulated Depreciation								
Beg. Balance, Dec. 31, 2013	8,344,696	83,333	5,443,252	10,630,359	10,056,234	-	203,485	34,761,359
Depreciation & Amortization	84,826	53,147	774,473	1,168,773	1,428,343	-	249,536	3,759,098
Carrying value, March 31, 2014	P16,720,044	P577,806	P14,889,992	P9,255,296	P17,131,006	P3,464,679	P52,649	P62,091,471

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.

Investment properties are valued at fair value based on the valuation carried out by independent appraisers as at February 2012.

Details of investment properties as at December 31, 2013 and 2012 are as follows:

	March 31, 2014	December 31, 2013
Land		
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>
Building		
Cost	₱-	₱-
Fair Value Adjustment	3,968,000	3,968,000
	<u>3,968,000</u>	<u>3,968,000</u>
Total Investment Properties	<u>₱274,071,000</u>	<u>₱274,071,000</u>

7. Investment in subsidiaries and associates:

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

	March 31, 2014	December 31, 2013
Investment in VECO:		
Acquisition Cost	P840,333,112	P840,333,112
Accumulated Equity Earnings	725,823,274	883,153,380
Revaluation Surplus	525,045,410	525,045,410
Carrying Value	2,091,201,796	2,248,531,902
Investment in Delta P:		
Acquisition Cost	102,117,231	102,117,231
Accumulated Equity Earnings	6,902,612	2,399,862
Revaluation Surplus	-	-
Carrying Value	109,019,843	104,517,093
Investment in CPPC:		
Acquisition Cost	305,119,049	305,119,049
Accumulated Equity Earnings	(182,307,645)	(221,630,845)
Revaluation Surplus	-	-
Carrying Value	122,811,404	83,488,204
Investment in ABOVANT:		
Acquisition Cost	1,127,984,699	1,127,984,699
Accumulated Equity Earnings	496,616,807	417,906,527
Revaluation Surplus	-	-
Carrying Value	1,624,601,506	1,545,891,226
Investment in VSNRGC:		
Acquisition Cost	-	46,000,000
Accumulated Equity Earnings	-	(46,000,000)
Revaluation Surplus	-	-
Carrying Value	-	-
Investment in AHPC:		
Acquisition Cost	11,500,000	11,500,000
Accumulated Equity Earnings	(8,024,313)	(7,597,147)
Revaluation Surplus	-	-
Carrying Value	3,475,687	3,902,853
Investment in PEI:		
Acquisition Cost	500,000	500,000
Accumulated Equity Earnings	3,709	3,709
Revaluation Surplus	-	-
Carrying Value	503,709	503,709
Investment in CIPC:		
Acquisition Cost	-	3,125,000
Accumulated Equity Earnings	-	(3,125,000)
Revaluation Surplus	-	-
Carrying Value	-	-
Total Carrying Value of Investments	P3,951,613,945	P3,986,834,987

The Group has unrecognized share in losses from results of operations of its joint ventures amounting to P105.5 million as of March 31, 2014 and P212.8 million as of December 31, 2013.

8. Other Non-Current Assets

The details of this account are shown below:

	March 31, 2014	December 31, 2013
Advances to suppliers	P25,861,572	P26,311,872
Pension Asset	1,525,382	1,525,382
Software Cost	313,113	313,113
Others	3,753,052	1,215,530
	P31,453,118	P29,396,656

9. Capital Stock

The details of the capital stock account are as follows:

	March 31, 2014	December 31, 2013
Authorized Capital Stock – P1.00 par value	P2,000,000,000	P2,000,000,000
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:

	March 31, 2014	March 31, 2013
Basic Earnings Per Share		
Net income (loss) attributable to Parent shareholders	280,898,202	123,257,840
Less: Preferred shares	-	-
Net income (loss) identified with Common stock	280,898,202	123,257,840
Actual number of shares Outstanding	1,023,456,698	1,023,456,698
	0.27	0.12

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.

There are no dividends paid (aggregate or per share) separately for ordinary shares and other shares.

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 March 31, 2014 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:

	March 31, 2014
Loan Receivables	USD -
Trade Receivables	USD -
Cash	USD 279,966
	Euro 584
Gross Exposure	USD 279,966
	Euro 584

The average exchange rate for the quarter ended March 31, 2014 are as follows:

US Dollar-Philippine Peso	US\$1 = Php44.86
Euro-Philippine Peso	Eu€1 = Php61.61

The exchange rate applicable as of March 31, 2014 are the following:

US Dollar-Philippine Peso	US\$1 = Php44.81
Euro-Philippine Peso	Eu€1 = Php61.90

Sensitivity Analysis

A 10% strengthening of the Philippine Peso against US Dollar and European Euro as of March 31, 2014 would have increased equity and profit by Php460,700. A 10% weakening of the Philippine Peso against the US Dollar and European Euro as of March 31, 2014 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