NOTICE AND AGENDA OF ANNUAL MEETING OF STOCKHOLDERS

VIVANT CORPORATION
Units 907-908 Ayala Life-FGU Center
Mindanao Avenue corner Biliran Road
Cebu Business Park, Barangay Luz, Cebu City

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of VIVANT CORPORATION will be held at the Cebu Country Club, Cebu City, on June 16, 2016 (Thursday) at 10:00 in the morning.

The Annual Stockholders' Meeting shall have the following Agenda:

1. Call to Order
2. Proof of Notice and Determination of Quorum
3. Reading and Approval of Minutes of the Annual Stockholders' Meeting held on June 26, 2015
4. Annual Report of Officers
5. Approval of the 2015 Annual Report and Financial Statements
6. Delegation of Authority to Appoint External Auditors for 2016 to the Board of Directors
7. Ratification of all Acts and Resolutions of the Board of Directors and Management Adopted For Fiscal Year 2015
8. Election of Directors (including Independent Directors)
9. Other Matters that may properly be brought before the meeting
10. Adjournment

Only stockholders of record at the close of business as of May 16, 2015 are entitled to notice and to vote at this meeting. Registration will start at 8:30 A.M. and will end at 9:30 A.M. Upon registration, presentation of any proof of identification, such as driver's license, passport, company I.D. or SSS/GSIS I.D. will be required. Aside from personal identification, representatives of corporate stockholders and other entities should also present a duly sworn Secretary's Certificate or a similar document showing his or her authority to represent the corporation or entity.

Should you be unable to attend the meeting, we encourage you to vote by executing a proxy form in favor of a representative and by following the instructions on the voting instruction form, both of which are enclosed with this document. In accordance with the Amended By-Laws of the Company, proxies must be submitted for inspection, validation and record at least seven (7) days prior to the opening of the Stockholders' Meeting, or on or before June 9, 2016 to the Office of the Corporate Secretary at Units 907-908, 9th Floor, Ayala Life-FGU Center, Mindanao Avenue corner Biliran Road, Cebu Business Park, Barangay Luz, Cebu City.

Cebu City, May 13, 2016.

FOR THE BOARD OF DIRECTORS:

JESS ANTHONY N. GARCIA
Corporate Secretary

Annex "A"

AGENDA
DETAILS AND RATIONALE

1. **Call to Order.** The Chairman of the Board of Directors, Mr. Dennis N. A. Garcia , will call the meeting to order and preside over the same.

2. **Proof of Notice and Determination of Quorum.** The Corporate Secretary, Atty. Jess Anthony N. Garcia, will certify that copies of the Notice and Agenda of the meeting together with the Definitive Information Statement, 2015 Annual Report, and Proxy Form were delivered to Stockholders as of Record Date May 16, 2016. The Corporate Secretary will also certify, based on the number of shares owned by Stockholders present or represented by proxy at the meeting, whether quorum exists for the valid transaction of business at the meeting. Finally, the Corporate Secretary will explain the rules for the orderly conduct of the meeting.

3. **Reading and Approval of Minutes of the Annual Stockholders' Meeting held on June 26, 2015.** Copies of the draft Minutes are available for examination during office hours at the Office of the Corporate Secretary and the website of Vivant Corporation at www.vivant.com.ph. Stockholders will be asked to approve the draft Minutes and acknowledge the completeness and accuracy thereof. The text of the proposed resolution is as follows:

   "***WHEREAS***, that the Stockholders of Vivant Corporation (the "Corporation") have reviewed the Minutes of the previous Annual Stockholders' Meeting;

   RESOLVED, as it is hereby resolved, that Stockholders of the Corporation approve the Minutes of the Annual Stockholders' meeting held on June 26, 2016."

4. **Annual Report of Officers.** The Chief Operating Officer will present the overview of Vivant Corporation's financial performance in 2015 and the highlights of the Corporation's performance in the first quarter of 2016. He will also present the challenges and highlights of 2015, and the outlook for 2016. Finally, he will provide an update on new policies of the Corporation and regulatory matters.

5. **Approval of the 2015 Annual Report and Financial Statements.** The Audited Financial Statement (the "AFS") of Vivant Corporation for the fiscal year ended December 31, 2015 contained in the Corporation's 2015 Annual Report and Information Statement, will be presented to the Stockholders for approval. The Chairman, Chief Operating Officer, any member of the Audit Committee, or any representative of the Company's external auditors, Sycip Gorres Velayo & Co. will respond to questions which may be raised by any stockholder regarding the Corporation's AFS for the fiscal year December 31, 2015.

6. **Delegation of Authority to Appoint External Auditors for 2016 to the Board of Directors.** Stockholders will be asked to approve the delegation of authority to appoint Vivant Corporation's external auditors for 2016-2017 to the Board of Directors. The external auditors will be tasked with the preparation of the annual audited statements. The text of the proposed resolution is as follows:

   "***WHEREAS,*** the Stockholders of the Corporation have the right to participate in key corporate governance decisions, such as the right to appoint External Auditors;

WHEREAS, the Stockholders agreed to delegate the authority to appoint the External Auditors for 2016 to the Board of Directors;

RESOLVED, as it is hereby resolved, that the Stockholders of the Corporation authorize the Board of Directors to appoint the External Auditors for 2016."

7. **Ratification of all Acts and Resolutions of the Board of Directors and Management Adopted for Fiscal Year 2015.** The Stockholders will be asked to ratify and confirm all acts, transactions and resolutions of the Board of Directors and Management in connection with the performance and operations of the Corporation.

8. **Election of Directors (including Independent Directors).** For 2016, the candidates for the Board of Directors are the following:

   Mr. Dennis N. A. Garcia
   Mr. Emil Andre M. Garcia
   Mr. Gil A. Garcia II
   Mr. Charles Sylvestre A. Garcia
   Mr. Elbert M. Zosa
   Mr. Ramontito E. Garcia
   Mr. Efren P. Sarmiento
   Mr. Jose Marko Anton G. Sarmiento
   Mr. Antonio S. Abacan, Jr.
   Amb. Raul Ch. Rabe (Independent Director)
   Atty. Jesus B. Garcia, Jr. (Independent Director)

   The profiles of the candidates to the Board are found on pages 11 to 13 of this Information Statement. For further reference and examination of the Stockholders, a summary of the business, professional experience for the past five (5) years are also provided in the Information Statement.

   Stockholders will be given the opportunity to elect directors for 2016 individually through the cumulative voting process. Stockholders will be asked to cast their votes.

9. **Other Matters that may properly be brought before the meeting.** Stockholders may raise other relevant matters not included as an item in the Agenda. If such matters may be properly taken up in the meeting, Stockholders may be requested to consider the same.

10. **Adjournment.** After all business to be conducted at the Meeting has been considered, the Chairman will declare the Meeting concluded.

PROXY FORM

The undersigned shareholder of Vivant Corporation ("Corporation") hereby appoints______________________ ("Proxy"), as the nominee to attend and act for the undersigned at the meeting of shareholders of the Corporation to be held on the 16th day of June 2016 and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

DATED this_________ day of June 2016.

Name of shareholder: ____________________________

Signature or Seal of Shareholder (as appropriate): __________________________

Securities & Exchange Commission
SEC Form 20-IS

Information Statement Pursuant to Section 20
of the Securities Regulation Code

1. Check the appropriate box:

Preliminary Information Statement: ( )

Definitive Information Statement: (√)

2. Name of Registrant as specified in its charter: **VIVANT CORPORATION**

3. Province, country or other jurisdiction of Incorporation or organization: **Cebu, Philippines**

4. SEC Registration Number: **17522**

5. BIR Tax Identification Code: **242-603-734-000**

6. Address of Principal Office: **Units 907-908, 9th Floor Ayala Life-FGU Center, Mindanao Avenue corner Biliran Road, Cebu Business Park, Barangay Luz, Cebu City, Philippines 6000**

7. Registrant's Telephone Number, including area code: **+63 32 234-2256**
+63 32 234-2285

8. Date, Time and Place of meeting of the security holders

Date: **June 16, 2016 (Thursday)**
Time: **10:00 A.M.**
Place **Cebu Country Club,**
Gov. M. Cuenco Avenue,
Banilad, Cebu City

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **May 23, 2016**

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA:

Authorized Capital Stock: **Php 2,000,000,000.00**

Title of Each Class	Par Value	No. of Shares	Authorized Capital Stock
Common	Php 1.00	2,000,000,000	Php 2,000,000,000.00

No. of Shares Outstanding as of December 31, 2015 **Php 1,023,456,698.00**

11. Are any or all of the Registrant's securities listed in a Stock Exchange? Yes (√) No ( )

The common stock of Vivant is listed at the Philippine Stock Exchange.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

Date	:	**June 16, 2016 (Thursday)**
Time	:	**10:00 A.M.**
Place	:	**Cebu Country Club** **Gov. M. Cuenco Avenue** **Banilad, Cebu City**
Name, Complete Address and Contact Numbers of Registrant**:**		**VIVANT CORPORATION** Suites 907-908, 9th Floor, Ayala Life-FGU Center, Mindanao Ave. corner Biliran Road, Cebu Business Park, Barangay Luz, Cebu City 6000 **+63 32 234-2256** **+63 32 234-2285**
Approximate date when the Information Statement is first to be sent or given to security holders:		**May 23, 2016**

Item 2. Dissenters' Right of Appraisal.

There are no matters or proposed actions included in the Agenda of the Meeting that may give rise to a possible exercise by stockholders of their appraisal rights. Generally, however, the stockholders of Vivant Corporation (hereinafter referred to as "Vivant" or the "Company" or the "Registrant") have the right of appraisal in the following instances: (a) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; (c) in case of merger or consolidation; and (d) investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which it was organized (Sections 42 and 81 of the Corporation Code).

With respect to any matter to be acted upon at meetings of stockholders of Vivant which may give rise to the right of appraisal, in order that a dissenting stockholder may exercise his appraisal right, such dissenting stockholder shall, within thirty (30) days after the date of the stockholders' meeting at which such stockholder voted against a corporate action, make a written demand on Vivant for the value of his shares. The procedure to be followed in exercising the appraisal right shall be in accordance with Sections 81 to 86 of the Corporation Code.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, where appraisal rights are applicable, by making a written demand on Vivant within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares; provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, Vivant shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and Vivant cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by Vivant and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by Vivant within thirty (30) days after such award is made; *provided*, that no payment shall be made to any dissenting stockholder unless Vivant has unrestricted retained earnings in its books to cover such payment; *provided*, further, that upon payment by Vivant of the agreed or awarded price, the stockholder shall forthwith transfer his shares to Vivant.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

(a) No current director or officer of, or nominee for election as director of Vivant, or any associate of any of the foregoing persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the stockholders' meeting, other than the election of the members of the Board of Directors.

(b) No director has informed Vivant in writing that he intends to oppose any action to be taken by Vivant at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Class of Voting Shares as of May 2, 2016:

Class of Voting Shares	No. of Shares Entitled to Vote	
	Filipino	Foreign
Common	1,022,972,861	483,837
TOTAL	1,023,456,698	

Every stockholder shall be entitled to one vote for each share of stock held as of the established record date.

(b) Record Date

All stockholders of record as of May 16, 2016 are entitled to receive notice of and to vote at Vivant's Annual Stockholders' Meeting.

(c) Election of Directors and Cumulative Voting Rights

With respect to the election of directors, a stockholder may vote such number of shares for as many persons as there are directors to be elected. He may also cumulate said shares and give one candidate as many votes as the number of directors to be elected, or distribute the shares on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by the stockholder shall not exceed the total number of shares owned by him as shown in the books of Vivant, multiplied by the number of directors to be elected.

Section 7, Article II of the Amended By-Laws of Vivant provides that voting upon all questions at all meetings of the stockholders shall be by shares of stock and not per capita. Likewise, Section

7 of the same Article states that stockholders may vote at all meetings either in person or by proxy duly given in writing and presented to the Secretary for inspection, validation and record at least seven days prior to the opening of said meeting.

As condition precedent to the exercise of the cumulative voting rights, no delinquent stock shall be allowed to vote. No discretional authority to cumulate votes is solicited.

(d) No proxy solicitation is being made.

Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners (more than 5%) as of March 31, 2016

Title of class	Name and address of record owner and relationship with issuer	Name of Beneficial Ownership and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
Common Shares	MAI-I Resources[1] Corporation 375-G Acacia St., Lahug, Cebu City Stockholder	MAI-I Resources Corporation	Filipino	464,831,568	45.42%
Common Shares	JEG Development Corporation[2] Blue Garden Commercial Complex, Wilson St.,Lahug, Cebu City Stockholder	JEG Development Corporation	Filipino	311,524,642	30.44%
Common Shares	Mirant Global Corporation[3] 5F,CTC Building, 2232 Roxas Blvd., Pasay City Stockholder	Mirant Global Corporation	Filipino	116,555,553	11.39%
Common Shares	PCD Nominee (Filipino) Participants are stockholders of the Company[4]	Various PCD participants	Filipino	68,456,249	6.59%

[1] *Either Mr. Dennis N. A. Garcia or Mr. Gil A. Garcia, II or Mr. Charles Sylvestre A. Garcia, Directors of MAI-I Resources Corporation (MRC) will vote for the shares of MRC in Vivant in accordance with the directive of the MRC Board of Directors.*

[2] *Either Mr. Ramontito E. Garcia or Mr. Jose Marko Anton G. Sarmiento, Chairman and Chief Operating Officer of JEG Development Corporation (JDC), respectively, will vote for the shares of JDC in Vivant in accordance with the directive of the JDC Board of Directors.*

[3] *Mr. Antonio S. Abacan, Jr. will vote for the shares of Mirant Global Corporation (MGC) in Vivant in accordance with the directive of the MGC Board of Directors.*

(2) Security Ownership of Management as of March 31, 2016 (Record and Beneficial)

Title of Class	Name of Beneficial Owners and Position	# of Shares and Nature of Ownership		Citizenship	% Own
Common Shares	Dennis N.A. Garcia Chairman of the Board	Direct	1	Filipino	0.0%
		Indirect	1,121,514		0.1%
Common Shares	Emil Andre M. Garcia Director/VP – Operations and Business Development	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Gil A. Garcia II Director	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Charles Sylvestre A. Garcia Director	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Elbert M. Zosa Director	Direct	626	Filipino	0.0%
		Indirect	1,121,511		0.0%
Common Shares	Ramontito E. Garcia Director/President	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Efren P. Sarmiento Director	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Jose Marko Anton G. Sarmiento Director	Direct	28,501	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Antonio S. Abacan, Jr. Director	Direct	1,562	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Raul Ch. Rabe Independent Director	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Jesus B. Garcia, Jr. Independent Director	Direct	1	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Arlo A.G. Sarmiento EVP/Chief Operating Officer	Direct	87,800	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Minuel Carmela N. Franco Treasurer VP – Finance	Direct	0	Filipino	0.0%
		Indirect	20,300		0.0%
Common Shares	Juan Eugenio L. Roxas VP - External Affairs	Direct	0	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Atty. Jess Anthony N. Garcia General Counsel; Corporate Secretary	Direct	12,200 0	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Maria Victoria E. Sembrano AVP - Finance and Admin	Direct	0	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Atty. Macario C. Padullo, Jr. AVP - Corporate Management Systems	Direct	9,400	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Theo C. Sunico AVP - Trading and Marketing	Direct	0	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Engr. Cris C. Fernandez AVP - Technical Operations	Direct	0	Filipino	0.0%
		Indirect	0		0.0%
Common Shares	Grant Clark AVP - Business Development	Direct	0	Australian	0.0%
		Indirect	0		0.0%
Common Shares	Atty. Joan A. Giduquio-Baron Assistant Corporate Secretary; Compliance Officer	Direct	0	Filipino	0.0%
		Indirect	0		0.0%

[4] *Each beneficial owner of shares, through a PCD participant, is the beneficial owner of such number of shares he owns in his account with the PCD participant. Vivant has no record relating to the power to decide how the shares held by PCD are to be voted. As advised to the Company, none of the beneficial owners under a PCD participant owns more than 5% of Vivant's common shares.*

TOTAL	**Direct**	**140,097**		**0.0%**
	Indirect	**2,263,325**		**0.1%**

(3) Voting Trust Holders of 5% or more of Equity

No person holds more than 5% of Vivant's common equity under a voting trust or similar agreement.

(4) Changes in Control

There are no arrangements that had resulted in a change in control of Vivant during the period covered by this report.

Item 5. Directors and Executive Officers

(1) (a) Directors for 2015 - 2016

Below is a list of Vivant's directors for 2015 - 2016 with their corresponding ages, citizenship, positions, periods of service and offices held for the past five years. The directors assumed their directorship during Vivant's Annual Stockholders' Meeting in 2015, for a term of one year.

DENNIS N. A. GARCIA Chairman – Board of Directors Member – Executive Committee	67 years old, Filipino, has been the Chairman and a member of the Executive Committee of the Company since 2003. Other positions currently held are as follows: Chairman - Vivant Energy Corporation, Vivant Geo Power Corp., Vivant Integrated Diesel Corp., Vivant Integrated Generation Corporation, Corenergy and 1590 Energy Corporation; Vice-Chairman - Vivant-Sta. Clara Northern Renewables Generation Corporation; Chairman and President - Hijos de F. Escaño, Inc. and EMAG Resources and Development Corporation; Director and Vice President - Abovant Holdings, Inc.; Director – Vivant Isla Inc., Vivant-Malogo Hydropower Inc. and Cebu Energy Development Corporation, Vics-Bakun Holdings Corporation; Chairman, CEO and President – JEGVEG Realty, Inc; and Chairman and President of MAI-I Resources Corporation.
RAMONTITO E. GARCIA Director President Member – Executive Committee	59 years old, Filipino, has been the President of the Company since 2003. Mr. Garcia is also a Director and Member of the Executive Committee of the Company since 2003. Other positions currently held are as follows: Chairman – Vivant – Malogo Hydropower Inc., VECO, Vivant Isla Inc., VICS-Bakun Holdings Corporation; Vice Chairman – Cebu Private Power Corporation; Chairman and President - JEG Development Corporation; Vice-President and Director - Hijos de F. Escaño, Inc.; and Director – Vivant Integrated Generation Corporation, Vivant Energy Corporation, Vivant Isla Inc., Vivant Geo Power Corp., Abovant Holdings, Inc., 1590 Energy Corporation and JEGVEG Realty, Inc.
GIL A. GARCIA II Director Treasurer Member – Executive Committee	63 years old, Filipino, has been the Treasurer of the Company since 2004. Mr. Garcia has also been a Director the Company and VECO since 2004. Other positions presently held include: Treasurer-VECO and Director, Chief Finance Officer and Treasurer of MAI-I Resources Corporation.

ELBERT M. ZOSA Director Chairman – Finance Committee	68 years old, Filipino, has been a Director of the Company since 2003. Mr. Zosa is also the Chairman of the Finance Committee of the Company. He is Chairman of Providence CI Holdings and a Senior Consultant. Mr. Zosa's past professional experience includes the following: Executive Vice-President - Rizal Commercial Banking Corporation; Senior Vice President/Head of Strategic Planning, Corporate Communications, Economics, and Investor Relations; International Banking at PCI Bank; Managing Director (ex-officio) – PCI Capital Corporation; Head of Branches-Customer Services – Manila Electric Company; adjunct professor at the De La Salle Graduate School of Business. He obtained his MBA from the Wharton School, University of Pennsylvania.
CHARLES SYLVESTRE A. GARCIA Director Member – Executive Committee	55 years old, Filipino, is a Director of the Company and Member of the Company's Executive Committee since 2004. Mr. Garcia also sits in the board of VECO since 2007.
EFREN P. SARMIENTO Director Member – Executive Committee	64 years old, Filipino, is a Director of the Company and a Member of the Executive Committee since 2003. Mr. Sarmiento is a Vice President of Reunion Holdings, Inc. Other positions held in the past include: President, Mindanao Rattan Corporation; Past Director, Batolini S., Inc., Manila Machineries & Supply, Sarmiento Securities Corporation, Vitarich Corporation and Philippine Fried Chicken, Incorporated.
JOSE MARKO ANTON G. SARMIENTO Director Member – Executive Committee	38 years old, Filipino, has been a Director and Member of the Executive Committee of the Company since 2008. Other positions currently held are as follows: Vice-President - Vivant-Malogo Hydropower, Inc. and Director - VC Ventures Net, Inc. Mr. Sarmiento is also a Director (since 2005) and is the Chief Operating Officer of JEG Development Corporation (since 2009) and of JEGVEG Realty, Inc. (since 2009). Prior to this, he was the Treasury Manager of JEG Development Corporation and was the Vice President for Manufacturing at Detalia Aurora, Inc.
EMIL ANDRE M. GARCIA Director Vice President – Operations and Business Development	39 years old, Filipino, has been a Director of the Company since 2009. Mr. Garcia is also the Vice President for Operations and Business Development of the Company since January 2012. Prior to this, he held the Assistant Vice President position for Corporate Planning and Development of the Company from February 2011 to December 2011. Other positions currently held are as follows: Director of VECO since 2010; Chairman - Calamian Islands Power Corporation; Director - Delta P, Inc., Vivant Geo Power Corp., Amlan Hydroelectric Power Corporation, Hijos de F. Escaño Inc.; Director and Vice President - Vivant Energy Corporation, Vivant Integrated Generation Corp. and Vivant-Sta. Clara Northern Renewables Generation Corporation, VICS-Bakun Holdings Corporation; Vice President of Communication Affairs - 1590 Energy Corp.; Director and President - Vivant-Malogo Hydropower Inc. and Vivant Isla Inc.; Director and Chairman - VICS-Amlan Holdings Corporation; Director and Treasurer – Cebu Private Power Corporation; Director and Chief Finance Officer of EMAG Resources and Development Corporation. He was also the President of Christ Company in 2009 to 2011. Mr. Garcia graduated from Velez College in 1998 with the degree in Bachelor of Science in Medical Technology.

ANTONIO S. ABACAN, JR.[5] Director	71 years old, Filipino, has served as director since September 2015. He has served as director of Cebu Holdings Inc. since November 1993. Concurrently, he is the Vice Chairman of Metrobank Group of Companies. He chairs companies within the group such as Toyota Financial Services (Phils) Inc., Sumisho Motor Finance, Manila Medical Services Inc. (Manila Doctors Hospital), Circa 2000 Homes Inc., Manila- GT Medical Center and Manila Tytana Colleges. He holds other significant positions such as Senior Adviser of Metropolitan Bank and Trust Company, which is a publicly listed company, Vice Chairman and Executive Director of Global Business Power Corporation and Vice Chairman and Director of Panay Energy Development Corporation. He serves as directors in other companies such as Cebu Energy Development Corporation, Panay Power Corporation, Panay Power Holdings, ARB Power Ventures Inc., GBH Power Resources Inc., Global Formosa Power Holdings Inc. and Global Energy Supply Corporation., He is a Honorary Chairman of Orix Metro Leasing and Finance Corporation and also serves as a member of Advisory Board of GT Capital Holdings Inc., which is a publicly listed company, Metrobank Foundation Inc., Toyota Manila Bay Corporation and Toyota Cubao Inc., He is the Director for Banking, Finance, Taxation and Capital Market Development of Philippine Chamber of Commerce and Industry ,Director , Corporate Secretary and Treasurer of LGU Guarantee Corporation, Trustee and Treasurer of Philippine Business Center and a member of the Board of Governor of Makati Commercial Estate Association (MACEA). He Graduated from the Mapua Institute of Technology with a Bachelor of Science degree in Business Administration Major in Banking and Finance in year 1962, Major in Accounting at Far Eastern University in 1963, He also attended, Executive Program, Graduate school of Business at Stanford, California U.S.A. in year 1991 and finished his Doctorate Degree of Business Administration at Philippine Women’s University (Honoris Causa) in year 2010. For his personal accomplishments, he was awarded The Outstanding Filipino Award (TOFIL) for Banking by the Philippine Jaycee Senate in 2008, and Huwarang Anak ng Bulacan/ Outstanding Bulakeño Achievers by Club Bulakeño Inc. in 2011. He was also a recipient of the 1978 Outstanding Alumnus of Mapua Institute of Technology, the Communications and Leadership Award by Toastmaster International in 1999, the CEO Excel Award given by the International Association of Business Communicators (IABC) in 2006 and in 2007, and the Outstanding Alumnus Award of the Far Eastern University.
JESUS B. GARCIA, JR. Independent Director Chairman – Audit Committee – Nomination and Election Committee	71 years old, Filipino, has been the Independent Director and concurrently, has been the Chairman of the Audit Committee of the Company since 2004. Mr. Garcia was the Secretary of the Department of Transportation and Communications of the Republic of the Philippines for the period 1992 to 1996. Other positions currently held are as follows: Chairman - SunStar Publishing, Inc., Pan Arts Corporation, SunStar Management, Inc.; President, Jesever Realty Corporation, and Madre Realty

[5] Assumed Directorship on September 21, 2015.

	Corporation.
RAUL Ch. RABE Independent Director	76 years old, Filipino, has been the Independent Director of the Company since 2003. Other positions currently held or held in the past are the following: Director, CEPALCO (Cagayan de Oro), up to present; Director, MINERGY (Cagayan de Oro), up to present; Counsel of the Law Firm of Rodrigo, Berenguer & Guno (Makati City); Corporate Secretary - Manila Economic & Cultural Office (MECO) since 2001; Director - the Bank of Commerce, KGL-Negros Navigation, Pet Plans, Inc. (Makati City); Foreign Service Officer of the Department of Foreign Affairs (1968 to 1999); Third to Second Secretary in London (1972 to 1975); First Secretary in Bucharest (1975 to 1979); Chief Deputy of Protocol of the Department of Foreign Affairs (1979 to 1981); Minister Counselor in Jeddah (1981 to 1982); Minister and later Deputy Chief of Mission in Washington D.C., (1982 to 1984 and 1986 to 1989, respectively); Consul General in Honolulu (1984 to 1986); Assistant Secretary of the American Affairs (1989 to 1992); Ambassador to Seoul (1992 to 1993); Ambassador to the United States (1993 to 1999); Special Envoy of the President of the Philippines for the Americas and OIC Countries in 2001.

Nominees for Election as Directors

The following are nominees for election as Directors for 2016-2017:

1. Dennis N. A. Garcia
2. Emil Andre M. Garcia
3. Gil A. Garcia II
4. Charles Sylvestre A. Garcia
5. Elbert M. Zosa
6. Ramontito E. Garcia
7. Efren P. Sarmiento
8. Jose Marko Anton G. Sarmiento
9. Antonio S. Abacan, Jr.
10. Amb. Raul Ch. Rabe (Independent Director)
11. Atty. Jesus B. Garcia, Jr. (Independent Director)

Atty. Jesus B. Garcia, Jr. is the Chairman of the Nomination Committee, and Messrs. Dennis N.A. Garcia, Ramontito E. Garcia, and Arlo A. G. Sarmiento *(ex officio)* are its members.

Nominations for Independent Directors and Procedure for Nomination

Compliance with SRC Rule 38 (Guidelines on the Nomination and Election of Independent Directors)

The procedure for the nomination and election of the independent directors is in accordance with Rule 38 of the Securities Regulation Code (SRC Rule 38). <u>The By-Laws of Vivant have not been amended to incorporate the requirements of SRC Rule 38.</u> The Nomination and Election Committee conducted a nomination of independent directors. It has pre-screened the qualifications of all nominated candidates, resulting in the following final list of candidates with their respective nominating stockholders and all pertinent information, who have been nominated by Messrs. Dennis N.A. Garcia and Ramontito E. Garcia. Messrs. Dennis Garcia and Ramontito Garcia have no relationship to their nominees.

No nominations for independent director shall be accepted at the floor during the stockholders' meeting at which such nominee is to be elected. However, independent directors shall be elected in the stockholders' meeting during which other members of the Board are to be elected. Ambassador Raul Ch. Rabe and Atty. Jesus B. Garcia, Jr. are the nominees for Independent Directors of Vivant. They are neither officers nor employees of the Company or any of its affiliates, and do not have any relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibilities of an independent director. Attached as Exhibits "A-1" and "A-2" are the sworn Certifications of Qualifications of Atty. Jesus B. Garcia, Jr. and Ambassador Raul Ch. Rabe, respectively.

To the knowledge and/or information of Vivant the above-named nominees have not been involved in criminal, bankruptcy or insolvency investigations or proceedings for the past five (5) years up to the latest date that are material to evaluation.

To the knowledge and/or information of Vivant the said persons have not been convicted by final judgment or any offense punishable by the laws of the Republic of the Philippines or of the laws of any other nation/country, including being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities for the past five (5) years up to the latest date.

To the knowledge and/or information of Vivant said persons have not been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation for the past five (5) years up to the latest date.

The shareholdings of the above-nominees for independent directors of Vivant are merely qualifying shares and, individually or added together, does not exceed five percent (5%) of Vivant's outstanding shares. Vivant does not have any commitment to the nominees with respect to the issuance of the new common shares of Vivant.

Attendance of Directors in Board Meetings in 2015

For the year 2015, Vivant held five (5) regular meetings of the Board, namely, on February 20, , April 24, August 26, October 9, and December 18, 2015. There were eighteen (18) special meetings of the Board. The following summarizes their attendance:

Director	Designation	Board Meetings	Annual Stockholders' Meeting
DENNIS N. A. GARCIA	Chairman – Board of Directors Member – Executive Committee	5 out of 5 regular board meetings; 15 out of 18 special meetings	Present
RAMONTITO E. GARCIA	Director President Member – Executive Committee	5 out of 5 regular meetings; 13 out of 17 special meetings	Present
GIL A. GARCIA II	Director Treasurer Member – Executive Committee	5 out of 5 regular meetings; 17 out of 18 special meetings	Present

ELBERT M. ZOSA	Director Chairman – Finance Committee	4 out of 5 regular meetings; 18 out of 18 special meetings	Present
CHARLES SYLVESTRE A. GARCIA	Director Member – Executive Committee	4 out of 5 regular meetings; 17 out of 18 special meetings	Present
EFREN P. SARMIENTO	Director Member – Executive Committee	2 out of 5 regular meetings 18 out of 18 special	Present
JOSE MARKO ANTON G. SARMIENTO	Director Member – Executive Committee	4 out of 5 regular meetings; 16 out of 18 special meetings	Present
EMIL ANDRE M. GARCIA	Director Vice President – Operations and Business Development	5 out of 5 regular meetings; 18 out of 18 special meetings	Present
ANTONIO S. ABACAN, JR.[6]	Director	1 out of 4 regular board meetings None in the special board meetings	Present
JESUS B. GARCIA, JR.	Independent Director Chairman – Audit Committee Chairman – Nomination and Election Committee	3 out of 5 regular meetings; 18 out of 18 special meetings	Present
RAUL Ch. RABE	Independent Director Chairman-Corporate Governance Committee	5 out of 5 regular meetings; 18 out of 18 special meetings	Present

(1) (b) Officers for 2015-2016

Below is a list of Vivant officers for 2015-2016 with their corresponding positions and offices held for the past five years. Unless otherwise indicated hereunder, the officers assumed their positions during Vivant's annual organizational meeting in 2015 for a term of one year.

DENNIS N. A. GARCIA Chairman – Board of Directors Member – Executive Committee	67 years old, Filipino, has been the Chairman and a member of the Executive Committee of the Company since 2003. Other positions currently held are as follows: Chairman -Vivant Energy Corporation, Vivant Geo Power Corp., Vivant Integrated Diesel Corp., Vivant Integrated Generation Corporation, Corenergy and 1590 Energy Corp.; Vice-Chairman - Vivant-Sta. Clara Northern Renewables Generation Corporation; Chairman and President - Hijos de F. Escaño, Inc. and EMAG Resources and Development Corporation; Director and Vice President - Abovant Holdings, Inc.; Director – Vivant Isla Inc., Vivant-Malogo Hydropower Inc. and Cebu Energy Development Corporation, Vics-Bakun Holdings Corporation; Chairman, CEO and President – JEGVEG Realty, Inc; and Chairman and President of MAI-I Resources Corporation.

[6] Assumed Directorship on September 21, 2015.

RAMONTITO E. GARCIA Director President Member – Executive Committee	59 years old, Filipino, has been the President of the Company since 2003. Mr. Garcia is also a Director and Member of the Executive Committee of the Company since 2003. Other positions currently held are as follows: Chairman – Vivant – Malogo Hydropower Inc., VECO, Vivant Isla Inc., VICS-Bakun Holdings Corporation; Vice Chairman – Cebu Private Power Corporation; Chairman and President - JEG Development Corporation; Vice-President and Director - Hijos de F. Escaño, Inc.; and Director – Vivant Integrated Generation Corporation, Vivant Energy Corporation, Vivant Isla Inc., Vivant Geo Power Corp., Abovant Holdings, Inc., 1590 Energy Corp. and JEGVEG Realty, Inc.
GIL A. GARCIA II Director Treasurer Member – Executive Committee	63 years old, Filipino, has been the Treasurer of the Company since 2004. Mr. Garcia has also been a Director the Company and VECO since 2004. Other positions presently held include: Treasurer-VECO and Director, Chief Finance Officer and Treasurer of MAI-I Resources Corporation.
ARLO A. G. SARMIENTO Executive Vice President Chief Operating Officer	40 years old, Filipino, has been the Executive Vice President and Chief Operating Officer of the Company since 2003. Mr. Sarmiento concurrently holds the following positions: Director and Executive Vice President of VECO; Director and President - Vivant Energy Corporation, Vivant Geo Power, 1590 Energy Corp., Vivant Integrated Generation Corporation, Vics-Bakun Holdings Corporation, Vivant-Sta. Clara Northern Renewables Generation Corporation; Chairman - Delta P, Inc.; Director and Treasurer - Abovant Holdings, Inc. and JEGVEG Realty, Inc.; Director and Vice-President - Cebu Private Power Corporation; Director and Chief Executive Officer - JEG Development Corporation; Director - Vics-Amlan Holdings Corp., Amlan Hydroelectric Power Corporation, Vivant-Malogo Hydropower Inc., Vivant Isla Inc., Therma Visayas, Inc., Hijos De F. Escaño, Inc., Cebu Energy Development Corporation and Calamian Islands Power Corporation. Mr. Sarmiento holds a degree in Bachelor of Arts in Social Sciences from the Ateneo de Manila University.
EMIL ANDRE M. GARCIA Director Vice President – Operations and Business Development	39 years old, Filipino, has been a Director of the Company since 2009. Mr. Garcia is also the Vice President for Operations and Business Development of the Company since January 2012. Prior to this, he held the Assistant Vice President position for Corporate Planning and Development of the Company from February 2011 to December 2011. Other positions currently held are as follows: Director of VECO since 2010; Chairman - Calamian Islands Power Corporation; Director - Delta P, Inc., Vivant Geo Power Corp., Amlan Hydroelectric Power Corporation, Hijos de F. Escaño Inc.; Director and Vice President - Vivant Energy Corporation, Vivant Integrated Generation Corp. and Vivant-Sta. Clara Northern Renewables Generation Corporation, VICS-Bakun Holdings Corporation; Vice President of Communication Affairs - 1590 Energy Corp.; Director and President - Vivant-Malogo Hydropower Inc. and Vivant Isla Inc.; Director and Chairman - VICS-Amlan Holdings Corporation; Director and Treasurer – Cebu Private Power Corporation; Director and Chief Finance Officer of EMAG Resources and Development Corporation. He was also the President of Christ Company in 2009 to 2011. Mr. Garcia

	graduated from Velez College in 1998 with the degree in Bachelor of Science in Medical Technology.
MINUEL CARMELA N. FRANCO Vice President - Finance	44 years old, Filipino, has been the Vice President for Finance since May 2013. Ms. Franco also currently holds the following positions: Treasurer - Calamian Islands Power Corporation, Vivant- Northern Renewables Generation Corporation, Delta P, Inc., Vivant-Malogo Hydropower, Inc., and 1590 Energy Corp.; Director and Treasurer - Vivant Isla Inc., Vivant Geo Power Corp., Vics-Amlan Holdings Corporation, Vics-Bakun Holdings Corporation, Vivant Integrated Generation Corporation, Vivant Energy Corporation; Director – VC Ventures Net, Inc.; Member of the Board of Advisors – VECO. Past positions held are as follows: Trader, Associate and Credit Analyst at Multinational Investment Bancorporation and Capital One Equities Corporation from 1992 to 1994; Investment Analyst at Kim Eng Securities Inc. and ING Barings (Phils.), Inc. from 1994 to 1997; Investment Officer at Standard Chartered Bank's Investment Services Group from 1998 to 2000; Project Analyst at Newgate Management, Inc. from 2000 to August 2002, Investor Relations Officer and Senior Project Analyst (Corporate Planning Group) at San Miguel Corporation from September 2002 to June 2007; Head of Investor Relations at Aboitiz Equity Ventures, Inc. and Aboitiz Power Corporation from July 2007 to December 2012. Ms. Franco holds a degree in Bachelor of Science in Business Economics (Cum Laude) from the University of the Philippines.
JUAN EUGENIO L. ROXAS[7] Vice President - External Affairs	45 years old, Filipino, was appointed as the Vice President for External Affairs in 2014. Previous to this, he was AVP for External Affairs of the Company from 2011 to 2014. Concurrently, Mr. Roxas holds the following positions: Director - Corenergy Inc., Vivant – Sta.Clara Northern Renewables Generation Corporation; Director and President - Vics-Amlan Holdings Corporation; Chairman and Director - Amlan Hydroelectric Power Corporation; Director and Vice President for External Affairs - 1590 Energy Corp.; President – VAHC; Auditor and Member of the Philippine Independent Power Producer Association's Board of Trustee. His professional experience is characterized by an extensive background in public-private relations having served as a consultant to and held administrative positions in various organizations. Mr. Roxas holds a degree in Bachelor of Science in Business Administration, Major in Management (Presidential and Leadership Awardee) from the St. Paul University (Dumaguete City). He also took a postgraduate course in Finance at the Ateneo de Manila University's Center for Continuing Education.
JESS ANTHONY N. GARCIA General Counsel Corporate Secretary Chief Information Officer	43 years old, Filipino, has been the Corporate Secretary and Corporate Information Officer of the Company since 2003. He is also the General Counsel of the Company. Mr. Garcia concurrently acts us the Corporate Secretary of VECO, Vivant-Sta. Clara Northern Renewables Generation Corporation, Delta P, Inc., VICS – Amlan Holdings Corporation, Vivant Geo Power Corp., Vivant Integrated Generation Corp., 1590 Energy Corp., Vivant-Malogo Hydropower Inc., Amlan Hydroelectric Power

[7] Mr. Roxas resigned effective May 1, 2016.

	Corporation, Vics-Bakun Holdings Corporation, Calamian Islands Power Corporation, Vivant Energy Corporation, Vivant Isla, Inc. and SunStar Publishing, Inc. He is the Assistant Corporate Secretary of Abovant Holdings, Inc. and Hijos De F. Escaño. He obtained his *Juris Doctor* degree from the Ateneo de Manila University School of Law and has been a member of the California Bar since 2002 and of the Philippine Bar since 1998.
MARIA VICTORIA E. SEMBRANO Assistant Vice President – Finance and Administration	54 years old, Filipino, has been the Assistant Vice President for Finance and Administration of the Company since 2012. Ms. Sembrano also holds the following positions: Director and Treasurer - VC Ventures, Inc. and Director - Corenergy Inc. Before joining the Company, Ms. Sembrano was the Corporate Services Director of the Marsman Drysdale Agribusiness Group. Prior to this, other positions held in the Marsman Drysdale Agribusiness Group starting 1992 include positions in Finance, Logistics and Administration. Ms. Sembrano holds a degree in Bachelor of Science in Commerce, Major in Accounting (Magna Cum Laude) from the University of San Carlos.
ATTY. MACARIO C. PADULLO, JR. Assistant Vice President - Corporate Management Systems	39 years old, Filipino, has been the Assistant Vice President for Corporate Management Systems of the Company since February 2011. Prior to this, Atty. Padullo held the following positions in the Company: Finance Manager from 2009 to 2011 and Finance Officer from 2003 to 2009. Atty. Padullo, Jr. also holds the following positions: Chairman and President - VC Ventures Net, Inc. and Director - Corenergy Inc. He is a member of the Integrated Bar of the Philippines and the Philippine Institute of Certified Public Accountants. Mr. Padullo holds a degree in Bachelor of Science in Accountancy from the University of San Carlos. He obtained his degree in Bachelor of Laws (Class Valedictorian) from the University of Cebu in 2009.
THEO C. SUNICO Assistant Vice President - Trading and Marketing	40 years old, has been the Assistant Vice President of Vivant for Trading and Marketing since 2014. Prior to this, he served as General Manager for two of its subsidiaries: 1590 Energy Corp. and Vivant-Sta. Clara Northern Renewables Generation Corporation. Since 2013 Mr. Sunico has been the representative for the Generation Sector in the PEMC Rules Change Committee (RCC) and also serves as a Board Member for the PhilHydro Association, Inc., as nominee of the Company, since 2014. He got his start in the power industry when he joined Southern Energy Corporation (now TeaM Energy Philippines) in 2000, building up his expertise in the fields of Retail Power, Marketing, Business Development and External Affairs.
CRIS C. FERNANDEZ Assistant Vice President-Technical Operations	38 years old, Filipino, has been the Assistant Vice President for Technical Operations of the Company since January 2015. He is also a member of the Board of Advisors of VECO. He joined the Company on October 2012 as Senior Technical Manager and is a licensed Electrical Engineer. He used to work as an Electrical Engineer in Australia and has been an accredited Professional Engineer of Engineers Australia.
GRANT CLARK Assistant Vice President-Business Development	38 years old, Australian, has been the Assistant Vice President for Business Development of the Company since October 2015. Prior to joining the Company, Mr. Clark worked for twelve (12) years in the Government in Australia (Victoria), his last position

	being the Director of Economics at the Department of Sustainability and Environment (2010-2013). He moved to the Philippines in 2013 and worked briefly as a Director in KPMG Philippines (2013-2014). He has a Bachelor of Commerce degree with First Class Honors in Economics from Deakin University in Melbourne, Australia.
JOAN A. GIDUQUIO-BARON Assistant Corporate Secretary Compliance Officer	45 years old, Filipino, has been the Assistant Corporate Secretary and Compliance Officer of the Company since 2003. Ms. Baron also holds other positions: Acting Corporate Secretary of VECO; Assistant Corporate Secretary of Vivant Energy Corporation, VICS – Bakun Holdings Corporation, VICS – Amlan Holdings Corporation, Vivant Isla Inc., Vivant Integrated Generation Corporation, Vivant-Malogo Hydropower, Inc., Corporate Secretary - JEGVEG Realty, Inc., and JEG Development Corporation. She obtained her *Juris Doctor* from the Ateneo de Manila University School of Law in 1996 and her Master in Management degree from the Asian Institute of Management (AIM) in 2001. Ms. Baron is a member of the Philippine Bar since 1997 and a Director of the Alumni Association of the Asian Institute of Management-Cebu Chapter. She is a Partner at J.P. Garcia and Associates. Prior to this, she was an Associate Attorney at Puno and Puno Law Offices from 1997 until 2001.

Attached as Exhibit “B” is a Certification that none of the above-named directors and officers work in the government.

Period in which the Directors and Executive Officers Should Serve

The directors and executive officers should serve for a period of one (1) year.

Term of Office of a Director

Pursuant to Vivant’s Amended By-laws, the directors are elected at each annual stockholder’s meeting by stockholders entitled to vote. Each director holds office until the next annual election for a term of one year and until his successor is duly elected unless he resigns, dies or is removed prior to such election.

Any vacancy in the Board of Directors other than by removal or expiration of term may be filled by a majority vote of the remaining members thereof at a meeting called for that purpose, if they still constitute a quorum. The director so chosen shall serve for the unexpired term of his predecessor in office.

(2) Significant Employees

The Company considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the Company’s goals and objectives.

(3) Family Relationships

Messrs. Dennis N. A. Garcia, Charles Sylvestre A. Garcia and Gil A. Garcia II are brothers, or related within the second civil degree by consanguinity.

Mr. Ramontito E. Garcia is related within the fourth civil degree by consanguinity (cousin) to Messrs. Dennis N. A. Garcia, Charles Sylvestre A. Garcia and Gil A. Garcia II, and related within the second civil degree by affinity (brother-in-law) to Mr. Efren P. Sarmiento.

Mr. Elbert M. Zosa is a brother-in-law of Messrs. Dennis N. A. Garcia, Charles Sylvestre A. Garcia, and Gil A. Garcia II, or related within the second civil degree by affinity.

Mr. Emil Andre M. Garcia is the son of Mr. Dennis N. A. Garcia, and is related within the third civil degree by consanguinity to Charles Sylvestre A. Garcia and Gil A. Garcia II.

Mr. Arlo A. G. Sarmiento is the son of Mr. Efren P. Sarmiento, and related within the third civil degree by consanguinity (nephew) to Mr. Ramontito E. Garcia. He is also related within the fifth civil degree by consanguinity to Mssrs. Dennis N. A. Garcia, Charles Sylvestre A. Garcia, and Gil A. Garcia II. He is also related within the sixth civil degree by consanguinity to Emil Andre M. Garcia.

Mr. Jose Marko Anton G. Sarmiento is the son of Mr. Efren P. Sarmiento and brother of Mr. Arlo A. G. Sarmiento, thus, related within the second civil degree by consanguinity to Mr. Arlo A. G. Sarmiento. He is also related within the fifth civil degree by consanguinity to Mssrs. Dennis N. A. Garcia, Charles Sylvestre A. Garcia, and Gil A. Garcia II.

Atty. Jess Anthony N. Garcia is related within the third civil degree by consanguinity (nephew) to Atty. Jesus B. Garcia, Jr.

Other than the foregoing, there are no other family relationships (by consanguinity or affinity) known to Vivant.

(4) Involvement in Certain Legal Proceedings

To the knowledge and/or information of Vivant, none of its nominees for election as directors, its present members of the Board of Directors or its executive officers, is presently or during the last five years, been involved in any legal proceeding or bankruptcy petition or has been convicted by final judgment, or being subject to any order, judgment or decree or violated the securities or commodities law in any court or government agency in the Philippines or elsewhere for the past five years and the preceding years until March 31, 2016 which would put to question their ability and integrity to serve Vivant and its stockholders.

To the knowledge and/or information of Vivant, the above-said persons have not been convicted by final judgment of any offense punishable by the laws of the Republic of the Philippines or by the laws of any other nation or country.

To the knowledge and/or information of Vivant, the said persons have not been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation for the preceding years until March 31, 2016.

(5) Certain Relationships and Related Transactions

During the last two (2) years there was no transaction with or involving the Company or any of its subsidiaries in which a director, executive officer, or stockholder owns ten percent (10%) or more of total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

In the normal course of business, Vivant transacts with companies who are considered related parties under PAS 24, *Related Party Disclosures*. As parent company, Vivant provides two types of professional services: (1) strategic and technical and (2) corporate center services. These transactions were made on an arm's length basis. Third party rates are used as reference and benchmark to ensure competitive pricing and consistency to current industry standards.

Functions covered would include regulatory, sales and marketing, technical operations, business development, corporate finance, corporate management systems, legal and human resources among others. These services are rendered by Vivant to allow efficient transfer of business and technical expertise, thus improving cost efficiencies and synergies. Vivant houses a pool of highly qualified professionals with business expertise relating to the business of the Vivant Group. Service Level Agreements are in place to ensure the quality of service and competitive pricing.

Aside from the abovementioned, below are other services provided to and/or transactions entered into by Vivant with related parties in 2015:

- Vivant issued corporate guarantees for the following transactions:
    - Application for and the issuance of a domestic Standby Letter of Credit (SBLC) in behalf of an investee company relating to its debt service for its long term project loan;
    - Application for and issuance of performance bonds by a subsidiary in connection with its hydropower service contracts;
    - Application for and the issuance of a domestic SBLC by a subsidiary to serve as guarantee for its equity infusion into an investee company that is constructing a three hundred (300)-MW coal fired power generation plant in Toledo City, Cebu; and
    - Foreign exchange hedging transaction entered into by an investee company that is constructing a three hundred (300)-MW coal fired power generation plant in Toledo City, Cebu.

- Vivant applied for the issuance of a domestic SBLC to serve as guarantee for the equity infusion by one of its subsidiaries into an investee company that is constructing a three hundred (300)-MW coal fired power plant in Toledo City, Cebu.

- Vivant has an outstanding lease agreement with a certain associate involving rental of its commercial office space.

Vivant has existing management consultancy contracts with Mai-I Resources Corporation and JEG Development Corporation.

(6) Resignation or Refusal to Stand for Re-election by Members of the Board of Directors

No director has resigned or declined to stand for re-election to the board of directors because of a disagreement with Vivant on any matter relating to the Registrant's operations, policies or practices.

Item 6. Compensation of Directors and Executive Officers

(1) Summary of Compensation of Executive Officers

Information as to the aggregate compensation paid or accrued to Vivant's Chief Executive Officer and other highly compensated executive officers, as well as other officers and directors during the last two completed fiscal years and the ensuing fiscal year, is as follows:

Name and Principal Position	Year	Salary	Bonus	Other Compensation
Top Five Highly Compensated Executives 1. Ramontito E. Garcia - President 2. Arlo A.G. Sarmiento - EVP/COO 3. Emil Andre M. Garcia - VP for Operations & Business Development 4. Minuel Carmela N. Franco - VP for Finance 5. Juan Eugenio L. Roxas - VP for External Affairs[8]				
All above-named officers as a group	2016 (est.)	Php 22.6 mn	Php 12.2 mn	
	2015	Php 21.1 mn	Php 15.0 mn	
	2014	Php 19.4 mn	Php 12.2 mn	
All other directors and officers as a group unnamed	2016 (est.)	Php 17.3 mn	Php 4.8 mn	Php 9.3 mn
	2015	Php 15.5 mn	Php 6.0 mn	Php8.8 mn
	2014	Php 6.9 mn	Php 2.8 mn	Php 9.1 mn

(2) Compensation of Directors

(i) Standard Arrangements

In 2015, each Director of the Board and members of the Board Committees received a per diem for every Board or Committee meeting attended as follows:

Type of Meeting	Directors	Chairman of the Board or Committee
Board Meeting	Php 10,000.00	Php 10,000.00
Committee Meeting	Php 5,000.00	Php 5,000.00

(ii) Other Arrangements

Other than honoraria for meetings attended, there are no standard arrangements pursuant to which directors of the Issuer are compensated, or are to be compensated, directly or indirectly, for any services provided as a director, including any additional amounts payable for committee participation or special assignments for the last completed fiscal year and the ensuing year.

Other than the indirect compensation of two directors via consultancy contracts that were in place during the Company's last fiscal year, there are no arrangements, including consulting contracts, pursuant to which any director of the registrant was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided by such director. Aforementioned consultancy contracts involving indirect compensation of the registrant's two directors will be in place in the ensuing year.

[8] Mr. Roxas resigned effective May 1, 2016.

(3) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no compensatory plan or arrangement, including payments to be received from Vivant, with respect to a named executive officer where such plan or arrangement results or shall result from the resignation, retirement or any other termination of such executive officer's employment with Vivant and its subsidiaries or from a change-in-control of Vivant or a change in the named executive officer's responsibilities following a change-in-control and the amount involved, including all period payments or installments.

(4) Warrants and Options Outstanding

There are no outstanding warrants or options held by the named executive officers, and all officers and directors as a group, as identified in Item 5. Moreover, at no time during the last completed fiscal year did Vivant adjust or amend the exercise price of stock warrants or options previously awarded to the aforementioned officers and directors.

Item 7. Independent Public Accountants

For the fiscal year 2015, the accounting firm of Sycip Gorres Velayo & Co. (SGV) was the Independent Public Accountant of Vivant. Leovina Mae V. Chu is the audit partner of Vivant for 2015 and the recommended partner-in-charge.

Representatives of SGV will be present during the Annual Stockholders' Meeting and will be given the opportunity to make a statement if they so desire. They are also expected to respond to appropriate questions if needed.

There was no event in the past three (3) fiscal years where Vivant and SGV, or the handling partner, had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

In its regular meeting last June 26, 2015, the Board of Directors of Vivant approved the inclusion in the agenda of the 2015 Annual Stockholders' Meeting, a proposal to delegate to the Board of Directors the authority to appoint Vivant's external auditors for 2015. The proposal is intended to give the Board Audit Committee sufficient time to evaluate the different auditing firms who have submitted engagement proposals to act as Vivant's external auditor for 2015. As a matter of policy, the Board Audit Committee makes recommendation to the Board of Directors concerning the choice of external auditor.

The Board Audit Committee is composed of: Atty. Jesus B. Garcia, Jr., Independent Director (Chairman), Messrs. Ramontito E. Garcia (Member), Elbert M. Zosa (Member), and Gil A. Garcia II (Member).

The Corporation is in compliance with SEC Memorandum Circular No. 08-03 (Rotation of External Auditors) in relation to paragraph 3 (b)(ix) of Rule 68 of the Implementing Rules and Regulations of the Securities Regulation Code, and the two-year cooling-off period was observed in the re-engagement of the same signing partner or individual auditor.

External Audit Fees and Services

Following the Annual Stockholders Meeting last June 26, 2015 where the authority to confirm or appoint the external auditors was delegated to the Board of Directors, the Board of Directors confirmed the appointment of SGV as its external auditor for fiscal year 2015.

The table below sets forth the aggregate fees billed to the Company for professional services rendered by SGV in fiscal year 2015.

Fee Type	2015	2014
Audit Fees	Php 564,031.30	Php 487,600.00
Tax Fees*	207,800.00	1,315,000.00
All Other Fees**	2,095,325.00	1,750,000.00
Total	PhP 2,867,156.30	PhP 3,552,600.00

**Tax Consultancy*
*** Enterprise Risk Management and Internal Audit Consultancy/Trainings on Corporate Governance and Philippine Financial Reporting Standards*

Both management and the Audit Committee evaluated the audit fee of SGV. This was recommended to and approved by the Board of Directors. The Audit Committee also reviewed the extent and nature of these services to ensure that the independence of the external auditors is preserved.

Item 8. Compensation Plans

There is no action to be taken by Vivant at the Annual Stockholders' Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There is no action to be taken with respect to the authorization or issuance of any security.

Item 10. Modification or Exchange of Securities

There is no action to be taken with respect to the modification of any class of securities of the Registrant, or the issuance or authorization for issuance of one class of securities of the Registrant in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

There is no action to be taken with respect to the authorization or issuance of any security, or with respect to the modification of any class of securities of the Registrant, or the issuance or authorization for issuance of one class of securities of the Registrant in exchange for outstanding securities of another class.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken with respect to any transaction involving any merger, consolidation, acquisition, sale or transfer of all or any substantial part of the assets, or liquidation or dissolution of Vivant.

Item 13. Acquisition or Disposition of Property

No action to be taken during the Annual Stockholders' Meeting with respect to any acquisition or disposition of any property of material significance.

Item 14. Restatement of Accounts

No action to be taken during the Annual Stockholders' Meeting with regard to restatement of accounts.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

(1) Approval of the Minutes of the June 26, 2015 Annual Meeting of Stockholders

The following is a summary of the items in the Agenda of which action was taken during the 2015 Annual Stockholders' Meeting:

i. Approval and adoption of the minutes of the June 27, 2014 Annual Stockholders' Meeting;
ii. Annual Report of Officers;
iii. Approval of the 2014 Annual Report and Financial Statements
iv. Delegation of authority to appoint External Auditors for 2015 to the Board of Directors
v. Ratification of all acts and resolutions of the Board of Directors and Management adopted for Fiscal Year 2014
vi. Approval of the Amendment to the Second Article (Secondary Purpose) of the Articles of Incorporation
vii. Approval of the Amendment to the Third Article (Principal Place of Business) of the Articles of Incorporation
viii. Approval of the Amendment to the Second Article, Section 1 (Date of the Regular Meeting of Stockholders) of the Articles of Incorporation
ix. Election of the following members of the Board of Directors and Independent Directors for the year 2015 - 2016:

MR. DENNIS A. GARCIA
MR. EMIL ANDRE M. GARCIA
MR. ELBERT M. ZOSA
MR. GIL A. GARCIA II
MR. CHARLES SYLVESTRE A. GARCIA
MR. RAMONTITO E. GARCIA
MR. EFREN P. SARMIENTO
MR. JOSE MARKO G. SARMIENTO
MR. JOHANNES RUDOLF HAURI[9]
AMB. RAUL CH. RABE (Independent Director)
ATTY. JESUS B. GARCIA, JR. (Independent Director)

Other than the foregoing, no matter was submitted to a vote of security holders.
The results of the foregoing meeting were timely disclosed to the PSE and SEC in SEC Form 17-C report.

Item 16. Matters Not Required to be Submitted

There is no action to be taken with respect to any matter that is not required to be submitted to a vote of security holders.

[9] Mr. Hauri resigned on September 18, 2015. On September 21, 2015, Mr. Antonio S. Abacan, Jr. was elected.

Item 17. Amendment of Charter, By-laws or Other Documents

No amendment to the Articles of Incorporation or By-Laws will be submitted for approval.

Item 18. Other Proposed Actions

For the 2016 Annual Stockholders' Meeting, a proposal to delegate to the Board of Directors the authority to appoint Vivant's external auditors for 2016 will be submitted for the approval of the shareholders. The proposal is intended to give the Audit Committee sufficient time to evaluate the different auditing firms who have submitted engagement proposals to act as Vivant's external auditor for 2015, before submitting the final list of candidates for external auditor to the Board of Directors.

Item 19. Voting Procedures

Pursuant to the Corporation Code, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, as of the record date, in his own name in the stock and transfer book of Vivant.

Approval and Ratification

The approvals to be obtained, as aforementioned, will require the affirmative vote by stockholders representing at least a majority of the Vivant's outstanding common stock present or represented and entitled to vote at the meeting. Abstentions, with respect to any matter, are treated as shares present and represented and entitled to vote for the purpose of determining whether the stockholders have approved that matter; thus, abstentions have the same effect as negative votes. Shares as to which proxy authority has not been presented are not deemed to be present or represented for purposes of determining whether stockholder approval of that matter has been obtained.

Items requiring the vote of stockholders will be presented for approval of the stockholders at the meeting. If stockholders or proxies of stockholders owning more than majority of the outstanding capital stock are present and identified in the meeting, voting shall be by raising of hands or *viva voce;* otherwise, voting shall be done in writing by secret ballot and counted thereafter if requested by any voting stockholder. The Corporate Secretary, Atty. Jess Anthony N. Garcia and the Assistant Corporate Secretary, Atty. Joan A. Giduquio-Baron, shall validate and count the votes cast.

Voting for Directors

In the election of directors, the top nine nominees with the most number of votes shall be declared elected. If the number of nominees does not exceed the number of directors to be elected, all the shares present or represented at the meeting will be cast in favor of the nominees. If the number of nominees exceeds the number of directors to be elected, voting will be done by ballots.

In the election of directors, the stockholder may choose to do any of the following:

(i) Vote such number of shares for as many person(s) as there are directors to be elected;
(ii) Cumulate such shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares; or
(iii) Distribute his shares on the same principle as option (ii) among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

The method of counting the votes shall be in accordance with the general provisions of the Corporation Code of the Philippines. The counting of votes shall be done by representatives of the Office of the Corporate Secretary, who shall serve as members of the Election Committee.

Other than the nominees' election as directors, no director, executive officer, nominee or associate of the nominees has any substantial interest, direct or indirect by security holdings or otherwise, in any way of the matters to be taken up during the meeting. Vivant has not received any information that an officer, director or stockholder intends to oppose any action to be taken at the Annual Stockholders' Meeting.

This Information Statement in SEC Form 20-IS is given free of charge to the stockholders prior to the Annual Stockholders' Meeting of the Company. Vivant stockholders may likewise request for a copy of the Annual Report in SEC Form 17-A which will be given free of charge upon written request. Please write to:

Office of the Corporate Secretary
Units 907-908, 9th Floor Ayala Life-FGU Center
Mindanao Avenue corner Biliran Road, Cebu Business Park
Barangay Luz, Cebu City

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete, and correct. This report is signed at the City of Cebu on May 13, 2016.

VIVANT CORPORATION
Issuer
By:

JESS ANTHONY N. GARCIA
Corporate Secretary

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

1. Business Development

Vivant Corporation (Vivant or the Company) is a publicly listed holding company that, through its subsidiaries and affiliates, has interests in various companies engaged in the electric power generation (renewable and non-renewable energy), electric power distribution, and retail electricity supply business. The Garcia-Escaño family of Cebu (the Family) collectively owns approximately 76% of the outstanding capital stock of Vivant as of December 31, 2016.

Vivant's origins can be traced back to the rich and humble beginnings of Viuda y Hijos de F. Escaño Incorporada, the successor of the enterprise that Don Fernando Escaño founded in 1879, which came to be known as Hijos de F. Escaño Inc. (HDFE). The entry into the power industry dates back to the early 1900s when the Family diversified its business interests (mainly shipping and trade) to include electricity power distribution when it took over the operations of the Visayas Electric Company (VECO). VECO was the power distribution utility serving the electricity requirements of the City of Cebu and its surrounding municipalities.

The Second World War caused significant damage in the facilities of VECO. It was during the close of the war in 1945 that initiatives of VECO, alongside with the US Army, allowed the resumption of its operations to its pre-war levels. Staff levels were beefed up, while investments in new machineries and equipment poured in. Currently, VECO stands as the second largest privately owned electric power distribution utility in the Philippines in terms of annual gigawatt-hour (GWh) sales. As of end-2015, Vivant has an effective equity interest of approximately 35% in VECO (accounting for both direct and indirect shareholdings).

In 2003, the Family acquired 99% of Philstar.com, a company listed in the Philippine Stock Exchange (PSE). Subsequently, the Family's holdings in HDFE and VECO were infused to this company. Philstar.com was afterward renamed Vivant Corporation.

Starting in 2007, Vivant, through its subsidiaries and affiliates, started its foray into the power generation business via equity investments in the following generation companies:

- Cebu Private Power Corporation, owner and operator of a seventy (70) megawatts (MW) diesel-fired power plant located in the island of Cebu;
- Delta P, Inc. (DPI), owner and operator of a sixteen (16) MW diesel-fired power plant in Palawan; and
- Cebu Energy Development Corporation, a project company that owns and operates a two hundred forty-six (246) MW coal-fired power plant in Toledo City, Cebu.

The Company likewise participated in the government's privatization efforts conducted by the Power Sector Assets and Liabilities Management (PSALM):

- Acquisition of the 0.8 MW Amlan hydroelectric power plant in Negros island in 2009; and
- Appointment as the Independent Power Producer (IPP) Administrator of the seventy (70) MW Bakun hydroelectric power plant in Alilem, Ilocos Sur in 2009

In 2010, Vivant, through one of its subsidiaries, entered into an agreement with the Provincial Government of La Union (PGLU) for the management and operation of the two hundred twenty-five (225) MW Bauang diesel-fired power plant.

In April 2013, the Company, through one of its associates, broke ground for the construction of the eight (8) MW bunker- and seven hundred fifty (750) kW diesel-fired power plants in the municipalities of Coron and Busuanga, respectively. The plants commenced commercial operations in the last quarter of 2014 and have serviced the power requirements of the local distribution utility via a Power Supply Agreement (PSA).

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

In January 2014, Vivant signed an agreement to issue Php 3 billion (bn) in Fixed Rate Corporate Notes (FRCN). The offering was fully subscribed by a consortium of local banks. Proceeds of the issue, which were in two (2) tranches, were earmarked to partly fund the Company's and its subsidiaries' capital projects.

In February 2014, a Memorandum of Understanding was executed by wholly-owned subsidiary Vivant Integrated Generation Corporation (VIGC) and Mindanao Energy Systems, Inc. (Minergy) that involves the possible equity investments by VIGC in Minergy's future power generation projects. Subsequent to this, a Subscription Agreement between VIGC and Minergy Coal Corporation (MCC) was executed, which allowed VIGC to subscribe to 40% of all issued capital and shares of MCC. MCC is the project company that was set up by Minergy to build, own and operate a 3x55 MW coal-fired power 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. In 2015, MCC changed its corporate name to Minergy Power Corporation.

On August 27, 2014, a shareholders' agreement between VIGC and Therma Power, Inc. (TPI) was signed. This agreement involves the investment by VIGC in Therma Visayas, Inc. (TVI), the project proponent for the construction and operation of a 2x150 MW (net) coal-fired power generation facility in Toledo City, Cebu. The agreement involves the entry of VIGC into TVI for a 20% equity stake. Construction commenced in the first quarter of 2015. The first unit is expected to be connected to the grid by end-2017, while the second unit in three (3) months after.

In December 2015, after the successful conduct of a Competitive Selection Process by the Palawan Electric Cooperative (PALECO), DPI was declared as the winning proponent and awardee of the fifteen (15)–year Power Supply Agreement for a 26.65 MW Gross Dependable Capacity.

Neither Vivant nor any of its subsidiaries and associates has ever been the subject of any bankruptcy, receivership or similar proceedings.

2. Business of Issuer

Through its equity interests in its subsidiaries and associates, Vivant is in the business of electric power generation, electric power distribution and retail electricity supply in the Philippines (Please see Exhibit "C" for Vivant's Corporate Structure).

(i) Principal Products

POWER GENERATION

As of end-2015, VEC holds all of Vivant's interests in the electric power generation business. To date, the Company has built a portfolio comprised of both renewable and non-renewable power generation plants with total attributable capacity of two hundred fifty-two (252) MW, marginally higher than year-end 2014's two hundred forty-nine (249) MW. As of December 31, 2015, approximately 83% of Vivant's net income from business segments was accounted for by its power generation business.

The table below summarizes the operating results of the generation companies as of December 31, 2015.

Generation Companies	Energy Sold[1] (in GWh)			Revenue[1] (in Php million)		
	2013	2014	2015	2013	2014	2015
CPPC	164.5	140.2	158.6	1,801.3	1,703.6	1,465.5
Delta P	62.4	61.1	65.4	738.0	751.8	635.2
CEDC	1,477.4	1,493.8	1,619.1	7,688.0	8,037.1	8,108.5
AHPC[2]	0.1	0.9	0.1	0.4	4.3	0.2
NR[3]	241.2	262.6	247.8	943.3	1,331.0	805.7
1590 EC	175.6	213.6	189.6	2,593.0	3,207.7	1,991.5
CIPC[4]	0.1	6.8	18.5	1.0	121.8	249.6
VEC[3]	--	--	148.6	--	--	805.9

Notes:

1. *Figures are at 100%*
2. *AHPC's plant was damaged by Typhoon Sendong in 2011 and one (1) unit out of two (2) resumed operations in November 2013. The plant underwent complete rehabilitation during the period April 2014 to December 2015.*
3. *Through IPP Administration Agreements with PSALM.*
4. *CIPC's Busuanga Power Station and Coron Power Station commenced operations in December 2013 and August 2014, respectively.*

Cebu Private Power Corporation (CPPC)

Incorporated on July 13, 1994, CPPC owns and operates one of the largest diesel power plants in the island of Cebu – the ten (10) Caterpillar-Mak-powered seventy (70) MW Bunker C-fired power plant situated on a 1.8 hectare site in the old VECO compound at Bgy. Ermita, Cebu City.

Commissioned in 1998, the CPPC plant was constructed pursuant to a build-operate-transfer (BOT) contract to supply sixty-two (62) MW of power to VECO.

On April 20, 2007, Vivant acquired from East Asia Utilities Corporation 40% of the outstanding common shares of CPPC. The remaining 60% of the outstanding common shares was acquired by Aboitiz Power Corporation (AP).

In December 2010, CPPC started selling its excess capacity to the Wholesale Electricity Spot Market (WESM).

In July 2013, CPPC and VECO filed an application for a new ten (10)-year PSA with the ERC. Upon approval and implementation, the new agreement will redound to a slightly lower electricity rate for VECO.

Delta P, Inc. (DPI)

Established in 1997, DPI is an independent power producer in Palawan operating a sixteen (16)-MW bunker-fired power plant with four (4) units of four (4)-MW generator sets. In March 2007, Gigawatt Power Inc. (GPI) acquired the 100% interest of Wärtsilä Technology Oy Ab in DPI. In June 2007, GPI divested and sold a 20% equity stake in DPI to Vivant. Through wholly-owned subsidiary VEC, Vivant's equity stake increased to 35% in October 2007 through an additional share acquisition from GPI.

The power plant facility of DPI is located on a 25,981 sq.m. parcel of land leased from the City Government of Puerto Princesa at Kilometer 13, North National Highway, Barangay Santa Lourdes, Puerto Princesa, Palawan. Commercial operations started in May 1997 by virtue of a Lease Agreement with the National Power Corporation (NPC), which was scheduled to expire in April 2009. The power generated by the plant served the electricity requirements of the PALECO.

On February 6, 2009, DPI and PALECO signed a PSA for DPI to directly supply PALECO'S power requirements for the next ten (10) years. DPI and PALECO filed a joint petition with the Energy Regulatory Commission (ERC) for the approval of the PSA, which the latter granted on November 9, 2009.

In December 2015, after the successful conduct of a Competitive Selection Process by PALECO, DPI was declared as the winning proponent and awardee of the fifteen (15)–year Power Supply Agreement for a 26.65 MW Gross Dependable Capacity.

As of end-2015, VEC owned 50% of DPI. The increase in its shareholdings was effected after a Share Purchase Agreement was executed between VEC and GPI in May 2015.

Abovant Holdings, Inc. (Abovant) and Cebu Energy Development Corporation (CEDC)

Abovant was established in 2007 as a joint venture between Vivant and AP. The company's main purpose was to invest in a new power plant to be built in Barangay Daanlungsod, Toledo City, Cebu. Abovant is 40% owned by Vivant (currently through wholly-owned Vivant Integrated Generation Corporation) and 60% owned by AP (currently through wholly-owned Therma Power, Inc.).

Abovant and Global Formosa Holdings, Inc. (Global Formosa), a joint venture between Global Business Power Corporation of the Metrobank Group and Formosa Heavy Industries, Inc., formed CEDC in December 2008 to build, own and operate a $450 million (mn) 3 x 82-MW coal-fired power plant located in Toledo, Cebu utilizing the latest Circulating Fluidized Bed (CFB) technology. Commercial operations commenced in 2011. With Abovant's 44% stake in CEDC (Global Formosa owns the remaining 56%), Vivant's effective interest in CEDC is at 17.6%.

In October 2009, CEDC signed an Energy Power Purchase Agreement (EPPA) with VECO for the supply of one hundred five (105) MW of electricity for twenty-five (25) years. The application for approval was filed with the ERC in the same year and was approved in February 2010. To date, CEDC has signed other EPPAs with electric cooperatives and distribution utilities in Cebu and Bohol. The company's EPPAs will provide contracted minimum energy offtake with fuel cost as a pass-through.

Amlan Hydroelectric Power Corporation (AHPC)

AHPC is the owner and operator of a 0.8 MW run-of-river hydroelectric power plant in Amlan in the Province of Negros Oriental, approximately thirty-five (35) kilometers north of the provincial capital, Dumaguete City. Commissioned in 1962, it was the first power plant to be constructed in the Province of Negros Oriental. An agreement with PSALM was entered into for the purchase of the power plant in 2009. Total purchase price amounted to US$ 230,000.

In 2010, AHPC entered into a bilateral contract with Green Core Geothermal, Inc. (Green Core) that involves the purchase by Green Core of all the net energy output generated by the plant. The bilateral contract expired in December 2015.

In April 2014, AHPC implemented a rehabilitation program, which is expected to improve the plant's generating capacity by 50% to 1.2 MW. Wet commissioning commenced in December 2015, while rehabilitation program was completed marked by the plant handover in January 2016.

At present, Vivant has a beneficial ownership of 28.5% in AHPC, through its 60%-owned VICS-Amlan Holdings Corporation that has a 47.5% equity stake in AHPC.

Vivant-Sta. Clara Northern Renewables Generation Corporation (NR)

In 2009, NR submitted the highest offer in the competitive bid conducted by PSALM for the appointment of the IPP Administrator of the contracted capacities of the seventy (70)-MW Bakun hydroelectric power plant located in Alilem, Ilocos Sur and the thirty (30)-MW Benguet hydroelectric power plants located in Benguet, Cordillera Administrative Region. The offer by NR resulted in a bid price of US$145 mn, as calculated in accordance with the PSALM's bid rules.

Under the IPP Administration Agreement, NR will pay a series of monthly payments to PSALM for a period of sixteen (16) years until January 2026 in consideration for the right to trade/market the electricity generated by the plants, either through the WESM or bilateral contracts. After the expiry of said contract, the power stations will be transferred to NR, subject to its acceptance. PSALM exercised the right to divide and segregate the contracted capacities of Bakun and Benguet in the latter part of 2010.

By virtue of the segregation done by PSALM, NR assumed the responsibility of selling only the Bakun plant's contracted capacity. The Bakun plant is located within the 13,213 hectare watershed area of the Bakun river in Ilocos Sur province in Northern Luzon, which taps the flow of the Bakun river to provide the plant with its generating power. The plant was constructed under the government's BOT scheme and is currently owned and being operated by Luzon Hydro Corporation (LHC).

As of end-2015, VEC effectively owned approximately 48% of NR.

1590 Energy Corp. (1590 EC)

In March 2010, a Memorandum of Agreement (MOA) was entered into between the PGLU, VEC and GPI wherein the parties agreed to enter into a Sale and Purchase Agreement (SPA) giving VEC and GPI exclusive right to purchase the Bauang diesel-fired power plant (Bauang plant) owned by the PGLU until July 25, 2010.

On July 22, 2010, the MOA was amended granting VEC and GPI the right to an interim management and operation of the Bauang diesel-fired power plant and an extension of the SPA for six (6) months or until January 26, 2011. Hence, VEC and GPI incorporated 1590 EC in July 2010 to undertake all the rights, interests and obligations under the Interim Agreement. On September 10, 2010, VEC and GPI with the conformity of PGLU transferred all their rights, interests and obligations under the Interim Agreement to 1590 EC.

In December 2010, 1590 EC formally signified its intent to purchase the diesel power plant, thus, a Contract to Sell (CTS) was executed between 1590 EC and the PGLU, the closing of which was subject to certain conditions.

In May 2012, a Mutual Rescission Agreement (MRA) was entered into by 1590 EC and the PGLU, thus terminating the CTS. Simultaneously, a MOA was executed by both parties giving 1590 EC the right to preserve, maintain and operate, including the right to use and sell the power generated by the Bauang plant for a period of one year. In 2013, 1590 EC and the PGLU entered into an agreement to extend the term of the MOA up to end-2015. In February 2015, the parties executed a Second Amendment to the MOA extending the term of the MOA up to end-2018.

VEC has a 52.7% equity stake in 1590 EC.

Vivant Malogo Hydropower, Inc. (VMHI)

VMHI was incorporated in June 2012 as the project company to implement a greenfield power plant project, which will involve the construction and operation of a series of run-of-river hydropower facility in Barangay Kapitan Ramon in Silay City, which is located in the northwestern section of the Negros island. VMHI will implement the project in phases, where Phase 1 will involve the construction and operation of a six (6) MW power plant facility along the Malogo river. The company is in the process of finalizing the detailed engineering plans of the facility. Once done, construction will commence and is estimated to be completed after 22 to 24 months.

As of end-2015, VEC holds an equity stake of 67% in VMHI.

Calamian Islands Power Corporation (CIPC)

CIPC was established in October 2010 as the project company to undertake the construction and operation of the eight (8) MW bunker- and seven hundred fifty (750) kW diesel-fired power plants in the municipalities of Coron and Busuanga, respectively. In August 2011, CIPC entered into a fifteen (15)-year PSA with Busuanga Island Electric Cooperative covering the total capacity of the project. CIPC broke ground in April 2013. The Busuanga power station started feeding into the island's grid in the fourth quarter of 2013, while the Coron power station commenced power generation in August 2014.

VEC has an equity stake of 50% in CIPC.

Minergy Power Corporation (MPC)

MPC, formerly known as MCC, is the project company that was set up by Minergy to build, own and operate a 3x55 MW coal-fired power plant in Balingasag, Misamis Oriental. Construction commenced in the first quarter of 2014. The plant is expected to feed into the franchise area of CEPALCO, which covers the City of Cagayan de Oro and adjoining towns, by 2017.

In May 2014, a Subscription Agreement between VIGC and MPC was executed which allows VIGC to subscribe to 40% of all issued capital and shares of MPC.

Therma Visayas, Inc. (TVI)

TVI is the project company that will build, own and operate the 2x150 MW coal-fired power plant in Barangay Bato, 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 May 2014, TVI signed an Engineering, Procurement and Construction (EPC) contract with Hyundai Engineering Co., Ltd. And Galing Power Energy Co., Inc.

An agreement was executed in August 2014 between VIGC and Therma Power, Inc. (TPI), which allowed VIGC to acquire a twenty percent (20%) equity stake in TVI. TPI, a wholly owned subsidiary of Aboitiz Power, is the parent company of TVI.

In March 2015, the Notice to Proceed for all EPC activities was issued. The first unit is expected to be connected to the grid by end 2017, with the second following three months thereafter.

Future Projects

The Company continuously looks for opportunities in the power generation business, whether 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.

Notwithstanding the review and evaluation process undertaken, the Company cannot give the assurance that a project, if implemented, will be successful. There is no assurance that the Company will eventually develop a particular project in the manner planned or at or below the cost estimated by the Company.

Electric Power Distribution

In addition to investments in the power generation sector, the Company has investments, both direct and indirect, in VECO, the second largest privately-owned distribution utility in the Philippines in terms of customers and annual GWh sales. As of end-2015, Vivant has a beneficial ownership in VECO of roughly 35%.

Visayan Electric Company (VECO)

VECO, through its predecessor, has been in the distribution business since the early 1900s. It is an electric distribution utility engaged in the conveyance, distribution and sale of electric power pursuant to its legislative franchise, Republic Act No. 9339, and serves the electrical needs of four cities (Cebu, Mandaue, Talisay and Naga), and four municipalities (Consolacion, Liloan, Minglanilla, and San Fernando), all located in the Province of Cebu. Its franchise was granted by the Congress of the Philippines and is due to expire in 2030. VECO's service coverage is about six hundred seventy-two (672) square kilometers serving close to 395,689 customers with a peak demand of four hundred seventy-five (475) MW and electricity sales of 2,586 GWh in 2015.

The table below summarizes the key operating statistics of VECO for 2015 and the past two (2) years.

	Electricity Sold (MWh)	Peak Demand (MW)	# of Customers
2013	2,417,353	433	366,606
2014	2,527,846	459	380,851
2015	2,585,704	475	395,689

VECO is among the distribution utilities included in the third group (Group C) of private utilities to shift to Performance Based Regulation (PBR). The ERC issued its final determination on VECO's application for approval of its annual revenue requirements and performance incentive scheme under the PBR for the regulatory period July 1, 2010 to June 30, 2014.

VECO was scheduled to undergo the PBR reset process in the first quarter of 2014. However, the company was not able to do so given that the ERC has since put on hold all PBR reset processes. As such, VECO continued to apply the rates approved for the last year of the first regulatory period until such time it is able to undergo the ERC-mandated reset process.

Retail Electricity Supply Business

One of the objectives of the EPIRA law is to ensure the competitive supply of electricity at the retail level. With the implementation of the Open Access and Retail Competition (Open Access), large-scale customers will be allowed to source electricity from Retail Electricity Suppliers (RES) licensed by the ERC.

Vivant has prepared its organization for the Open Access with the establishment of two (2) RES companies.

Prism Energy, Inc. (Prism Energy)

Prism Energy was incorporated in March 2009, as a joint venture between Vivant (40%) and AP (60%). The company obtained its five-year RES license in May 2012. Prism Energy is seen to service the requirements of the contestable customers in the Visayas region.

Corenergy, Inc. (Corenergy)

Corenergy is a wholly owned subsidiary of Vivant that applied for a RES license in March 2013. However, ERC issued a resolution that held in abeyance the evaluation of the RES license applications and suspended the issuance of such licenses until such time that the amendments to the Rules for the issuance has been made by the ERC to promote competition and protect customers' interest. ERC shall conduct a market analysis, which will determine the readiness of the market for the full implementation of Open Access.

(ii) Sales

The table below sets forth comparative figures for revenue, profitability and assets.

(in Php mn)	2013	2014	2015
Gross Income	3,610.8[(a) (e)]	4,508.1[(c) (e)]	4,015.9
Operating Income	1,545.2[(b) (e)]	1,994.6[(d) (e)]	1,347.9
Total Assets	8,733.7	12,457.4	13,689.9

[(a)] *Reported as Php 3,617.3 mn in last year's SEC 17A*
[(b)] *Reported as Php 1,551.6 mn in last year's SEC 17A*
[(c)] *Reported as Php 4,519.5 mn in last year's SEC 17A*
[(d)] *Reported as Php 2,006.0 mn in last year's SEC 17A*
[(e)] *These changes are due to the reclassification of Other Income from Revenues to the Other Income (Charges) grouping.*

The operations of Vivant, its subsidiaries and associates are based only in the Philippines.

Revenue contribution by business grouping is as follows:

	2013		2014		2015	
	Php mn	%-tot	Php mn	%-tot	Php mn	%-tot
Power Generation	2,927.2	81	3,904.3	87	3,324.7	83
Power Distribution	650.1	18	553.1	12	631.5	15
Others	33.6[(a)(e)]	1	50.7[(c)(e)]	1	59.7	2
Total	3,610.8[(b)(e)]	100	4,508.1[(d)(e)]	100	4,015.9	100

[(a)] *Reported as Php 40.0 mn in last year's SEC 17A*
[(b)] *Reported as Php 3,617.3 mn in last year's SEC 17A*
[(c)] *Reported as Php 62.1 mn in last year's SEC 17A*
[(d)] *Reported as Php 4,519.5 mn in last year's SEC 17A*
[(e)] *These changes are due to the reclassification of Other Income from Revenues to the Other Income (Charges) grouping.*

(iii) Distribution Methods of Products and Services

The generation companies sell their electricity either through the WESM or through bilateral power supply agreements with private distribution utilities, cooperatives and other large end-users.

Most of the generation companies have transmission service agreements with the National Grid Corporation of the Philippines (NGCP) for the transmission of electricity to the designated delivery points of their customers. Some have built their own transmission lines to directly connect to their customers.

The distribution company has an exclusive distribution franchise in the area where it operates. It has its own distribution network consisting of an extensive network of predominantly overhead lines and substations. An agreement with NGCP is likewise entered into to facilitate the use of NGCP's transmission facilities to receive power from its IPPs, NPC and/or PSALM for distribution to its respective customers.

(iv) New Products and Services

Neither Vivant, nor its subsidiaries and associates, have any publicly-announced new product or service to date, apart from the ongoing greenfield and/or rehabilitation projects being undertaken.

(v) Competition

Generation Business

Vivant, through the facilities of its power generation subsidiaries and associates located in Luzon and Visayas, faces competition from other power generation plants that supply electricity to the Luzon and Visayas Grids. Given the privatization of NPC-owned power generation facilities, the Company has to contend with local and multinational IPPs for signing power supply agreements and offering power supply through the WESM.

Another source of competition would be the onset of RES operations as a result of the retail competition brought about by the implementation of Open Access. It is expected that both foreign and Filipino-owned generation companies will set up their respective RES business to tap the contestable customers (large end-users). Further competition can be brought about by entities that can establish RES operations by acting as demand aggregators.

Competition in the development of new power generation facilities, the acquisition of existing power plants and financing these undertakings could also be expected. Given the robust performance of the industry in the last couple of years, coupled with the strong showing of the Philippine economy, many investors have been attracted to participate and explore opportunities in the development of electric power generation projects, both in the renewable and non-renewable energy spectrum.

Distribution Business

VECO has an exclusive franchise to distribute electricity in the area covered by its franchise.

Under Philippine law, the franchise of any distribution utility may be renewed by the Congress of the Philippines, provided that requirements relating to the rendering of public services are met. VECO intends to apply for the extension of its franchise upon its expiry. Competition or opposition from third parties may arise while the application for the extension of its franchise is underway. However, under the Philippine law, a party wishing to secure a franchise to distribute electricity must first obtain from the ERC a Certificate of Public Convenience and Necessity and shall prove that such party has the technical and financial capability to operate a distribution franchise. Ultimately, it is the Philippine Congress that has absolute discretion in determining whether to issue new franchises or renew existing franchises.

(vi) Sources of Raw Materials and Supplies

Generation Business

The Company's hydroelectric power generation plants harness the kinetic energy from the flow of water on rivers to generate electricity. These hydroelectric companies possess water permits issued by the National Water Resources Board (NWRB), which allow them to utilize a certain volume of water from the applicable source of water flow to generate energy.

In the case of the fossil-fired power generation plants, fuel supply contracts with various suppliers have been entered into. Oil-fired plants have existing medium-term (2-5 years) contracts with local large oil companies and fuel distributors. The coal plant sources its fuel requirements via a combination of long-term supply contracts with various suppliers and the WESM.

Distribution Business

VECO secured bulk of its electricity requirements by entering into bilateral agreements with various IPPs. These agreements are governed by the ERC regulations. Under current rules, VECO is allowed to purchase up to 90% of its total electricity requirements via bilateral contracts.

Below are the power purchase agreements for VECO.

Supplier	Contract Demand	Start Date	Expiry Date
CEDC	105 MW	Mar 2011	Feb 2036
CEDC	16 MW	May 2014	Mar 2017
CEDC	30 MW	Mar 2015	Aug 2015
CEDC	20 MW	Aug 2015	Mar 2019
Greencore	60 MW	Jan 2011	Dec 2024
Greencore	15 MW	Jan 2012	Dec 2016
Greencore	15 MW	Feb 2013	Dec 2016
CPPC	61.72 MW	Old PSA has been extended pending ERC approval of new PSA. New PSA will be 10 years from date of ERC approval.	
AES (UL)	40 MW	Jan 2015	July 2021
VEC (UL)	17 MW	Jan 2015	July 2021
1590 EC	30 MW	Apr 2015	Jun 2015
SLPGC	50 MW	Jan 2016	Jun 2018

To meet the future supply requirement of its franchise area, VECO entered into a fifteen (15)-year power supply contract with TVI involving the supply of 150 MW. This should be available to service VECO's long-term capacity requirement starting 2018.

(vii) Major Customers

The bulk of the total attributable electricity generated by Vivant, through its subsidiaries and associates, are sold to private distribution utilities, electric cooperatives, RES and some large industrial users via bilateral agreements. The balance is sold through the WESM. For the year 2015, Vivant had a 82:18 sales mix that was in favor of energy sales covered by sale contracts.

Vivant's distribution business, on the other hand, has a wide and diverse customer base. The distribution utility's customers are categorized as follows:

- **Industrial customers**: consist of large-scale consumers of electricity within a franchise area, such as factories, plantations and shopping malls.

- **Residential customers**: consist of structures utilized for residential purposes

- **Commercial customers**: include service-oriented businesses, universities and hospitals

- **Other customers**: include streetlights

(viii) Transactions With and/or Dependence on Related Parties

Vivant and its subsidiaries and associates, in their regular conduct of business, have entered into related party transactions where Vivant, as parent company, provides two (2) types of professional services: (1) strategic and technical and (2) corporate center services.

Functions covered would include regulatory, sales and marketing, technical operations, business development, corporate finance, corporate management systems, legal and human resources among others. These services are rendered by Vivant to allow efficient transfer of business and technical expertise, thus improving cost efficiencies and synergies. Vivant houses a pool of highly qualified professionals with business expertise relating to the business of the Vivant Group. Service Level Agreements are in place to ensure the quality of service and competitive pricing.

Aside from the abovementioned, below are other services provided to and/or transactions entered into by Vivant with related parties in 2015.

- Vivant issued corporate guarantees for the following transactions:

    - Application for and the issuance of a domestic Standby Letter of Credit (SBLC) in behalf of an investee company relating to its debt service for its long term project loan;
    - Application for and issuance of performance bonds by a subsidiary in connection with its hydropower service contracts;
    - Application for and the issuance of a domestic SBLC by a subsidiary to serve as guarantee for its equity infusion into an investee company that is constructing a three hundred (300)-MW coal fired power generation plant in Toledo City, Cebu; and

- Foreign exchange hedging transaction entered into by an investee company that is constructing a three hundred (300)-MW coal fired power generation plant in Toledo City, Cebu.

- Vivant applied for the issuance of a domestic SBLC to serve as guarantee for the equity infusion by one of its subsidiaries into an investee company that is constructing a three hundred (300)-MW coal fired power plant in Toledo City, Cebu.

- Vivant has an outstanding lease agreement with a certain associate involving rental of its commercial office space.

(ix) Government Approvals, Patents, Copyrights, Franchises

Generation Business

Under the EPIRA, the power generation business is not considered a public utility operation. However, there are standards, requirements and other terms and conditions set by the ERC that each existing and potential generation company should comply with. Once met, the ERC will issue a Certificate of Compliance (COC) that will allow the operation of the power generation facilities. A COC is valid for a period of five (5) years from the date of issuance.

Hydroelectric power generation facilities, on the other hand, are required to obtain water permits from the NWRB. Said permit would indicate the approved water source and allowable volume of water that can be used by these facilities in generating power. The water permits do not have expiry dates and are usually not terminated as long as the holder of the permit is able to meet the terms indicated.

A generation company that operates a facility connected to the Grid must make sure that the technical design and operational criteria of the Philippine Grid Code and Philippine Distribution Code are met.

Power purchase agreements signed with both private distribution utilities and electric cooperatives are required to be evaluated and approved by the ERC.

Vivant and its subsidiaries and associates involved in the generation business have no pending applications for the registration of intellectual property rights for any trademark associated with its and its subsidiaries' and associates' corporate names and logos.

Distribution Business

Electricity distribution is a regulated public utility business under the EPIRA. It requires a franchise that can be granted only by the Congress of the Philippines. A Certificate of Public Convenience and Necessity from the ERC is also needed to operate a public utility.

VECO's franchise is set to expire in 2030.

Given that the cost of purchased power is allowed to be passed on to the end-users, all power purchase agreements signed with power generation companies are required to be evaluated and approved by the ERC.

VECO has no pending application for the registration of intellectual property rights for any trademark associated with its corporate name and logo.

Supply Business

With the implementation of the Open Access, the business of supplying electricity is not considered as a public utility operation under the EPIRA. However, proprietors of this business are required to obtain a license from the ERC in accordance with the ERC's rules and regulations. Vivant has two RES companies:

- Prism Energy, which is 40%-owned by Vivant, was awarded its license in May 2012.
- Corenergy, which is a wholly-owned subsidiary, is currently in the process of applying for a license.

(x) Effect of Existing or Probable Governmental Regulations

Given the changing landscape of the power industry brought about by the enactment of the EPIRA law in 2001, the following have had, will have or may have considerable impact on Vivant's businesses:

Wholesale Electricity Spot Market (WESM)

The WESM is a spot market for the buying and selling of electricity. This was established to enable competition to influence the production and consumption of electricity. The mechanism in place allows market forces to determine prices.

The WESM provides another option for power generation companies that have no bilateral contracts on how to sell the energy generated by their power plants. Likewise, the WESM serves as a platform for distribution utilities, suppliers and wholesale consumers to purchase electricity even without a bilateral contract.

In December 2013, an amended Joint Resolution No. 2 was issued by DOE, ERC and PEMC adjusting the WESM Offer Price Cap from Php 62,000 per MWh to Php 32,000 per MWh. This price cap is provisional and shall be subject to public consultations and review by the WESM Tripartite Committee.

In May 2014, ERC issued Resolution No. 8, Series of 2014, to implement an interim secondary price cap of Php 6,245 per MWh, which will be imposed when the rolling average market price over a 72-hour period (3 days) equal to or exceed Php 8,186 per MWh. In December 2014, this was adopted as a permanent pre-emptive mitigating measure where imposition of such will be triggered when the rolling average market price over a 168-hour period (or 7 days) equal to or exceed Php 9,000 per MWh. A Petition for Declaratory Relief with Application for Temporary Restraining Order and Writ of Preliminary Injunction has been filed by the Philippine Independent Power Producers Association, Inc. with the Regional Trial Court of Pasig on the ground that the resolutions made by ERC are invalid and void. The Regional Trial Court of Pasig denied the Application for Temporary Restraining Order. On November 6, 2014, PIPPA withdrew its application for the issuance of a Writ of Preliminary Injunction and submitted the case for decision.

Retail Competition and Open Access (RCOA)

Under the EPIRA, a system of open access to transmission and distribution wires will be implemented once conditions for the commencement of such are met. These conditions are as follows:

- Establishment of WESM
- Approval of unbundled transmission and distribution wheeling charges

- Initial implementation of the cross subsidy removal scheme
- Privatization of at least 70% of the total capacity of generating assets owned by NPC in Luzon and Visayas
- Transfer of management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPPAs

Implementation of the Open Access will allow end-users with an average monthly peak demand of one (1) MW for the twelve (12) months preceding to choose their own electricity suppliers.

The implementation of Open Access may result to various contracts entered into by distribution utilities being “stranded.” Stranded contract costs refer to the difference between the contracted costs of electricity and the actual selling price of the contracted energy.

In 2012, the ERC, together with the Department of Energy and the Philippine Electricity Market Corporation (PEMC), formulated the Transitory Rules for the initial implementation of Open Access. Said rules were finalized and issued by the ERC in December 2012, where the following were declared: December 26, 2012 as the Open Access Date; (2) the period December 26, 2012 to June 25, 2013 as the Transition Period during which the required systems and processes to implement the Open Access will be developed and put in place and registration of contestable customers and retail electricity suppliers into the WESM database; and (3) June 26, 2013 to December 25, 2013 as the initial commercial operation of Open Access. Full retail competition is supposed to be implemented starting December 26, 2013. PEMC was tasked to be the Central Registration Body, which will undertake the development and management of the systems and processes and the settlement of transactions in the WESM relating to the Open Access.

The Open Access only relates to the Luzon and Visayas markets. Mindanao has yet to establish a competitive environment before Open Access is implemented. To be able to do, same conditions discussed will apply. However, an Interim Mindanao Electricity Market was established in January 2013 to address the supply shortage in Mindanao. It was implemented in December 2013, albeit, was suspended after three months given the lack of systems and processes to support the operations.

In December 2013, the ERC released the amended licensing regulations for RES. Revisions are as follows:

- Deferment of issuances of licenses to generating companies, IPPA and affiliates of distribution utilities will be made during a transition period or until the ERC deems appropriate in light of market conditions
- Evaluation of application shall consider the grid limitations imposed on the total capacity of any affiliate generation company, including the contracted capacity of the RES
- RES’ supply to an affiliate end-user/s shall be limited to up to 50% of the RES’ capacity
- Supply by a generation company to an affiliate RES shall be limited to up to 50% of the generation requirements of said RES

A petition has been filed by the Retail Electricity Suppliers Association of the Philippines, Inc. with the Regional Trial Court of Pasig City for declaratory relief with an urgent application for an injunction on the ground that the revised rules are unconstitutional and invalid.

The Renewable Energy Act of 2008 (RE Act / RE Law)

The RE Act was signed into law in December 2008 and became effective in January 2009.

The RE Act was designed to promote and develop the use of the country's renewable energy resources with the intention of reducing the country's dependence on fossil fuels and improving the overall condition of the environment.

The RE Act offers fiscal and non-fiscal incentives to RE developers, subject to a certification issued by the DOE, in consultation with the Board of Investments. These incentives include:

- Income tax holiday for the first seven years of commercial operations
- Duty-free importation of RE machinery, equipment and materials effective within ten years upon issuance of certification, provided said machinery, equipment and materials are directly, exclusively and actually used in RE facilities
- Special realty tax rates on equipment and machinery not exceeding 1.5% of the net book value
- Net operating loss carry over (NOLCO)
- Corporate tax rate of 10% after the 7th year
- Accelerated depreciation
- Zero percent value-added tax on sale of fuel or power generated from emerging energy sources and purchases of local supply of goods, properties and services of RE facilities
- Cash incentives for RE developers for missionary electrification
- Tax exemption on carbon emission credits
- Tax credit on domestic capital requirement and services

All fiscal incentives apply to all RE capacities upon effectivity of the RE Law.

Electricity generated from intermittent RE resources such as wind, solar, ocean, run-of-river hydropower and biomass are considered as 'must dispatch' based on available energy and shall be given priority dispatch.

In a resolution issued in 2012, the ERC adopted the following feed-in-tariff (FIT) for emerging RE resources, namely, wind, solar, run-of-river hydropower and biomass, and corresponding degression rates.

	FIT Rate (Php/kWh)	**Degression Rate**
Wind	8.53	0.5% after 2nd year of FIT effectivity
Solar	9.68	6% after 1st year of FIT effectivity
Run-of-river hydro	5.90	0.5% after 2nd year of FIT effectivity
Biomass	6.63	0.5% after 2nd year of FIT effectivity

The National Renewable Energy Board is in the process of preparing the Renewable Portfolio Standards, which shall provide electricity suppliers the implementing rules and guidelines on the portion of their electricity requirements to be sourced from eligible RE resources.

The net metering program for RE was issued by the ERC in 2013, which is designed to, among others, encourage end-users to participate in the RE generation. The distribution utilities are required to enter into a net metering agreement with an end-user with installed RE system, subject to technical considerations.

The guidelines for the collection of the FIT-Allowance (FIT-All) and the disbursement of the FIT-All Fund by Transco were issued by the ERC in early 2014. The FIT-All is a uniform charge that will be collected from end-users by distribution utilities and RES entities. This will comprise the FIT-All Fund, whereby Transco serves as Administrator. The FIT-All Fund is for the guaranteed payment of the FIT for actual energy delivered by RE generators. In an order dated October 10, 2014 ERC Case No. 2014-

109RC, the commission issued a provisional approval for the applied FIT-All of Php 0.0406 per kWh filed by Transco. Collection from end-users shall commence starting January 2015.

Reduction in Systems Loss

The ERC issued Resolution No. 17, Series of 2008, which involves the reduction in the allowed recoverable systems losses of distribution utilities from 9.5% to 8.5%. This was implemented in January 2010.

Under the new regulations, the actual electricity usage of the distribution company will be treated as an O&M expense in its PBR applications.

Competitive Selection Process

In June 2015, the DOE issued Department Circular No. DC2015-06-008 mandating all distribution utilities to undergo a Competitive Selection Process (CSP) in securing PSAs, through a Third Party expert duly recognized by the DOE and ERC. Under the circular, the CSPs for the procurement of PSAs shall observe the aggregation for the un-contracted demand of the distribution utilities and shall be conducted annually. The terms and conditions of the PSAs shall be in accordance with the template PSA to be issued by the ERC in coordination with the DOE. The ERC and DOE were given one hundred twenty (120) days from the effectivity of the circular to issue the implementing guidelines and procedures for the circular.

In September 2015, the DOE together with the ERC posted for comments the first draft of the implementing guidelines of Department Circular No. DC2015-06-008. After conducting public hearing and receiving opposition from industry stakeholders, the ERC and DOE deferred issuing a decision on the mandatory implementation of the CSP.

Pending the issuance by the ERC of a prescribed CSP, the ERC issued in October 2015 Resolution No. 13 (CSP Resolution) directing all distribution utilities to conduct CSP in the procurement of their supply to the captive market. In the Resolution, a CSP is deemed successful if the distribution utility receives at least two (2) qualified bids. Direct negotiation may be conducted after at least two (2) failed CSPs.

In ERC Resolution No. 1, Series of 2015 dated 15 March 2016, the ERC restated the effectivity of the CSP Resolution to be April 30, 2016.

(xi) Estimate of Amount Spent for Research and Developmental Activities

Vivant has not allocated any specific amount of funds for research and developmental activities. Research and development activities are done on a per project basis and allocation of funds may vary depending on the nature of the project.

(xii) Costs and Effect of Compliance with Environmental Laws

Vivant’s generation and distribution business units are subject to extensive and stringent safety, health and environmental laws and regulations. The Company’s subsidiaries and associates have incurred, and expect to incur, operating costs to comply with these laws and regulations. Annual capital expenditures relating to the compliance with safety, health and environmental laws and regulations are expected to be made by Vivant’s subsidiaries and associates.

(xiii) Employees

At the parent company level, Vivant has a total of seventy (70) employees as of December 31, 2015, composed of executive, supervisory and rank-and-file staff. The table below provides a breakdown of the total employee headcount.

	Headcount
Executive	10
Supervisors	20
Rank & File	40
Total	**70**

The Company has no collective bargaining agreement with its employees.

(xiv) Major Risks Involved in the Business

Below is a brief discussion on the risks that Vivant, through its subsidiaries and associates, might encounter in the businesses in which it is involved. Certain risks, however, are inherent to the nature of the business that are beyond Vivant's or its subsidiary's or associate's control.

Competition Risk

The competition landscape in the power generation business has continually evolved since the government started its privatization efforts under the EPIRA law. The following are significant developments:

- Over 70% of NPC's generation assets and IPP contracts have been transferred to the private sector.
- The WESM in the Luzon and Visayas Grids are operational, with Mindanao to follow suit in the coming years.
- Investments in greenfield and brownfield projects are starting to pour in
- Implementation of the Open Access and Retail Competition

All these have or will have an impact on the availability of and access to power (reliability of plants seen improving and entry of new capacities and new suppliers), which may ultimately influence pricing of electricity.

Regulatory Risk

The continuing scrutiny of both the regulators and the public has led to the growing challenges faced by the power industry. In its effort to manage any potential fundamental changes in the business environment, Vivant has established good working relations with the regulatory agencies. The Company actively participates in the formulation of new rules and policies covering the power industry. In anticipation of possible changes in the regulatory environment, the Company incorporates these in the formulation of its long-term strategy for its businesses.

Trading Risk

Spot market price of electricity is determined by several market forces, which are mostly beyond the control of the Company. Unforeseen plant outages, transmission constraints, and movement in fuel prices are among the factors that affect the supply condition in the power industry. Weather conditions and economic activities influence the demand patterns in the electricity market. All these have caused and are expected to cause fluctuations in the spot market price of electricity. Vivant intends to mitigate this risk by maintaining a good balance of contracted and spot capacities for its generation portfolio.

Fuel Supply Risk

Vivant's fossil-fired generation plants have entered into fuel supply contracts to ensure supply. Pricing, however, is subject to market conditions affecting both demand and supply.

Delta P, CPPC, 1590 EC and CIPC have entered into medium term (2-5 years) contracts with large oil companies and fuel distributors in the Philippines. CEDC, in the meantime, has long-term contracts with various coal suppliers.

Delta P, CPPC, CIPC and CEDC have entered into bilateral contracts that employ a tariff formula allowing recovery of fuel cost. 1590 EC has likewise signed a short-term power supply agreement with a fuel cost recovery mechanism in place.

Financial Risk

In the course of normal operations, Vivant, together with its subsidiaries and associates, is exposed to financial risks, including, but not limited to, interest rates that may have an impact on outstanding liabilities, counterparty credit risk, valuation of securities and investments, trade and other receivables, liquidity risk in terms of cash management and foreign exchange risk that may have an impact on outstanding foreign currency denominated placements and liabilities.

Business Interruption Risk

Interruption of normal operations brought about by natural calamities, major equipment failures, plant accidents and terrorism are just a few of the serious risks faced by the Company, through its subsidiaries and associates.

For risks that can be mitigated by the Company, particularly those that are plant operations-related, Vivant, through its subsidiaries and associates, implements a regular preventive maintenance program in all of its facilities. In relation to its risk management process, the Company's operating units that could procure business interruption insurance to cover the potential loss in gross profits in the event of a major damage to any of the facilities have done so.

Project Risk

Vivant, through its subsidiaries and associates, has projects in the pipeline, involving greenfield and brownfield power plant development projects. Inherent to these projects are risks involving the completion of these projects according to specifications, budget and set timelines.

To ensure the successful implementation of these projects, Vivant, through its subsidiaries and associates, is partnering with well-known contractors and suppliers with good track record in the industry. Project monitoring activities are likewise employed to assure adherence to standards, budget and set timelines.

Item 2. Properties

Vivant's head office is located at Unit 907-908 Ayala Life-FGU Center, Mindanao Ave., cor. Biliran Road, Cebu Business Park, Barangay Luz, Cebu City.

On a consolidated basis, the Company's 2015 total Property, Plant and Equipment were valued at Php 916.5 mn as compared to Php 760.8 mn for 2014. The breakdown is as follows:

Property, Plant and Equipment as of December 31, 2015 and 2014

	2014 (Php mn)	**2015 (Php mn)**
Condominium Units, Building, and Improvements	16.6	29.4
Plant Machineries & Equipment	699.4[(a)]	842.8
Leasehold & Land Improvements	16.1	11.5
Other Furniture, Fixtures, & Equipment	11.0	12.2
Transportation Equipment	17.5	18.4
Tools & Other Assets	0.2	2.2
Construction in Progress	685.4	620.7
TOTAL	**760.8**	**916.5**

[(a)] Reported as Php 14.0 mn in last year's SEC 17A. Construction in Progress now lodged in this account.

Item 3. Legal Proceedings

Material Pending Legal Proceedings

I. VECO

In The Matter of the Assessed Real Property Tax on Electric Posts And Transformers Located Within Talisay City Local Board of Assessment Appeals-Talisay City December 30, 2003

On October 29, 2003, the Local Board of Assessment Appeals (LBAA) of Talisay City, Cebu issued a Notice of Assessment and Tax Bill (for Tax Declaration Nos. 68006 to 68065) against VECO representing Php 10.5 mn of real property tax on VECO's electrical posts and transformers within Talisay City. In 2004, the assessment was increased to Php 16.9 mn, and Php 17.5 mn in 2005. In 2003, VECO paid under protest the amount of Php 2 mn. This matter is currently pending before the LBAA of Talisay City.

In the Matter of The Assessed Real Property Tax on Electric Posts and Transformers Located Within the Municipalities of Minglanilla, Consolacion, and Lilo-an, Province of Cebu Local Board of Assessment Appeals – Province of Cebu

On July 25, 2008, the Provincial Assessor of the Province of Cebu issued a Notice of Assessment for the electric posts and transformers owned by VECO located in the Municipalities of Minglanilla, Consolacion, and Lilo-an. The Provincial Assessor, motu proprio, declared for tax purposes as real properties the electric posts and transformers for the first time under Tax Declaration Nos. 39178 to 39193 (for Minglanilla), 39135 to 39166 (for Consolacion) and 54445 to 54458 (for Lilo-an). VECO received a letter from the Provincial Treasurer on August 27, 2008, which demanded payment of about Php 32 mn as real property tax from 1992 to 2008, including penalties, for the supposed real properties within Minglanilla, Consolacion, and Lilo-an.

On September 23, 2008, VECO filed a Notice of Appeal and Memorandum of Appeal before the LBAA of the Province of Cebu questioning the demand letter and refuting the assessment. The LBAA did not act on the Appeal. Thus, so as not to preclude any waiver of the inaction by the LBAA of the Province of Cebu on the Appeal for several years, on December 16, 2014, VECO elevated the appeal and filed its Notice of Appeal and Memorandum of Appeal with the Central Board of Assessment Appeals (CBAA), Visayas Field Office, Cebu City. The Appeal is still pending resolution.

II. 1590 EC

SC G.R. No. 210245
Bayan Muna Representatives NERIC JAVIER COLMENARES, et al., vs. Energy Regulatory Commission, et al.

SC G.R. No. 201255
National Association of Electricity Consumers for Reforms, et al. vs. Manila Electric Company, et al.

SC G.R. No. 210502
Manila Electric Company vs. Philippine Electricity Market Corporation, et al.

On December 19 and 20, 2013, two (2) separate Petitions were filed by Bayan Muna Representatives and National Association of Electricity Consumers for Reforms (NASECORE) against the Energy Regulatory Commission and Manila Electric Company (MERALCO), et al. to enjoin MERALCO from implementing its power rate increase that was approved by the Energy Regulatory Commission (ERC) and to hold certain provisions of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), as unconstitutional. As a result of the Petitions, the Supreme Court en banc ordered several generation companies to be included as additional parties-respondents to the cases, including 1590 Energy Corp., its power rate increases approved by the ERC. Oral Arguments were conducted and the relevant legal pleadings were submitted to the Supreme Court. The Petitions are pending resolutions by the Supreme Court.

C.A. G.R. No. 138105
Petition for Review With Application for Injunction and Temporary Restraining Order
1590 Energy Corporation vs. Energy Regulatory Commission And Philippine Electricity Market Corporation

As a result of the denial of the Motion for Reconsideration by the ERC in ERC Case No. 2014-021 MC[10], on December 10, 2014, 1590 EC filed a Petition for Review with Application for Injunction and Temporary Restraining Order with the Court of Appeals requesting for (a) the issuance of a Temporary Restraining Order and Writ of Preliminary Injunction enjoining ERC and PEMC from implementing all orders, decisions, and resolutions in ERC Case No. 2014-021 MC which voided the November and December 2013 market prices and substituting regulated pricing therefor, (b) the reversal of the Order of the ERC in ERC Case No. 2014-021 MC, and (c) the reinstatement of the November and December 2013 WESM market prices. The Petition is still pending.

ERC Case No. 2014-001 MC
In the Matter of The Investigations On The Allegations of Anti-Competitive Behavior and Possible Abuse of Market Power Committed By Some Participants In The Wholesale Electricity Spot Market (WESM)

[10] Under ERC Case No. 2014-021 MC (In The Matter of the Prices in the Wholesale Electricity Spot Market (WESM) For the Supply Months of November and December 2013 and the Exercise By the Commission of its Regulatory Powers to Intervene and Direct the Imposition of Regulated Prices Therein), the ERC *motu proprio* rendered an Order dated 6 March 2014 voiding the Wholesale Electricity Spot Market (WESM) prices for the supply months of November and December 2013 and in lieu thereof, substituting regulated prices. The Order came after the ERC formed an Investigating Unit to investigate the unusual increase in WESM prices and the simultaneous withholding of capacity by electric power generators during the supply months of November and December 2013. 1590 EC filed its Motion for Reconsideration to the Order on March 28, 2014. In an Order dated October 15, 2014, the ERC denied the Motion for Reconsideration.

The ERC, acting motu proprio, issued a subpoena duces tecum and ad testificandum dated February 12, 2014, against 1590 EC for its representative to appear before an investigating body of the ERC and submit documents relating to its offers to the WESM. This investigation was in relation to the surge in WESM market prices that is the subject of SC G.R. No. 210245, SC G.R. No. 201255, and SC G.R. No. 210502. 1590 EC complied with the subpoena and appeared before the investigating body. 1590 EC is awaiting a resolution/decision/order from the ERC.

ERC Case No. 2015-042 MC
Violation of Section 45 of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act No. 2001" (EPIRA), Rule 11, Sections 1 of the Implementing Rules and Regulations (IRR) of the EPIRA (Commission of an Anti-Competitive Behavior, Particularly Economic Withholding
ATTY. ISABELO JOSEPH P. TOMAS II vs. 1590 Energy Corp.

On June 10, 2015, Atty. Isabelo Joseph P. Tomas II, in his capacity as the Investigating Officer of the Investigatory Unit constituted by the ERC pursuant to its Office Order No. 38, Series of 2013 dated December 26, 2013, filed a Complaint against 1590 EC for alleged Anti-Competitive Behavior, particularly, Physical Withholding in relation to the bid offers of 1590 EC at WESM during the November and December 2013 billing months. 1590 EC filed its Answer to the Complaint within the reglementary period. The case remains pending.

ERC Case No. 2015-064 MC
1590 Energy Corp. vs. Philippine Electricity
Market Corporation

On August 4, 2015, 1590EC received a Notice of Penalty from PEMC notifying the company that the PEM Board approved financial penalty against 1590 EC for violation of the Must-Offer Rule for thirty-seven (37) intervals. The total penalty imposed amounts to Three Million Seven Hundred Thousand Pesos (PhP 3.7 mn). As a result of a billing statement due October 2015 for the imposition of the financial penalty, 1590 EC filed with PEMC an Urgent Request for Reconsideration on the Financial Penalty. On October 7, 2015, 1590 EC filed with the ERC a Petition for Dispute Resolution (with Prayer for Cease and Desist Order) against PEMC. The Petition is still pending.

III. NR

SC G.R. No. 210245
Bayan Muna Representatives NERIC JAVIER COLMENARES,
et al., vs. Energy Regulatory Commission, et al.

SC G.R. No. 201255
National Association of Electricity Consumers for Reforms, et al.
vs. Manila Electric Company, et al.

SC G.R. No. 210502
Manila Electric Company vs. Philippine Electricity Market
Corporation, et al.

On December 19 and 20, 2013, two (2) separate Petitions were filed by Bayan Muna Representatives and National Association of Electricity Consumers for Reforms (NASECORE) against the Energy Regulatory Commission and Manila Electric Company (MERALCO), et al. to enjoin MERALCO from implementing its power rate increase that was approved by the Energy Regulatory Commission (ERC) and to hold certain provisions of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), as unconstitutional. As a result of the Petitions, the Supreme Court en banc ordered several generation companies to be included as additional parties-respondents to the cases, including NR, its power rate increases approved by the ERC. Oral Arguments were conducted and the relevant legal pleadings were submitted to the Supreme Court. The Petitions are pending resolutions by the Supreme Court.

ERC Case No. 2014-001 MC
In the Matter of The Investigations On The Allegations of
Anti-Competitive Behavior and Possible Abuse of Market Power
Committed By Some Participants In The Wholesale Electricity
Spot Market (WESM)

The ERC, acting *motu proprio*, issued a subpoena duces tecum and ad testifacandum dated February 12, 2014, against NR for its representative to appear before an investigating body of the ERC and submit documents relating to its offers to the WESM. This investigation was in relation to the surge in WESM market prices that is the subject of SC G.R. No. 210245, SC G.R. No. 201255, and SC G.R. No. 210502. NR complied with the subpoena and appeared before the investigating body. NR awaits a resolution/decision/order from the ERC.

ERC Case No. 2015-071 MC
Vivant - Sta. Clara Northern Renewables Generation Corporation
vs. Philippine Electricity Market Corporation

On October 21, 2015, NR filed a Petition for Dispute Resolution with Prayer for Cease and Desist Order against PEMC with the ERC to question the validity of the imposition of penalty on NR in the amount of Three Million Pesos (Php3.0 mn) for alleged violations of the real time dispatch (RTD) schedule for the period December 26, 2010 to June 25, 2011, citing legal and factual issues.

The Petition remains pending with the ERC.

Item 4. Submission of Matters to A Vote of Security Holders

During the June 26, 2015 Annual Meeting of Stockholders, the following actions were taken:

i. Approval and adoption of the minutes of the June 27, 2014 Annual Stockholders' Meeting;
ii. Annual Report of Officers;
iii. Approval of the 2014 Annual Report and Financial Statements
iv. Delegation of authority to appoint External Auditors for 2015 to the Board of Directors
v. Ratification of all acts and resolutions of the Board of Directors and Management adopted for Fiscal Year 2014
vi. Approval of the Amendment to the Second Article (Secondary Purpose) of the Articles of Incorporation
vii. Approval of the Amendment to the Third Article (Principal Place of Business) of the Articles of Incorporation
viii. Approval of the Amendment to the Second Article, Section 1 (Date of the Regular Meeting of Stockholders) of the Articles of Incorporation
ix. Election of the following members of the Board of Directors and Independent Directors for the year 2015 - 2016:

    MR. DENNIS A. GARCIA
    MR. EMIL ANDRE M. GARCIA
    MR. ELBERT M. ZOSA
    MR. GIL A. GARCIA II
    MR. CHARLES SYLVESTRE A. GARCIA

MR. RAMONTITO E. GARCIA
MR. EFREN P. SARMIENTO
MR. JOSE MARKO G. SARMIENTO
MR. JOHANNES RUDOLF HAURI[11]
AMB. RAUL CH. RABE (Independent Director)
ATTY. JESUS B. GARCIA, JR. (Independent Director)

Other than the foregoing, no matter was submitted to a vote of security holders.
The results of the foregoing meeting were timely disclosed to the PSE and SEC in SEC Form 17-C report.

PART II: OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

1. Market Information

The Company's common shares are listed and traded at the Philippine Stock Exchange. The high and low stock prices of Vivant's common shares for each quarter of 2014 and 2015 were as follows:

	2014		2015	
	High	Low	High	Low
First Quarter	12.00	10.00	25.00	19.00
Second Quarter	15.20	10.10	25.50	20.50
Third Quarter	22.00	10.02	24.90	22.50
Fourth Quarter	22.00	17.52	23.95	22.50

As of end-April 2016, the common shares outstanding were 1,023,456,698 shares. The closing price of Vivant's common shares was at Php 35.90 per share.

(2) Security Holders

As of April 2016, Vivant has 1,449 stockholders of record, including PCD Nominee Corporation (Filipino) and PCD Nominee Corporation (Foreign). The top 20 shareholders with the number of shares respectively held and the percentage of total shares outstanding held by each are as follows:

	NAME	NO. OF SHARES	%
1	Mai-I Resources Corporation	464,831,568	45.42
2	JEG Development Corporation	311,524,642	30.44
3	Mirant Global Corporation	116,555,553	11.39
4	PCD Nominee Corporation (Filipino)	68,456,249	6.59
5	Popsivan Holdings Corporation	31,498,212	3.07
6	Malacapas Holdings, Inc.	27,677,848	2.70
7	PCD Nominee Corporation (Non-Fil)	471,775	0.04
8	Arce, Eulalio	343,750	0.13
9	Vibal, Esther A.	79,250	0.03
10	Vibal, Esther &/Or Stella Lawson &/Or Aida Gutierrez	62,500	0.01
11	Cruz, Alfredo A.	34,062	0.01
12	Lavin, Marietta	27,750	0.00
13	EBC Securities Corporation	20,625	0.00
14	Consortium Industries, Inc.	20,500	0.00

[11] Mr. Hauri resigned on September 18, 2015. On September 21, 2015, Mr. Antonio S. Abacan, Jr. was elected.

15	Lopez, Rose Marie R.	19,687	0.00
16	Marino Olondriz Y Cia	16,000	0.00
17	Sevilla, Rodulfo	15,625	0.00
18	Rivera, Rosario Paje	15,625	0.00
19	Borres, Jun	15,000	0.00
20	Te, Anita &/or Te, Oscar	15,000	0.00
	TOTAL NO. OF SHARES	**1,021,701,221**	

3. Dividends

The Company's By-laws allow dividends to be declared and paid out of unrestricted retained earnings, which may be payable in cash, property or stock to all stockholders on the basis of the outstanding stock held by the stockholder, as often and at such times as the Company's Board of Directors may determine and in accordance with the requirements of the Corporation Code and applicable laws.

The cash dividends declared by Vivant to its common shareholders from 2014 to 2015 are shown in the table below.

Year	Cash Dividend Per Share		Total Declared		Record Date
	Regular	Special	Regular	Special	
2015	Php 0.1885	Php 0.0733	Php 192.9 mn	Php 75.0 mn	June 9, 2015
2014	Php 0.1714	Php 0.0489	Php 175.4 mn	Php 50.0 mn	July 9, 2014

4. Recent Sales of Unregistered Securities

On January 29, 2014, the Company signed an agreement to issue Php 3 billion (bn) in Fixed Rate Corporate Notes, which will be issued in two tranches: Php 1 bn on February 3, 2013 and Php 2 bn on March 31, 2014. The net proceeds of the issue will be used for general corporate purposes, including but not limited to, capital expenditures for existing assets and investments in power generation projects.

Item 6: Management's Discussion and Analysis or Plan of Operation

1. Plan of Operation

For the next twelve (12) months, the Company will continue to oversee its investments in the investee companies.

As a holding company, it shall satisfy its cash requirements through (1) dividends declared and paid by its investee companies and (2) management fees paid by investee companies with management contracts as compensation for consultancy and ancillary services provided.

Vivant, through its Business Development Group, is continuously on the lookout for opportunities in the power industry, particularly in the power generation business. The Company has several projects that are in various stages of development.

2. Management's Discussion and Analysis

Management uses the following key performance indicators for the Company and its investee companies:

(i) 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.

(ii) Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). EBITDA is calculated by taking operating income and adding back to it 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.

iii) Cash Flow Generated. Cash flow generated indicates the ability of the Company to generate enough cash for operating, investing, and financing activities.

(iv) 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.

(v) Current Ratio. Current ratio is computed by dividing current assets with 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, 2016 versus YTD March 31, 2015

The table below shows the comparative figures of the top five key performance indicators for the first quarter ended March 31, 2016 and the first quarter ended March 31, 2015.

Key Performance Indicators *Amounts in Php '000, except for ratios*	**YTD March 2016**	**YTD March 2015**	**YE 2015**
Equity in Net Earnings of Associates	297,493	239,171	
EBITDA	257,500	395,233[a]	
Cash Flow Generated / (Used)	53,833	1,338	
Net cash flows from operating activities	(156,008)	49,017[b]	
Net cash flows from investing activities	168,343	(41,706)[c]	
Net cash flows from (used in) financing activities	41,498	(5,973)	
Debt-to-Equity Ratio (x)	0.51	0.57	0.53
Current Ratio (x)	3.11	3.34	3.05

[a] *Reported as Php 396.68 mn in last year's SEC 17Q. Other Income previously classified under Revenues was transferred to Other Income (Charges) grouping to be consistent with the 2015 audited consolidated financial statements.*
[b] *Reported as Php 48.59 mn in last year's SEC 17Q. Change is due to the reclassification of the increase in noncurrent assets that are not related to the Company's main revenue-generating activity from operating to investing activities. This is to be consistent with the 2015 audited consolidated financial statements.*
[c] *Reported as Php (41.28 mn) in last year's SEC 17Q because of the reclassification of the increase in non-current assets as noted above.*

The Company's share in net earnings of associates as of end-March 2016 amounted to Php 297.5 mn, representing a 24% year-on-year (YoY) increase from Php 239.2, which arose from:

- Improved bottomline contribution (up 42% YoY) of the Company's distribution utility;
- Improved bottomline contribution (up 68% YoY) of a subsidiary due to higher energy sales resulting from its administration of 17MW of geothermal power;
- Improved income contribution (up 16% YoY) from an associate, which arose from its investee company's enhanced gross margin brought about by a 5% YoY rise in its volume sales coupled with lower cost of energy sold; and

- Recognition of the share in net earnings of a joint venture for the period in review. In the same period last year, there was no such recognition made in compliance with the International Accounting Standards (IAS) 28[12].

Below is a table showing the impact of IAS 28 to the Company's financial performance for the period in review.

Name of Company	YTD March 2016			YTD March 2015		
	Actual Share in Losses (Gains) (Php)	Recognized Share in Losses (Gains) (Php)	Unrecognized Share in Losses (Gains) due to IAS 28 (Php)	Actual Share in Losses (Gains) (Php)	Recognized Share in Losses (Gains) (Php)	Unrecognized Share in Losses (Gains) due to IAS 28 (Php)
NR	29.8	--	29.8[(a)]	101.5	--	101.5[(b)]
CIPC	2.7	2.7[(c)]	--	(1.8)	--	(1.8)[(c)]
AHPC	0.2	--	0.2[(d)]	0.7	--	0.7
Total	32.7	2.7	30.0	100.4	--	100.4

(a) Php 83.8 mn pertained to unrealized forex gains from the dollar denominated portion of its liabilities arising from its administration contract with PSALM.
(b) Php 0.07 mn pertained to unrealized forex gains from the dollar denominated portion of its liabilities arising from its administration contract with PSALM.
(c) CIPC was able to recover its previous period's unrecognized losses under the IAS 28 starting May 2015.
(d) AHPC sustained lower losses during the period in review vis-à-vis end-March 2015 with the resumption of the power plant operations in January 2016.

The decline in a subsidiary's topline performance, coupled with the increase in the Company's operating expenses, accounted for the 35% YoY decrease in the Company's EBITDA, from Php 395.2 mn to Php 257.5 mn.

The Company ended the quarter with a net increase in cash of Php 53.8 mn, which was brought about by the cash generated from investing and financing activities.

As of end-March 2016, the Debt-to-Equity ratio dropped to 0.51x vis-à-vis end-2015's 0.53x. This was on the back of a 1% decrease in liabilities and 2% expansion in total equity that resulted from the income generated by the Company during the quarter in review.

The expansion in the Company's current assets, coupled with the decrease in current liabilities, resulted to an improvement in the Company's current ratio to 3.11x as of end-March 2016 from 3.05x as of end-December 2015.

Material Changes in Line Items of Registrant's Income Statement
(YTD March 2016 vs. YTD March 2015)

As of end-March 2016, the Company's total revenues amounted to Php 663.6 mn, recording a 32% decline from Php 972.8[13] mn.

[12] 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.

[13] Reported as Php 974.3 mn in the SEC 17 1Q 2015 report. Change is due to the reclassification of other income from "Revenues" to "Other income (charges)" grouping to be consistent with the 2015 audited consolidated financial statements.

1. Sale of power, which comprise the bulk of revenues at Php 327.1 mn (or 49% of total), declined by 53% YoY. The lower average selling price and volume of energy sold led to the reduced topline performance of a subsidiary. This was partly mitigated by the improved performance of another subsidiary given its higher energy sales resulting from its administration of 17MW of geothermal power.

2. The Company's share in net earnings of associates as of end-March 2016 amounted to Php 297.5 mn, representing a 24% YoY increase from Php 239.2 which arose from:

   - Improved bottomline contribution (up 42% YoY) of the Company's distribution utility;
   - Improved bottomline contribution (up 68% YoY) of a subsidiary due to higher energy sales resulting from its administration of 17MW of geothermal power;
   - Improved income contribution (up 16% YoY) from an associate, which arose from its investee company's enhanced gross margin brought about by a 5% YoY rise in its volume sales coupled with lower cost of energy sold; and
   - Recognition of the share in net earnings of a joint venture for the period in review. In the same period last year, there was no such recognition made in compliance with the IAS 28.

   Below is a table showing the impact of IAS 28 to the Company's financial performance for the period in review.

Name of Company	YTD March 2016			YTD March 2015		
	Actual Share in Losses (Gains) (Php)	Recognized Share in Losses (Gains) (Php)	Unrecognized Share in Losses (Gains) due to IAS 28 (Php)	Actual Share in Losses (Gains) (Php)	Recognized Share in Losses (Gains) (Php)	Unrecognized Share in Losses (Gains) due to IAS 28 (Php)
NR	29.8	--	29.8[(a)]	101.5	--	101.5[(b)]
CIPC	2.7	2.7[(c)]	--	(1.8)	--	(1.8)[(c)]
AHPC	0.2	--	0.2[(d)]	0.7	--	0.7
Total	32.7	2.7	30.0	100.4	--	100.4

(a) Php 83.8 mn pertained to unrealized forex gains from the dollar denominated portion of its liabilities arising from its administration contract with PSALM.
(b) Php 0.07 mn pertained to unrealized forex gains from the dollar denominated portion of its liabilities arising from its administration contract with PSALM.
(c) CIPC was able to recover its previous period's unrecognized losses under the IAS 28 starting May 2015.
(d) AHPC sustained lower losses during the period in review vis-à-vis end-March 2015 with the resumption of the power plant operations on January 2016.

Total generation cost and operating expenses for the first quarter of 2016 contracted by 26% YoY, from Php 583.8 mn to Php 432.7 mn. Said movement can be accounted for by the following:

1. Generation cost during the quarter went down by 31% YoY to Php 362.0 mn, which was mainly due to the substantial decrease in a subsidiary's net generated power and lower fuel prices. This was partly offset by the increase in the generation cost of another subsidiary brought about by the higher energy sales resulting from its administration of 17 MW of geothermal power.

2. Management fees were down by 50% YoY to Php 2.4 mn from Php 4.7 mn. Negotiations by a subsidiary for its 2016 management contract were still underway during the period in review.

3. Salaries and employee benefits rose by 31% YoY to Php 27.6 mn from Php 21.1[14] mn on account of additional manpower and an upward adjustment in salaries and benefits.

4. Professional fees were lower by 15% YoY, from Php 10.1 mn to Php 8.5 mn. There were consultancy services on systems development and improvement in 2015, which were not incurred during the period in review.

5. Travel expenses grew by 94% YoY to Php 3.8 mn from Php 2.0[15] mn because of the increased frequency of trips related to business development, plant inspections, meetings with partners and government agencies, and trainings.

6. Depreciation and amortization was at Php 5.1 mn for the quarter in review, an increase of 24% from last year's Php 4.1[16] mn. This was a factor of the acquisition of additional depreciable assets, mostly relating to the purchase of technical equipment, machineries, and office furniture and fixtures.

7. Rent and association dues surged by 69% YoY to Php 1.6 mn from approximately Php 1.0 mn. This was mainly a result of the operating leases entered into for additional office spaces.

8. Taxes and licenses significantly rose by 81% YoY to Php 12.1 mn from Php 6.7 mn. This was brought about by the higher business taxes paid by a subsidiary involving its administration of 17 MW of geothermal power plant.

9. Communication and utilities increased by 26% YoY to Php 1.3 mn from Php 1.0 mn due to the increase in the Company's manpower headcount. Additional office spaces were a factor in the rise of power and water charges incurred during the period in review.

10. Contracted services posted a 136% YoY rise to Php 0.9 mn given the hiring of additional personnel.

11. Representation dipped by 82% YoY to Php 0.3 mn from Php 1.7 mn. This variance is attributed to sponsorships made by the Company and higher representation expense incurred by the Company and a subsidiary involving business partners and other stakeholders during the period ending March 2015.

12. Other general and administrative expenses posted a 14% YoY drop to Php 7.1 mn, which can be mainly attributed to the reduction in royalty fees of a subsidiary.

Vivant booked Php 40.8 mn in other charges as of end-March 2016, a 5% decrease from previous year's other charges of Php 42.8 mn. This was an outcome of the following account movements:

1. An unrealized foreign exchange gain of Php 0.5 mn was taken up during the quarter in review. This pertains to the restatement of the US Dollar and Euro cash balances of the

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[14] Reported as Php 20.8 mn in the SEC 17 1Q 2015 report because of the non-inclusion of employee training & development expenses, which was presented under Other Miscellaneous Expenses amounting to Php 0.3 mn. This change in the presentation was made to be consistent with the 2015 audited consolidated financial statements.

[15] Reported as Php 1.8 mn in the SEC 17 1Q 2015 report. Change is due to the reclassification of gasoline expenses from "Other Miscellaneous Expenses" to "Travel". This change in the presentation was made to be consistent with the 2015 audited consolidated financial statements.

[16] Reported as Php 6.0 mn in the SEC 17 1Q 2015 report. Change is due to the reclassification of a power plant depreciation expense to direct cost contrary to last year's presentation under general and administrative expenses. This change in the presentation was made to be consistent with the 2015 audited consolidated financial statements.

Company and a subsidiary. This was against an unrealized foreign exchange gain of Php 1.6 mn recorded for the same period last year.

2. Other income of Php 2.3 mn earned as of end-March 2016 comprises rental income from the operating leases of the Company and a subsidiary, and billings for shared expenses by another subsidiary to a joint venture. Meanwhile, the Company booked Php 0.4 mn in other income in the same period last year. An uncollectible account from a joint venture was written off and partially offset the rental income for the same period last year.

The decline in the Company's and a subsidiary's taxable income resulted in a 92% YoY reduction in accrued consolidated tax expense, from Php 18.0 mn to Php 1.5 mn. This decrease was, however, moderated by the increase in the accrued tax expense of two subsidiaries that posted higher taxable income during the quarter in review.

Taking all of the above into account, the Company recorded a total net income for the period ending March 31, 2016 of Php 188.6 mn, registering a drop of 43% YoY. Meanwhile, net income attributable to parent amounted to Php 222.9 mn, down by 19% YoY. The profit decline is mainly due the drop in a subsidiary's topline performance, coupled by the increase in the Company's operating expenses.

Changes in Registrant's Consolidated Resources, Liabilities and Shareholders' Equity
(End-March 2016 vs. Year-end 2015)

The Company's consolidated total assets showed a marginal increase of 1%, from end-2015's level of Php 13.7 bn to Php 13.8 bn.

The following are the material movements in the assets of the Company as of end-March 2016.

1. Trade and other current receivables recorded a decrease of 26% to Php 254.4 mn as of March 31, 2016 largely due to the collection of dividends and trade receivables.

2. Advances to associates and stockholders dipped by 13% to Php 27.1 mn from Php 31.2 mn as of end-2015. The decline was brought about by the repayment of advances by a joint venture.

3. Inventories went down by 7% to Php 83.1 mn due to the use of plant parts and supplies for the maintenance work of a subsidiary's power plant.

4. Prepayments and other current assets grew by 11%, from Php 707.2 mn as of end-2015 to Php 786.7 mn as of end-March 2016. This was mainly due to the booking by the Company's subsidiary of higher advances to supplier during the quarter in review.

5. Other noncurrent assets was higher by 5% from Php 93.8 mn to Php 98.7 mn mainly due to advance payments made by the Company's subsidiary relating to its power generation plant project. This increase is mitigated by the amortization of software costs.

Total consolidated liabilities declined by 1% to Php 4.7 bn as of end-March 2016. The movement was brought about by the 5% decrease in trade and other payables arising from the payment of accrued expenses and tax remittances. The availment of a short term loan by a subsidiary, accrual of pension expense by the Company and accrual of income tax payable by three subsidiaries, however partially offset the decline in the Company's consolidated liabilities.

As a result of net income generated during the quarter in review, total stockholders' equity increased by 2%, from Php 8.9 bn as of year-end 2015 to Php 9.1 bn as of end-March 2016.

Meanwhile, equity attributable to parent ended up higher by 3% at Php 8.7 bn as of the end of March 2016.

<u>*Material Changes in the Consolidated Liquidity and Cash Reserves of Registrant*</u>
(End-March 2016 vs. End-March 2015)

Cash and cash equivalents were lower by 15% YoY, from Php 4.9 bn as of end-March 2015 to Php 4.1 bn as of end-March 2016.

For the period ending March 31, 2016, the net cash used in the Company's operations amounted to Php 156.0 mn, recording a reversal from last year's net cash generation of Php 49.0 mn. The use of cash in operations, which was a result of increased trade and other receivables, the settlement of trade and other payables and the decline in the topline performance of a subsidiary, mainly brought down the net cash from operations for the quarter in review.

Net cash generated from investing activities as of end-March 2016 amounted to Php 168.3 mn, vis-a-vis last year's utilization of Php 41.7 mn. Dividends and interest received more than offset the Company's additional investments made during the quarter in review. Also, the purchase of additional depreciable assets was lower than in the same period last year.

For the period in review, the Company raised cash of Php 41.5 mn from financing activities, which stemmed from the availment of a short term loan by a subsidiary, additional investments from the non-controlling stockholder of a subsidiary and another subsidiary's collection from a joint venture of the latter's short-term advances. This was a reversal from last year where cash used in financing activities amounted to Php 6.0 mn.

<u>*Financial Ratios*</u>

As of end-March 2016, the Debt-to-Equity ratio dropped to 0.51x vis-à-vis end-2015's 0.53x. This was on the back of a 1% decrease in liabilities and 2% expansion in total equity that resulted from the income generated by the Company during the quarter in review.

The expansion in the Company's current assets, coupled with the decrease in current liabilities, resulted to an improvement in the Company's current ratio to 3.11x as of end-March 2016 from 3.05x as of end-December 2015.

<u>A copy of the Interim Financial Statements as of end-March 2016 is attached as Exhibit "D".</u>

<u>*Plan of Operation, Known Trends, Events, Uncertainties*</u>

Vivant will continue to oversee its investments in its investee companies. As a holding company, it shall satisfy its cash requirements mainly through (1) dividends declared and paid by its investee companies and (2) management fees paid by investee companies with management contracts as compensation for ancillary services provided. The Company also has existing bank credit facilities that it can tap should the need arise. Moreover, Vivant raised Php 3 bn via a Fixed Rate Corporate Note issue, which was done during the first quarter of 2014. The Company is financially sound and is prepared to take any opportunity that will arise due to developments in the power industry.

Below are some events that the Company believes will have an impact to its earnings performance and financial condition in 2014 and the ensuing years.

- Increase in attributable generation capacity

  Vivant has a number of power generation projects that are in various stages of development. As completed, the Company's attributable power generation capacity is seen to improve from its current level of 252 MW.

  6 MW run-of-river hydropower plant project in Silay. 67%-owned is currently working on finalizing the detailed engineering design plans for the facility, which will be located in Barangay Kapitan Ramon in Silay City, Negros Occidental. Once started, construction is expected to be completed after 22-24 months.

  3 x 55 MW coal-fired power plant in Misamis Oriental. In May 2014, a Subscription Agreement between 100%-owned VIGC and MPC was executed, which allows VIGC to subscribe to 40% of all issued capital and shares of MPC. MPC is the project company that was set up by Mindanao Energy Systems, Inc. (Minergy) to build, own and operate a 3 x 55 MW coal-fired power plant in Balingasag, Misamis Oriental. The plant is expected to feed into the franchise area of Cagayan de Oro Electric Power and Light Corporation, which covers the City of Cagayan de Oro and adjoining towns, by 2017.

  2 X 150 (net) MW coal-fired power plant in Toledo City, Cebu. This is a Greenfield project of 20%-owned TVI, which involves the construction of a 2x150 MW (net) coal-fired power plant in Barangay Bato, 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. The notice to proceed (NTP) for all EPC activities was issued in March 2015. The first unit is expected to be connected to the grid by end 2017, with the second following three months thereafter.

  Other projects in the pipeline. Vivant, through its Business Development Group, is continuously on the lookout for opportunities in the power industry, particularly in the power generation business. Aside from the aforementioned, the Company has several projects that are in various stages of development. These projects will be disclosed by Vivant as their respective plans firm up.

  Participation in the privatization program for the government's power assets. Vivant has closely monitored the developments in the privatization efforts of the government. The Company's Business Development group is tasked to evaluate the viability of both asset sale and public auction for the IPP Administration (IPPA) contracts.

- Market and industry developments

  Commencement of Open Access. The implementation of Open Access starting June 26, 2013 has effectively widened the market for Vivant's generated power. The Company's uncontracted capacity could be sold either through RES companies or directly to contestable customers. Vivant has prepared its organization for the Open Access with the establishment of two RES companies.

  Issuance of ERC Case No. 2014-021 MC. The ERC rendered and Order voiding the Wholesale Electricity Spot Market (WESM) prices for the supply months of November and December 2013 and in lieu thereof, substituting regulated prices. The Order came after the ERC formed an Investigating Unit to investigate the unusual increase in WESM prices and the simultaneous withholding of capacity by electric power generators during the supply months of November and December 2013.

1590 EC filed its Motion for Reconsideration to the Order on March 28, 2014, which was denied in an Order dated October 15, 2014. As a result of the denial of the Motion for Reconsideration, on December 10, 2014, 1590 EC filed a Petition for Review with Application for Injunction and Temporary Restraining Order with the Court of Appeals requesting for the (a) issuance of a Temporary Restraining Order and Writ of Preliminary Injunction enjoining ERC and PEMC from implementing all orders, decisions, and resolutions in ERC Case No. 2014-021 MC and (b) reversal of the Order of the ERC in ERC Case No. 2014-021 MC and (c) reinstating the November and December 2014 WESM market prices. The Petition, docketed as C.A. G.R. No. 138105 (Petition for Review With Application for Injunction and Temporary Restraining Order) is still pending.

Reserve Market. The trial operations of the Reserve Market commenced on February 26, 2014. This came after the issuance by DOE on December 2, 2013 of the Department Circular No. DC2013-12-0027, "Declaring the Commercial Launch for the Trading of Ancillary Service in Luzon and Visayas under the Philippine Wholesale Electricity Spot Market". Roles and responsibilities of all stakeholders are set in said circular.

PEMC is in the process of reviewing the results of the trial run. The Pricing and Cost Recovery Mechanism of the Reserve Market is still under review by the ERC.

The Reserve Market will involve three (3) reserve categories. These are: Frequency Regulation, Contingency Reserve and Dispatchable Reserve. Launch date has yet to be set.

The Central Dispatch and Scheduling of Energy and Reserves in the WESM was implemented in January 2016 by the DOE and PEMC. This is pending ERC's approval of the Price Determination Methodology. Following the protocol of the Reserve Market, the participants will be those that have existing contracts with NGCP. Settlement will be done outside of the WESM.

RE Act and the Feed-in-tariff (FIT) scheme. The RE Act was signed into law in December 2008 and became effective in January 2009. With the intent of promoting and developing the use of the country's renewable energy resources, the RE Act offers fiscal and non-fiscal incentives to RE developers. In a resolution issued in 2012, the ERC adopted the following FIT rates for emerging RE resources, namely, wind, solar, run-of-river hydropower and biomass, and corresponding degression rates.

	FIT Rate (Php/kWh)	**Degression Rate**
Wind	8.53	0.5% after 2nd year of FIT effectivity
Solar	9.68	6% after 1st year of FIT effectivity
Run-of-river hydro	5.90	0.5% after 2nd year of FIT effectivity
Biomass	6.63	0.5% after 2nd year of FIT effectivity

The ERC issued ERC Resolution No. 10, Series of 2012 in July 2012 that implemented the approved solar FIT rate of Php 9.68/kWh and the installation target of 50 MW. This target was increased to 500 MW by the ERC. A new FIT rate of Php 8.69/kWh will be implemented once full subscription of the installation target of 500 MW occurs or on March 15, 2016.

Meanwhile, the increase of the wind installation target from 200 MW to 400 MW is being endorsed by the DOE. The ERC is currently reviewing the new FIT rate for wind.

Competitive Selection Process in securing Power Supply Agreements. In June 2015, the DOE issued Department Circular No. DC2015-06-008 mandating all distribution utilities to undergo a Competitive Selection Process (CSP) in securing PSAs, through a Third Party expert duly recognized by the DOE and ERC. Under the circular, the CSPs for the procurement of PSAs shall observe the aggregation for the un-contracted demand of the distribution utilities and shall be conducted annually. The terms and conditions of the PSAs shall be in accordance with the template PSA to be issued by the ERC in coordination with the DOE.

In September 2015, the DOE together with the ERC posted for comments the first draft of the implementing guidelines of Department Circular No. DC2015-06-008. After conducting public hearing and receiving opposition from industry stakeholders, the ERC and DOE deferred issuing a decision on the mandatory implementation of the CSP.

Pending the issuance by the ERC of a prescribed CSP, the ERC issued in October 2015 Resolution No. 13 (CSP Resolution) directing all distribution utilities to conduct CSP in the procurement of their supply to the captive market. In the Resolution, a CSP is deemed successful if the distribution utility receives at least two (2) qualified bids. Direct negotiation may be conducted after at least two (2) failed CSPs.

In ERC Resolution No. 1, Series of 2015 dated 15 March 2016, the ERC restated the effectivity of the CSP Resolution to be April 30, 2016.

For the Year Ended December 31, 2016 versus the Year Ended December 31, 2015

The table below shows the comparative figures of the key performance indicators for the year 2015 and 2014.

Key Performance Indicators *Amounts in Php '000, except for ratios*	**2015**	**2014**
Equity in Net Earnings of Associates	1,009,710	1,110,762
EBITDA	1,400,174	2,016,203 [(a)]
Cash Flow Generated	(794,113)	1,797,447
Net cash flows from operating activities	333	835,777[(b) (d)]
Net cash flows from (used in) investing activities	(545,753)	(1,291,869)
Net cash flows from (used in) financing activities	(248,693)	2,253,538[(c) (d)]
Debt-to-Equity Ratio (x)	0.53	0.56
Current Ratio (x)	3.05	3.80

[(a)] *Reported as Php 2,027,600 mn in last year's SEC 17A. Other Income previously classified under Revenues was transferred to Other Income (Charges) grouping.*
[(b)] *Reported as Php 832,480 mn in last year's SEC 17A.*
[(c)] *Reported as Php 2,256,835 mn in last year's SEC 17A.*
[(d)] *These changes are due to the transfer of interest paid on the FRCN from operating activities to financing activities.*

A copy of the 2015 Audited Consolidated Financial Statements is attached as Exhibit "E".

The Company's share in net earnings of associates for the year 2015 amounted to Php 1.0 bn, representing a 9% year-on-year (YoY) decline from Php 1.1 bn. The reduction is mainly due to the partial recognition of a joint venture's losses, to the extent of the additional investments made by two subsidiaries into such joint venture during the period in review. This is in compliance with the International Accounting Standards (IAS) 28[17].

[17] 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.

Below is a table showing the impact of IAS 28 to the Company's financial performance in 2015.

Name of Company	2015			2014		
	Actual Share in Losses (Php)	Recognized Share in Losses (Php)	Unrecognized Share in Losses due to IAS 28 (Php)	Actual Share in Losses (Php)	Recognized Share in Losses (Php)	Unrecognized Share in Losses due to IAS 28 (Php)
NR	368.8	265.1[a]	103.7[b]	55.2	--	55.2[c]
CIPC	--[d]	5.7[d]	--	2.3	--	2.3
AHPC	3.8	--	3.8	--	--	--
Total	372.6	270.8	107.5	57.5	--	57.5

(a) Php 140.0 mn pertained to unrealized forex losses from the dollar denominated portion of its liabilities arising from its administration contract with PSALM.

(b) Php 56.0 mn pertained to unrealized forex losses from the dollar denominated portion of its liabilities arising from its administration contract with PSALM.

(c) Php 28.7 mn pertained to unrealized forex losses from the dollar denominated portion of its liabilities arising from its administration contract with PSALM.

(d) CIPC was in a net income position in 2015, which recouped the cumulative unrecognized losses in prior years amounting Php 5.7 mn.

The following tempered the drop in the Company's share in net equity earnings of associates in 2015:

1. Improved (15% up) bottomline contribution of the Company's distribution utility;
2. Higher share of a joint venture's income resulting from the increased equity stake, from 35% to 50%;
3. Recognition of the share in net earnings of a joint venture due to the recovery of previous period's unrecognized losses under the IAS 28; and
4. Share in two associates' earnings, which were mainly a result of unrealized foreign exchange gains on forward contracts.

The losses recognized from joint ventures under IAS 28, coupled with the decline of a subsidiary's bottomline performance, mainly accounted for the 31% YoY decrease in the Company's EBITDA, from Php 2.0 bn in 2014 to Php 1.4 bn in 2015.

The Company ended the year with a net decrease in cash of Php 794.1 mn, which was mainly brought about by the use of cash for investing and financing activities.

Debt-to-Equity ratio improved from 0.56x in 2014 to 0.53x in 2015. The 6% increase in liabilities was cushioned by the 12% YoY expansion in total equity resulting from the Company's income generated during the period.

The expansion in the Company's current liabilities, coupled with the decrease in current assets, resulted to the decline in the Company's current ratio to 3.05x as of end-December 2015 from 3.80x as of end-December 2014.

Material Changes in Line Items of Registrant's Income Statement

At the end of 2015, the Company had consolidated revenue of Php 4.0 bn, recording an 11% YoY decline from the previous year's consolidated revenue of Php 4.5 bn. The topline performance was due to the following:

1. Energy sales, which comprise the bulk of revenues at Php 2.8 bn (or 70% of total), declined by 13% YoY from Php 3.2 bn due to a subsidiary's reduced topline performance arising from lower average selling price and volume 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 year 2015 amounted to Php 1.0 bn, representing a 9% YoY decline from Php 1.1 bn. The reduction is mainly due to the partial recognition of a joint venture's losses, to the extent of the additional investments made by two subsidiaries into such joint venture during the period in review. This is in compliance with the IAS 28.

   Below is a table showing the impact of IAS 28 to the Company's financial performance in 2015.

Name of Company	2015			2014		
	Actual Share in Losses (Php)	Recognized Share in Losses (Php)	Unrecognized Share in Losses due to IAS 28 (Php)	Actual Share in Losses (Php)	Recognized Share in Losses (Php)	Unrecognized Share in Losses due to IAS 28 (Php)
NR	368.8	265.1[(a)]	103.7[(b)]	55.2	--	55.2[(c)]
CIPC	--[(d)]	5.7[(d)]	--	2.3	--	2.3
AHPC	3.8	--	3.8	--	--	--
Total	372.6	270.8	107.5	57.5	--	57.5

(a) Php 140.0 mn pertained to unrealized forex losses from the dollar denominated portion of its liabilities arising from its administration contract with PSALM.

(b) Php 56.0 mn pertained to unrealized forex losses from the dollar denominated portion of its liabilities arising from its administration contract with PSALM.

(c) Php 28.7 mn pertained to unrealized forex losses from the dollar denominated portion of its liabilities arising from its administration contract with PSALM.

(d) CIPC was in a net income position in 2015, which recouped the cumulative unrecognized losses in prior years amounting Php 5.7 mn.

   The following tempered the drop in the Company's share in net equity earnings of associates in 2015:

   - Improved (15% up) bottomline contribution of the Company's distribution utility;
   - Higher share of a joint venture's income resulting from the increased equity stake, from 35% to 50%;
   - Recognition of the share in net earnings of a joint venture due to the recovery of previous period's unrecognized losses under the IAS 28; and
   - Share in two associates' earnings, which were mainly a result of unrealized foreign exchange gains on forward contracts.

3. Management fees in 2015 increased by 7% YoY to Php 149.0 mn from Php 138.9 mn as a result of billings to an associate made by the Company that arose from the new management and service agreements.

4. Interest income was higher by 18% YoY at Php 59.7 mn, mainly on account of higher interest rates during the period in review.

Consolidated operating expenses for the year 2015 rose by 6% YoY from Php 2.5 bn to Php 2.7 bn. The administration of 17MW of geothermal power by the Company's subsidiary led to the 11% YoY rise in generation cost to Php 2.3 bn from Php 2.1 bn. On the other hand, the Company's operating expenses amounted to Php 375.6 mn registering a 16% YoY decline. Below explains the significant movements in the Company's expenses.

1. Salaries and employee benefits grew by 52% YoY from Php 83.8 mn to Php 127.3 mn. The additional manpower headcount and the increase in salaries, compensation and benefits accounted for the rise.

2. Management fees were down by 59% YoY, from Php 61.6 mn to Php 25.4 mn. In 2014, a subsidiary entered into a technical consultancy contract. This was not renewed in 2015.

3. Travel expenses rose by 23% YoY from Php 17.3 mn to Php 21.4 mn. The rise can be attributed to the increased frequency of business and project-related trips, power plant inspections, technical trainings, and meetings with partners and government agencies.

4. Representation expenses recorded a YoY growth of 92% to Php 6.3 mn from Php 3.3 mn. This variance is on account of increased representation costs of the Company and a subsidiary in relation to projects and meetings with business partners.

5. Depreciation and amortization for the year grew by 7% YoY from Php 17.4 mn to Php 18.7 mn. This resulted from the acquisition of additional depreciable assets relating to the purchase of power plant equipment, the expansion of the Company's office space, the purchase of vehicles, and the write-off of damaged depreciable assets.

6. Professional fees declined by 55% YoY, from Php 168.9 mn to Php 75.7 mn, in view of lower consultancy fees incurred by a subsidiary.

7. Taxes and licenses grew by 79% YoY from Php 23.8 mn to Php 42.6 mn. This was brought about by documentary stamp tax for the additional shares issued by two subsidiaries to the Company and a subsidiary's contract of lease with the Company. The Company's fringe benefit tax and the business taxes of a newly incorporated subsidiary also contributed to the increase in taxes during the period in review.

8. On account of the uncertainty of receivables collection relating to energy sales, a provision in the amount of Php 34.1 mn was booked by the Company's subsidiary as of end-2014. There was no such provision at end-2015.

9. Security and janitorial expenses rose by 41% YoY to Php 0.8 mn from Php 0.6 mn given the rate adjustments on agency fees and the hiring of additional personnel.

10. Other operating expenses shot up by 90% from Php 25.0 mn to Php 47.5 mn, which can be attributed mainly to the: (i) SEC fees relating to the applications for the increase in authorized capital stock of two subsidiaries; (ii) the Company's expenses for the construction of a science laboratory as part of its Corporate Social Responsibility programs; and (iii) repairs and upkeep of its facilities.

Vivant booked Php 72.8 mn in other income in 2015, a 201% turnaround from previous year's other charges of Php 72.3 mn. This was an outcome of the following account movements:

1. The Company recognized a one-off gain of Php 240.7 mn resulting from the increase in the fair value of a subsidiary's investment properties.

2. Interest charges incurred in 2015 amounted to Php 172.8 mn, up by 23% YoY. The hike was mainly due to the full year accrual and payment of interest resulting from the issuance of the FRCN in the first quarter of 2014.

3. An unrealized foreign exchange loss of Php 0.3 mn was taken up as of end-December 2015. 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 gain of Php 4.3 mn.

4. Other income dropped by 92% YoY to Php 5.2 mn from Php 63.9 mn which came from the rental income from the operating leases of the Company and a subsidiary, tempered by a subsidiary's billings from an associate for allocated operating expenses. In contrast, last year's other income was mainly due to the reversal of an unclaimed liability booked by the Company's subsidiary that was taken up during its takeover of plant operations in 2010, and a one-time income that resulted from the reversal of various accrued expenses made in prior years.

The decline in the Company's and a subsidiary's taxable income resulted in a 25% YoY reduction in accrued consolidated tax expense, from Php 226.9 mn to PhP 170.7 mn.

The combined effect of the above account movements resulted to a 26% YoY dip in Vivant's net income to Php 1.2 bn. Consequently, net income attributable to equity holders of the parent went down by 22% YoY to approximately Php1.1 bn.

Total comprehensive income, on the other hand, dropped to Php 1.3 bn. The total comprehensive income attributable to equity holders of the parent was approximately at Php 1.1 bn, down by 23% YoY. The items below account for the movements:

1. In compliance with Philippine Accounting Standards (PAS) 19R, which requires the remeasurement of pension assets, Vivant booked an other comprehensive income of Php 13.7 mn. This compares to an other comprehensive loss of Php 2.8 mn in 2014.

2. In 2014, the Company booked Php 40.6 mn as other comprehensive income (net of tax), which represents its share in the revaluation increment of an associate. There was none in 2015.

Changes in Registrant's Resources, Liabilities, and Shareholders' Equity

The Company's consolidated total assets as of year-end 2015 expanded by 10% to approximately Php 13.7 bn from Php 12.5 bn in 2014. The significant movements in the assets of the Company are discussed below.

1. Cash and cash equivalents as of end-2015 decreased by 16% YoY to Php 4.1 bn, which was mainly due to capital investments made by two subsidiaries into two associates during the period in review. Also contributing to the drop was the Company's payment of dividends, principal amortization and interest on the FRCN. This reduction is tempered by dividends received from associates and the redemption by a subsidiary of its preferred shares in an associate.

2. Receivables was higher by 147% YoY at Php 342.7 mn. Said improvement can be attributed to the energy sales of a subsidiary, which resulted from its administration of 17 MW of geothermal power during the year in review.

3. Advances to associates and stockholders dipped by 24% from Php 40.9 mn as of end-2014 to Php 31.2 mn as of end-2015. The drop was brought about by the repayment of advances by two joint ventures.

4. Inventories went down by 17% YoY to Php 89.1 mn, due to the use of plant parts and supplies for the maintenance work of a subsidiary's power plant.

5. Prepayments and other current assets grew by 65%, from Php 429.6 mn as of end-2014 to Php 707.2 mn as of end-2015. This was mainly due to the booking by the Company's subsidiary of higher advances to supplier during the year in review.

6. Investments and advances to subsidiaries and associates grew by 20% to Php 6.9 bn as of end-2015 from Php 5.8 bn as of end-2014. The growth is substantially attributed to the additional investments in associates made by two of the Company's subsidiaries. This increase was tempered by the redemption of preferred shares of an associate, equity take-up of the losses of two joint ventures resulting from IAS 28, and dividends received from associates as of end- 2015.

7. Property, plant and equipment went up by 20% YoY to Php 916.5 mn, resulting from the purchase of power plant equipment by a subsidiary and the Company's purchase of service vehicles, office furniture and equipment, office space and renovations, and the construction of a warehouse. Pre-operating expenses by a subsidiary for the construction of a run-of-river hydro power plant in the Visayas, reservation fee by another subsidiary for the option to buy a property, and the purchase of an office condominium unit by a subsidiary also contributed to the increase in fixed assets.

8. Investment properties rose by 88% to Php 514.8 mn from P274.1 mn, on account of the increase in the fair value of the investment properties of a subsidiary.

9. Deferred tax assets was 11% lower at Php 12.6 mn due to the deferred tax adjustment recognized in relation to the pension liability of the Company and a subsidiary.

10. Other noncurrent assets was higher by 23% from P76.2 mn to Php 93.8 mn mainly due to advance payments made by two of the Company's subsidiaries relating to power generation plant projects. This increase is mitigated by the disposal of a subsidiary's available-for-sale investment.

Total liabilities posted an increase of 6% to Php 4.8 bn as of end-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 and payables to suppliers. In addition, deferred tax liabilities rose by 262% to Php 99.8 mn resulting from the appraisal increase in the investment properties of a subsidiary. Further to the rise in liabilities is the increase in short term note payable arising from the availment made by a subsidiary. Accrued income tax, however, was lower in 2015 vis-à-vis 2014.

In 2014, Vivant issued 7-year fixed rate notes with a total principal amount of Php 3.0 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 1.0 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 were no new issuances in 2015. During the year, the Company paid its first principal payment on the FRCN of Php 30 mn.

Partly mitigating the effect of trade and accounts payable is the 5% YoY decline in advances from related parties to Php 110.2 mn. The reduction was a result of the partial payment of a non-interest bearing loan by a subsidiary to a joint venture. In addition, the net payments made during the period in review brought down the income tax payable account to Php 0.2 mn at end-2015 from Php 31.6

mn as of end-2014. Meanwhile, pension liability decreased by 36% YoY to Php 14.8 mn as a factor of the Company's and a subsidiary's contributions to their respective retirement funds.

As a result of net income generated during the period in review, total stockholders' equity increased by 12%, to Php 8.9 bn as of year-end 2015 from close to Php 8.0 bn as of end-2014. Meanwhile, equity attributable to parent ended higher by 10% at Php 8.4 bn as of end-2015.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash and cash equivalents declined by 16% YoY from Php 4.9 bn as of end-2014 to Php 4.1 bn as of end-2015.

Cash provided by operating activities for the year 2015 amounted to approximately Php 0.3 mn, recording a 100% YoY decline. Lower net cash generated from operations, which was a result of increased prepaid expenses and trade receivables mainly brought down the net cash from operations for the year in review. Higher contribution to the retirement fund and the interest payments for the FRCN and short-term loans during the year also contributed to the decline in cash as of end-2015. On the other hand, income tax payments were lower in 2015 vis-à-vis 2014.

As of year-end 2015, the Company and its subsidiaries booked investment outlays of Php 1.4 bn for power projects and Php 313.5 mn for fixed assets. These mainly resulted to the Php 545.8 mn cash used for investing activities during the year in review. The recorded net cash used in investing activities of Php 1.3 bn at end-2014 resulted from higher cash outlays for these same activities.

Cash used for financing activities as of end-2015 was at Php 248.7 mn, which was a reversal from 2014 when the Company ended the year with Php 2.3 bn in funds generated. Dividends paid by the Company and partial settlement of notes payable more than offset the proceeds from a short-term loan of a subsidiary.

Financial Ratios

The expansion in the Company's current liabilities, coupled with the decrease in current assets, resulted to the decline in the Company's current ratio to 3.05x as of end-December 2015 from 3.80x as of end-2014.

Debt-to-Equity ratio improved from 0.56x in 2014 to 0.53x in 2015. The 6% increase in total liabilities was cushioned by the 12% YoY expansion in total equity resulting from the Company's income generated during the period.

For the Year Ended December 31, 2014 versus the Year Ended December 31, 2013

The table below shows the comparative figures of the key performance indicators for the year 2014 and 2013.

Key Performance Indicators *Amounts in Php '000, except for ratios*	**2014**	**2013**
Equity in Net Earnings of Associates	1,110,762	817,168
EBITDA	2,027,600	1,565,008
Cash Flow Generated	1,797,447	1,254,242
Net cash flows from operating activities	832,480	1,341,358
Net cash flows from (used in) investing activities	(1,291,869)	1,095,667
Net cash flows from (used in) financing activities	2,256,835	(1,182,782)
Debt-to-Equity Ratio (x)	0.56	0.25
Current Ratio (x)	3.80	2.51

The Company's share in net earnings of associates for the year 2014 soared to Php 1.1 bn, representing a 36% YoY increase from Php 817.2 mn. The equity earnings in 2014 was propped up by the combined effect of enhanced energy demand and improved average selling prices.

The mandated compliance with the IAS 28 required the non-booking of the Company's share in the net losses of an associate and a joint venture, resulting in the non-recognition of Php 58.0 mn in net loss during the period in review. At end-2013, the Company should have booked Php 400.9 mn as its share in net losses of an associate and joint venture. Due to IAS 28, only Php 188.1 mn of said amount was recognized in 2013.

The improvement of a subsidiary's bottomline performance and the growth in the equity earnings of its associates mainly accounted for the 30% YoY increase in the Company's EBITDA, from Php 1.6 bn in 2013 to Php 2.0 bn in 2014.

The Company generated cash flows of Php 1.8 bn in 2014, up by 43% YoY. This can be attributed mainly to the proceeds from the issuance of the Fixed Rate Corporate Notes (FRCN) in 2014, with a total principal amount of Php 3.0 bn.

Debt-to-Equity ratio went up from 0.25x in 2013 to 0.56x in 2014. This developed mainly as a result of the Company's FRCN issuance to fund its projects.

The increase in cash and cash equivalents, coupled with a decline in some of the Company's current liabilities, accounted for the improvement in its current ratio, to 3.80x as of end-2014 from 2.51x as of end-2013.

Material Changes in Line Items of Registrant's Income Statement

At the end of 2014, the Company had a consolidated revenue of Php 4.5 bn, which was a 25% YoY improvement from the previous year's consolidated revenue of Php 3.6 bn. The topline performance was due to the following:

1. Energy sales, which comprise the bulk of revenues at Php 3.2 bn (or 71% of total), rose by 24% YoY. This enhanced revenue performance was due to a subsidiary's higher energy sales and the improvement in the weighted average selling price of power sold. Through bilateral power supply contracts, the Company's subsidiary recorded a 22% YoY expansion in kWh sales during the year in review.

2. Equity in net earnings of associates and joint ventures rose by 36% YoY to Php 1.1 bn from Php 817.2 mn. The improved bottomline performances of some of its associates were a result of enhanced topline brought about by recorded expansion in energy sales and improved average selling prices.

   The application of IAS 28 resulted in the non-recognition of Php 58.0 mn, which is the Company's share in the net losses of an associate and a joint venture during the period in review. Adjusting for this, the Company's equity in net earnings of associates and joint ventures would be reduced to Php 1.05 bn, still up by 29% YoY. For the same period last year, the Company recognized its share in the losses from the associate and joint venture, amounting to Php 188.1 mn, while losses of Php 212.8 mn were not recognized in compliance with IAS 28 guidelines.

3. Management fees in 2014 declined by 17% YoY to Php 138.9 mn from Php 167.1 mn. There were downward rate adjustments in the negotiated contract rates for 2014.

4. Interest income was significantly higher by 51% YoY at Php 50.7 mn. This was on account of higher money market placements due to the cash build up brought about by the FRCN proceeds.

5. Other income grew by 77% YoY to Php 11.4 mn from Php 6.4 mn. This increase was mainly due to the improved performance of a subsidiary engaged in information technology services.

Consolidated operating expenses for the year 2014 rose by 22% YoY from Php 2.1 bn to Php 2.5 bn. The increase was primarily due to the 27% YoY rise in Generation Cost incurred by the Company's subsidiary from Php 1.6 bn in 2013 to Php 2.1 bn in 2014), which was fueled by higher energy generation and purchased power during the period in review. The Company's operating expenses on the other hand went up by 3% YoY to Php 445.8 mn on account of the following:

1. Salaries and employee benefits grew 13% YoY from Php 74.4 mn to Php 83.8 mn resulting from additional manpower headcount and the upward adjustment in salaries and benefits.

2. Management fees were up 290% YoY, from Php 15.8 mn to Php 61.6 mn. The increase came from a subsidiary's payment of higher management fee rates for services received during the period in review.

3. Travel expenses rose by 20% YoY from Php 14.5 mn to Php 17.3 mn. The rise can be attributed to the increased frequency of business- and project-related trips, power plant inspections, technical trainings, and meetings with partners and government agencies.

4. Depreciation and amortization for the year grew by 31% YoY from Php 13.3 mn to Php 17.4 mn. This resulted from the acquisition of additional depreciable assets relating to the purchase of power plant equipment, the expansion of the Company's office space, and the purchase of vehicles.

5. Communication and utilities expense for the year 2014 increased by 34% YoY from Php 3.4 mn to Php 4.6 mn, which was a factor of the increase in the Company's manpower headcount and the installation of additional communication facilities to enhance communication between offices.

6. There was a 10% YoY decline in rent and association dues from Php 6.0 mn to Php 5.4 mn. In 2013, the Company had to extend the lease of an office space due to the delay in the completion of the improvement works being done in its replacement unit.

7. Representation expenses went down by 13% YoY from Php 3.7 mn to Php 3.3 mn on account of the lower cost of representation items during the year in review.

8. Professional fees declined by 29% YoY, from Php 237.4 mn to approximately Php 169.0 mn, on account of lower consultancy fees incurred.

9. Taxes and licenses dropped by 9% YoY from Php 28.6 mn to Php 25.9 mn. This was in view of a one-off tax payment in 2013 pertaining to the Company's gain on the redemption of redeemable preferred shares of an associate.

10. In view of the uncertainty of receivables collection relating to energy sales, a provision in the amount of Php 34.1 mn was booked by the Company's subsidiary as of end-2014.

11. An impairment loss of Php 5.0 mn was taken up at end-2013 relating to the fair valuation of a subsidiary's investment. There was no such impairment at end-2014.

12. Other operating expenses were lower by 22% from Php 29.3 mn to Php 22.9 mn. The costs incurred in the prior year were related to the compliance with the minimum public offering and developmental fees related to various project studies.

Vivant booked Php 83.7 mn in other charges in 2014, a 733% surge from previous year's other charges of Php 25.7 mn. This was an outcome of the following account movements:

1. Interest charges incurred in 2014 amounted to Php 140.5 mn, bringing up interest expense by 717% YoY. The hike was mainly due to the issuance of the FRCN, with the first tranche amounting to Php 1.0 bn being issued on February 3, 2014 at an interest rate of 5.7271% p.a., and the second tranche worth Php 2.0 bn being issued on March 31, 2014 at an interest rate of 5.4450% p.a.

2. Unrealized foreign exchange gain was up 45% YoY at Php 4.3 mn. The restatement of the US Dollar and Euro cash balances of the Company and a subsidiary accounted for this movement.

3. Other Income for the year amounted to Php 52.5 mn, which was mainly due to the reversal of an unclaimed liability booked by the Company's subsidiary that was taken up during its takeover of plant operations in 2010. This compares to an expense of Php 21.6 mn incurred by the Company in the previous year.

The combined effect of the above account movements resulted to a 49% YoY growth in Vivant's net income to Php 1.7 bn. Consequently, net income attributable to equity holders of the parent advanced by 34% YoY to Php1.3 bn.

Total comprehensive income, on the other hand, dropped by 20% YoY, from Php 2.2 bn to Php 1.7 bn. The total comprehensive income attributable to equity holders of the parent was at Php 1.4 bn, down by 26% YoY. The items below account for the movements:

1. In compliance with Philippine Accounting Standards (PAS) 19R, which requires the remeasurement of pension assets, Vivant booked an other comprehensive loss of Php 2.8 mn in 2014 and Php 8.7 mn in 2013.

2. In 2014, the Company booked Php 40.6 mn as other comprehensive income (net of tax), which represents its share in the revaluation increment of an associate. This amount is significantly lower than the Php 884.6 mn revaluation increment (net of tax) of another associate recognized in 2013.

Changes in Registrant's Resources, Liabilities, and Shareholders' Equity

The Company's consolidated total assets expanded by 43% to Php 12.5 bn in 2014 from Php 8.7 bn in 2013. The significant movements in the assets of the Company are discussed below.

1. Cash and cash equivalents as of end-2014 increased by 59% YoY to Php 4.9 bn, mainly due to the cash build up resulting from the FRCN proceeds.

2. Receivables was lower by 81% YoY at Php 138.5 mn. The decline resulted from the collection of a subsidiary's trade accounts during the year.

3. Advances to associates and stockholders dipped by 65% from Php 115.5 mn as of end-2013 to Php 40.9 mn as of end-2014. The drop was due to the reclassification of capital calls paid to a joint venture as investments and advances to associates and joint ventures account.

4. Inventories went up by 8% YoY to Php 106.8 mn. The upswing was due to the rise in fuel prices and the purchase of spare parts by a subsidiary for its power plant.

5. Prepayments and other current assets grew by 46%, from Php 294.8 mn as of end-2013 to Php 429.6 mn as of end-2014. This was mainly due to the booking by the Company's subsidiary of higher advances to supplier during the year in review.

6. Investments and advances to subsidiaries and associates grew by 44% to Php 5.8 bn as of end-2014 from approximately Php 4.0 bn as of end-2013. The growth is substantially attributed to a subsidiary's investment in power generation companies involved in the construction of coal-fired power generation facilities in Visayas and Mindanao.

7. Property, plant and equipment went up by 1,114% YoY to Php 760.8 mn. The increase is a factor of a subsidiary's acquisition of power plant equipment, the expansion of the Company's office space, and the acquisition of vehicles.

8. The 12% YoY increase in available-for-sale investments to Php 4.3 mn is mainly due to the purchase of a club proprietary share by the Company.

9. Deferred tax assets was 34% lower at Php 14.2 mn due to the deferred tax adjustment recognized in relation to the unamortized portion of the FRCN transaction costs.

Total liabilities posted a significant increase of 153% to Php 4.5 bn as of end-2014. During the period 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 9% YoY decline in trade and other payables from Php 1.4 bn to Php 1.3 bn, substantially on account of a subsidiary's settlement of its accrued expenses. In addition, net payments made during the period in review brought down the income tax payable account to Php 31.6 mn at end-2014 from Php 162.1 mn as of end-2013. Likewise, the partial settlement of the accounts of some subsidiaries to its related parties brought down advances from related party account by 19%, from Php 142.7 mn at end-2013 to Php 115.5 mn at end-2014. Meanwhile, pension liability increased by 24% YoY to Php 23.2 mn as a factor of its annual re-measurement.

As a result of net income generated during the period in review, total stockholders' equity increased by 15%, to approximately Php 8.0 bn as of year-end 2014 from about Php 7.0 bn as of end-2013. Meanwhile, equity attributable to parent ended higher by 18% at Php 7.6 bn as of end-2014.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash and cash equivalents grew by 59% YoY from Php 3.1 bn as of end-2013 to Php 4.9 bn as of end-2014. The FRCN proceeds mainly accounted for the cash build up.

Cash generated from operating activities for the year 2014 amounted to Php 832.5 mn, recording a 38% YoY decline. This mainly arose from higher income tax payments and the interest payments for the FRCN during the year. Lower net cash generated from operations, which was a result of increased prepaid expenses and a reduction in trade and other payables, further brought down the net cash from operations for the year in review.

As of year-end 2014, the Company and its subsidiaries booked investment outlays of Php 1.6 bn for power projects and Php 718.7 mn for fixed assets. These mainly resulted to the Php 1.3 bn cash used for investing during the year in review, a reversal from previous year's positive cash generated from investing activities of Php 1.1 bn.

Cash from financing activities as of end-2014 was at Php 2.3 bn, which was a turnaround from 2013 when the Company ended the year with Php 1.2 bn being used up for financing activities. The accumulation during the year in review was a result of the FRCN proceeds, albeit, tempered by the issuance of dividends by the Company and its subsidiaries.

Financial Ratios

Consolidated current assets grew by 29% YoY, which was mainly due to the cash build up coming from the FRCN proceeds. This, coupled with the 15% YoY decline in the Company's consolidated current liabilities, led to an improved current ratio, from 2.51x as of end-2013 to 3.8x as of end-2014.

Debt-to-Equity ratio as of end-2014 was higher at 0.56x vis-a-vis end-2013 level of 0.25x. The higher liabilities arising from the FRCN issuance mainly accounted for this increase.

For the Year Ended December 31, 2013 versus the Year Ended December 31, 2012

The table below shows the comparative figures of the key performance indicators for the year 2013 and 2012.

Key Performance Indicators *Amounts in Php '000, except for ratios*	**2013**	**2012**
Equity in Net Earnings of Associates	817,168	962,679
EBITDA	1,565,008	1,723,139
Cash Flow Generated	1,254,242	1,207,905
Net cash flows from operating activities	1,341,358	1,004,021
Net cash flows from (used in) investing activities	1,095,667	1,066,346
Net cash flows from (used in) financing activities	(1,182,782)	(862,462)
Debt-to-Equity Ratio (x)	0.25	0.24
Current Ratio (x)	2.51	2.24

The Company's share in net earnings of associates for the year 2013 amounted to Php 817.2 mn, representing a 15% YoY decline from Php 962.7 mn. The equity earnings in 2012 included one-off gains from the partial extinguishment of an associate's liabilities.

The lower average spot market price in 2013, coupled with the one-off gain in 2012 from the partial extinguishment of an associate's liabilities, resulted in a 9% YoY drop in the Company's EBITDA, from Php 1.7 bn to Php 1.6 bn.

The Company generated cash flows of Php 1.3 bn in 2013, up by 4% YoY. This can be attributed to improvements in the cash generated from operations and cash provided by investing activities.

Debt-to-Equity ratio slightly increased from 0.24x in 2012 to 0.25x in 2013. This resulted from the increase in the payable accounts of a subsidiary mostly arising from trade and dividends payable.

The increase in cash and cash equivalents during the period in review, mostly accounted for the improvement in the Company's current ratio, to 2.51x as of end-2013 from 2.24x as of end-2012.

Material Changes in Line Items of Registrant's Income Statement

At the end of 2013, the Company had a consolidated revenue of Php 3.6 bn, recording a 5% YoY decline from previous year's consolidated revenue of Php 3.8 bn. The topline performance was due to the following:

1. Revenue from sale of power, which comprised the bulk of revenues at Php 2.6 bn, was marginally lower by 2% YoY. The Company's subsidiary recorded a 23% YoY increase in net generation. This, however, was offset by the lower average selling price brought about by the lower spot market prices that prevailed during the year (especially during the months of November and December where most of the energy sales occurred).

2. Equity in net earnings of associates and joint ventures in 2013 decreased by 15% YoY to Php 817.2 mn from Php 962.7 mn. This is largely attributed to the non-recurrence of a gain booked in 2012 that resulted from the partial settlement of an associate's liability.

3. Management fees in 2013 rose by 12% YoY to Php 167.1 mn from Php 148.5 mn. The upward adjustment in rates, as stipulated in the contracts, as well as newly negotiated rates accounted for the increase.

4. Interest income was lower by 29% YoY at Php 33.6 mn, which was mainly attributed to lower interest rates during the period in review.

5. Other income decreased by 8% YoY to Php 6.4 mn. The drop was due to a reduction in the disposal of waste materials by a subsidiary.

Consolidated operating expenses for the year 2013 was reduced by 6% YoY from Php 2.2 bn to Php 2.1 bn. The drop was primarily due to the lower Generation Cost incurred by the Company's subsidiary, which was down 12% YoY to Php 1.6 bn. The decline was due to the non-recurrence of cost items relating to significant spare parts replacements that the power plant required in 2012. Vivant's operating expenses recorded a 23% YoY rise to Php 432.1 mn given the following:

1. Professional fees increased by 15% YoY, from Php 207.3 mn to Php 237.4 mn. This significant increase was due to consultancy and advisory services incurred in relation to business development, technical reviews, and project development studies.

2. Management fees were lower by 58% YoY, from Php 37.6 mn to Php 15.8 mn. The drop was due to the non-renewal of a contract involving the management of a subsidiary's power plant in 2013.

3. Salaries and employee benefits increased to Php 74.4 mn in 2013, or by 91% YoY. The increase is a result of the combined effect of an increase in manpower headcount to address the growing needs of operations and the adjustments in salaries and benefits.

4. Taxes and licenses increased by 24% YoY to Php 28.6 mn from Php 23.0 mn. The increase was brought about by higher local taxes booked by a subsidiary in view of its higher revenue base.

5. Travel expenses increased by 37% YoY to Php 14.5 mn from Php 10.6 mn. This can be attributed to the rise in business- and project-related trips.

6. Depreciation and amortization for the year grew by 33% YoY from Php 10.0 mn to Php 13.3 mn. The increase was mainly attributable to the acquisition of fixed assets (relating to the expansion of the Company's office space) in 2013.

7. Rent and association dues increased by 52% YoY to Php 6.0 mn. This was a result of the combined effect of higher rental fees (as provided for in the lease contracts) and leased office space.

8. Communication and utilities expense for the year 2013 increased by 20% YoY to Php 3.4 mn from Php 2.9 mn, which was a factor of the increase in the Company's manpower headcount.

9. Impairment loss on Available For Sale (AFS) investments was up by 83% YoY from Php 2.7 mn to Php 5.0 mn. The rise was due to the full recognition of an impairment of a subsidiary's AFS investment in a company that already ceased operations. The amount booked in 2012 was a partial impairment for the same AFS investment.

10. Representation expenses was higher by 167% YoY to Php 3.7 mn from Php 1.4 mn. The increase was due to the rise in business- and project-related activities.

11. Security and janitorial expense was at Php 0.6 mn , up by 192% YoY. This was due to the need to tighten security in a subsidiary's facility and the requirement for additional janitorial and utility services in both Vivant and its subsidiary.

12. Other operating expenses went up by 136% to Php 29.3 mn from Php 12.4 mn due to increased spending in community relations, participation in typhoon relief operations, training and development, and customs brokerage, among others.

Vivant booked Php 25.7 mn in other charges in 2013, a reversal from previous year's other income of Php 605.4 mn. Said movement can primarily be accounted for by the following:

1. Prepayment of the Company's short term loans, coupled with the derecognition of the subsidiary's long term debt that resulted from the rescission of the contract involving the acquisition of the plant facilities, resulted in a 72% YoY drop in the Company's finance cost, from Php 61.1 mn to Php 17.2 mn.

2. Vivant's subsidiary booked a Php 643.8 mn gain in 2012, which was a result of the rescission of the contract involving the purchase of the Bauang power plant facility. Said gain was the difference of the derecognition of the property, plant and equipment and long-term debt, and the return of the cash from the escrow account.

3. Other Charges – net of Php 21.6 mn in 2013 pertain to a one-off adjustment that relates to previously booked gains from the redemption of an associate's redeemable preferred shares, which were inadvertently overstated.

The combined effect of the above account movements resulted in a 36% YoY decline in Vivant's net income to Php 1.3 bn. Consequently, net income attributable to equity holders of the parent declined by 31% YoY to Php1.0 bn.

Total comprehensive income, on the other hand, rose by 7% YoY to Php 2.2 bn from P2.0 bn. The total comprehensive income attributable to equity holders of the parent was at Php 1.9 bn, up by 29% YoY. Items below account for the movements:

1. In compliance with Philippine Accounting Standards (PAS) 19R, which requires the remeasurement of pension assets, Vivant booked an other comprehensive loss of Php 8.7 mn in 2013 and Php 0.7 mn in 2012, thereby restating its 2012 Consolidated Statement of Comprehensive Income.

2. The Company booked as other comprehensive income its share in the revaluation increment of an associate that amounted to Php 884.6 mn (net of tax).

Changes in Registrant's Resources, Liabilities, and Shareholders' Equity

The Company's consolidated total assets increased by 23% to Php 8.7bn in 2013 from Php 7.1 bn in 2012. The significant movements in the assets of the Company are discussed below.

1. Cash and cash equivalents as of end-2013 increased by 70% YoY to Php 3.1 bn. This was brought about by higher dividends received from the Company's investee companies and its subsidiary's increased trade payables (See Item 3. Legal Proceedings II 1590 EC ERC Case No. 2014-021 MC).

2. Receivables was higher by 20% YoY at Php 746.1 mn. This was largely due to the increase in trade receivables from higher energy sales in the last month of the year.

3. Advances to associates and stockholders was up by 302%, from Php 28.8 mn as of end-2012 to Php 115.5 mn as of end-2013. The increase came from advances made by a subsidiary to its stockholders for future dividends.

4. Inventories declined by 4% YoY to Php 99.2 mn. The drop was due to the rise in inventory usage during the period in view of higher energy generation.

5. Prepayments and other current assets was down by 35%, from Php 453.5 mn as of end-2012 to Php 294.8 mn as of end-2013, which was due to the reclassification of advances made by a subsidiary to its supplier of power plant parts and supplies to the proper asset and expense accounts upon receipt of the orders.

6. Investment in associates rose by 9% to Php 4.0 bn as of end-2013 from Php 3.7 bn as of end-2012. The increase is largely attributed to the take up of the Company's share in the revaluation of an associate in 2013, which was partly offset by the impact of cash and property dividend declaration during the year in review.

7. Property, plant and equipment went up by 32% YoY to Php 62.6 mn. The increase is largely attributed to the acquisition of more office space to accommodate additional manpower and other space requirements.

8. Available-for-sale investments was down by 57% YoY to Php 3.8 bn due to the recognition of an impairment on a subsidiary's AFS investment in a company that already ceased operations.

9. Other non-current assets increased by 9% to Php 72.0 mn as of end-2013 from Php 66.0 mn as of end-2012. This is attributable to advances made to contractors and project partners that will be used to finance the cost of project studies, site development, and plant rehabilitation, among others.

Vivant's total consolidated liabilities as of end-2013 was higher by 27% YoY, from Php 1.4 bn to Php 1.8 bn. Below is a brief discussion on the movements of the Company's liability accounts.

1. Trade and other payables increased by 107% YoY to Php 1.4 bn as of end-2013. This was due to a significant increase in trade payables from a subsidiary's purchases for inventories and the group's collection of energy fees in excess of the amounts determined by PEMC in the adjustment bills for the supply months of November and December 2013. (See Item 3. Legal Proceedings ll 1590 EC ERC Case No. 2014-021 MC)

2. Advances from related parties dropped by 28% YoY to Php 142.7 mn from Php 197.5 mn given the settlement of some of the advances.

3. Income tax payable recorded a 65% YoY increase to Php 162.1 mn as of end-2013. The significant increase was brought about by a subsidiary's higher net earnings during the year in review.

4. Short term loans of Php 365.0 mn in 2012 were fully settled in 2013.

5. Pension Liability of Php 18.7 mn in 2013 and Php 15.7 mn were established as a result of an actuarial study done, which is in compliance with PAS 19R on the remeasurement of pension assets.

6. Deferred tax liabilities was lower by 8% YoY at P27.5 mn as of end-2013. The decline was brought about by the realization of foreign exchange gains and the recognition of its corresponding income tax payable.

The favorable results of the Company's operations and the recognition of its share in the revaluation increment of an associate led to YoY increases of 22% and 35% in Vivant's total equity and equity attributable to equity holders of the Parent at Php 7.0 bn and Php 6.5 bn, respectively.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash and cash equivalents grew by 70% YoY from Php 1.8 bn as of end-2012 to Php 3.1 bn as of end-2013. Improvements in both the Company's cash generated from operations and cash provided by investing activities accounted for the rise in cash levels at the end of 2013.

Cash generated from operating activities for the year 2013 amounted to Php 1.3 bn, recording a 34% YoY improvement. This mainly arose from the rise in a subsidiary's trade and other payables.

Cash provided by investing activities during the year was slightly higher by 3% YoY at P1.1 bn. This was due to a 10% YoY increase in cash dividends received by Vivant, from Php 894.8 mn in 2012 to Php 979.9 mn in 2013. This was partly offset by the additions to property and equipment and other noncurrent assets.

Cash used in financing activities increased by 37% YoY to Php 1.2 bn. The 121% YoY rise in cash dividends paid (at Php 687.3 mn) during the year mainly accounted for the increase.

Financial Ratios

Debt-to-Equity ratio as of end-2013 was slightly up at 0.25x from 0.24x as or end-2012. This was mostly a result of the increase in the payable accounts of a subsidiary arising from higher dividends payable, output taxes payable, and trade payables. (See Item 3. Legal Proceedings ll 1590 EC ERC Case No. 2014-021 MC)

Increase in cash and cash equivalents during the period in review mainly accounted for the improvement in the Company's current ratio to 2.51x as of end-2013 from 2.24x as of end-2012.

Item 7: Financial Statements

Attached are the audited financial statements for the fiscal year 2015.

PART III – CORPORATE GOVERNANCE

Vivant has adopted the Corporate Governance Self-Rating Form of the Commission, the criteria and the rating system therein as a means of measurement or determination of the level of compliance of the Board of Directors and top-level management with its Revised Manual of Corporate Governance (the "Manual"). To ensure compliance with leading practices on good corporate governance, members of the board of directors and top-level management are encouraged to attend seminars on good corporate governance. The Company has substantially complied with the provisions of its Manual, and the same has been disclosed to the Commission. It has plans to improve corporate governance by adopting good corporate practice recognized in more progressive corporations and incorporating the same in its Manual.

In compliance with the full disclosure rules on the Code of Corporate Governance, the Manual, and the reportorial requirement of the Commission on the extent of compliance by the company with its Manual, the undersigned hereby certifies that the company has substantially complied with the provisions thereof.

As of the date of this Report, there are no changes in the corporate governance structure and practice.

Continuing Education for the Board

In its pursuit to keep abreast with the best practices in Corporate Governance, on August 15, 2015, all Members of the Board of Directors (including Independent Directors) and its key executive officers attended a seminar on Corporate Governance conducted by SGV & Co. at Cebu City exclusively for Vivant Corporation. On December 8, 2015, **Vivant**'s Assistant Vice President for Trading and Marketing, Mr. Theo C. Sunico, the same seminar held at Makati City.

Compliance with the Minimum Public Ownership Requirement

Vivant complies with the Rule on Minimum Public Ownership, as amended. Based on information that is publicly available to the Company and within the knowledge of its directors it has 12.5202% public float as of March 31, 2016.

(Attachments follow)

EXHIBIT A1

Republic of the Philippines)
City of Cebu) S.S.

CERTIFICATION OF QUALIFICATION BY INDEPENDENT DIRECTOR

I, **ATTY. JESUS B. GARCIA, JR.** Filipino, of legal age and a resident of Nivel Hills, Lahug, Cebu City, after having been duly sworn in accordance with law, do hereby declare that:

1. I am an Independent Director of Vivant Corporation;
2. I am affiliate with the following companies or organizations:

Company/Organization	Position	Period of Service
Sun*Star Publishing, Inc.	Chairman of the Board	5 years
Pan Arts Corporation	Treasurer	25 years
Madre Realty & Management Corporation	Treasurer	12 years
Russfil Management Services Inc.	Executive Director	2 years
Legwork Productions and Promotions	Proprietor	8 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Vivant Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations, as amended.

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code, as amended.

5. I shall inform the Corporate Secretary of Vivant Corporation of any change in the abovementioned information within five (5) days from its occurrence.

Executed on MAY 10 2016 at Cebu City, Philippines.

ATTY. JESUS B. GARCIA, JR.
Affiant / Independent Director

SUBSCRIBED AND SWORN TO before ma on this MAY 10 2016 at Cebu City, Philippines, affiant personally appeared before me and exhibited his Senior Citizen I.D. No. 10496 issued at Cebu City on May 16, 2007.

Doc. No. 98;
Page No. 20;
Book No. XVI;
Series of 2016.

ATTY. JOAN A. GIDUQUIO-BARON
ROLL NO. 41829
NOTARY PUBLIC
CEBU, PHILIPPINES

ATTY. JOAN A. GIDUQUIO-BARON
NOTARIAL COMMISSION NO. 22-15
NOTARY PUBLIC
CEBU CITY
UNTIL DECEMBER 31, 2016
UNITS 1801-1802 AYALA LIFE FGU CENTER
CEBU BUSINESS PARK, CEBU CITY
ROLL NO. 41829
PTR NO. 874088 - CEBU CITY - 01/08/16
IBP NO. 1014750 - CEBU CITY - 01/08/16

EXHIBIT A2

Republic of the Philippines)
) S.S.

CERTIFICATION OF QUALIFICATION BY INDEPENDENT DIRECTOR

I, **AMB. RAUL CH. RABE,** Filipino, of legal age and a resident of 445 Agoncillo St., Ayala Alabang Village, Muntinlupa City, Metro Manila, after having been duly sworn in accordance with law, do hereby declare that:

1. I am an Independent Director of Vivant Corporation;
2. I am affiliate with the following companies or organizations:

Company/Organization	Position	Period of Service
Cagayan Electric Power & Light Company, Inc. (CEPALCO)	Director	5 years
Mindanao Energy Systems, Inc.	Director	6 years
Rodrigo, Berenguer & Guno Law Offices	Of Counsel	16 years
Manila Economic and Cultural Office (MECO)	Corporate Secretary	16 years
KGL-Negros Navigation	Director	7 years
2Go Group	Director	5 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Vivant Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations, as amended.

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code, as amended.

5. I shall inform the Corporate Secretary of Vivant Corporation of any change in the abovementioned information within five (5) days from its occurrence.

Executed on APR 2 8 2016. at CITY OF MAKATI Philippines.

Raul Ch. Rabe
AMB. RAUL CH. RABE
Affiant / Independent Director

SUBSCRIBED AND SWORN TO before ma on this APR 2 8 2016. at CITY OF MAKATI Philippines, affiant personally appeared before me and exhibited his Senior Citizen I.D. No. 10496 issued at Cebu City on May 16, 2007.

Doc. No. 291
Page No. 60
Book No. X;
Series of 2016.

ATTY. JOSHUA P. LAPUZ
Notary Public Makati City
Until Dec. 31, 2017
Appointment No. M-231-(2016-2017)
PTR No. 0056579 Jan. 4, 2016 / Makati
IBP Lifetime No. 04897 Roll No. 45790
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City

EXHIBIT B

Republic of the Philippines)
City of Cebu) S.S.

CERTIFICATION

I, **ATTY. JOAN A. GIDUQUIO-BARON**, Filipino, of legal age with office address at Unit 1501-1502 Ayala Life-FGU Center, Cebu Business Park, Cebu City, Philippines, after having been duly sworn in accordance with law, hereby state that:

1. I am the duly elected Assistant Corporate Secretary and Compliance Officer of Vivant Corporation, a corporation duly organized and existing pursuant to and under the laws of the Republic of the Philippines, with principal business address at Unit 907-908 Ayala Life- FGU Center, Cebu Business Park, Cebu City, Philippines (the "Corporation").

2. The following are the Directors and Officers of the Corporation that were elected last June 2015:

NAME	BOARD	OFFICER
Dennis N. A. Garcia	Chairman	-
Emil Andre M. Garcia	Director	VP-Operations and Business Development
Gil A. Garcia II	Director	-
Charles Sylvestre A. Garcia	Director	-
Elbert M. Zosa	Director	-
Ramontito E. Garcia	Director	President
Efren P. Sarmiento	Director	-
Jose Marko Anton G. Sarmiento	Director	-
Antonio S. Abacan, Jr.[1]	Director	-
Raul Ch. Rabe	Independent Director	-
Jesus B. Garcia, Jr.	Independent Director	-
Arlo A. G. Sarmiento	-	EVP/Chief Operating Officer
Minuel Carmela N. Franco	-	Treasurer; VP-Finance
Juan Eugenio L. Roxas	-	VP-External Affairs
Jess Anthony N. Garcia	-	General Counsel; Corporate Secretary; Chief Information

[1] Mr. Abacan, Jr. took office on September 21, 2015.

		Officer
Maria Victoria E. Sembrano	-	AVP-Finance and Administration
Macario C. Padullo, Jr.	-	AVP-Corporate Management Systems
Theo C. Sunico	-	AVP-Trading and Marketing
Cris C. Fernandez	-	AVP-Technical Operations
Grant Clark	-	AVP-Business Development
Joan A. Giduquio-Baron	-	Asst. Corporate Secretary and Compliance Officer

3. None of the above-named Directors and Officers works in the government.

To the best of my knowledge, done this 13th day of May 2016 at Cebu City, Philippines.

ATTY. JOAN A. GIDUQUIO-BARON
Assistant Corporate Secretary and
Compliance Officer

SUBSCRIBED AND SWORN TO before me on this MAY 13 2016 at Cebu City, Philippines, affiant exhibiting to me her Phil. Driver's License No. G01-91-133486 issued at Cebu City and will expire on November 26, 2020 as her competent evidence of identity.

Doc. No. 92;
Page No. 19;
Book No. II;
Series of 2016.

ATTY. BARBARA ANNE B. OCABA ROLL NO. 63882 NOTARY PUBLIC CEBU CITY, PHILIPPINES

ATTY. BARBARA ANNE B. OCABA
NOTARIAL COMMISSION NO. 117-15
NOTARY PUBLIC
CEBU CITY
UNTIL DECEMBER 31, 2016
UNITS 1501-1502 AYALA LIFE FGU CENTER
CEBU BUSINESS PARK, CEBU CITY
ROLL NO. 63882
PTR NO. 874059 - CEBU CITY - 01/05/16
IBP NO. 1014748 - CEBU CITY - 01/04/16

VIVANT CORPORATION AND SUBSIDIARIES
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
DECEMBER 31, 2015

EXHIBIT C

VIVANT CORPORATION
(Holding Company)
(Incorporated on May 28, 1990)

SUBSIDIARIES

- 50.94% — **HIJOS DE F. ESCAÑO** (Holding Company) *Incorporated on December 24, 1926*
- 100.00% — **VIVANT ENERGY CORPORATION** (Power Generation) *Incorporated on January 25, 2005*
- 100.00% — **VC VENTURES NET, INC.** (IT Services) *Incorporated on December 8, 2004*
- 100.00% — **VIVANT INTEGRATED GENERATION CORPORATION** (Holding Company) *Incorporated on November 5, 2008*
- 52.70% — **1590 ENERGY CORP.** (Power Generation) *Incorporated on July 30, 2010*
- 60.00% — **VICS AMLAN HOLDINGS CORP.** (Holding Company) *Incorporated on August 26, 2009*
- 100.00% — **VIVANT RENEWABLE ENERGY CORPORATION** *Formerly Vics-Bakun Holdings Corporation* (Holding Company) *Incorporated on January 8, 2010*
- 67.00% — **VIVANT MALOGO HYDROPOWER, INC.** (Power Generation) *Incorporated on June 8, 2012*
- 100.00% — **CORENERGY, INC.** (Retail Electricity Supply) *Incorporated on December 14, 2012*
- 100.00% — **VIVANT GEO POWER CORP.** (Holding Company) *Incorporated on April 23, 2014*
- 100.00% — **VIVANT ISLA, INC.** (Holding Company) *Incorporated on July 11, 2014*
- 100.00% — **VIVANT INTEGRATED DIESEL CORPORATION** (Holding Company) *Incorporated on August 7, 2015*

ASSOCIATES AND JOINT VENTURES

- 34.81% — **VISAYAN ELECTRIC COMPANY, INC.** (Power Distribution) *Incorporated on February 22, 1961*
- 40.00% — **PRISM ENERGY, INC.** (Retail Electricity Supply) *Incorporated on March 24, 2009*
- 50.00% — **DELTA P, INC.** (Power Generation) *Incorporated on September 20, 2002*
- 40.00% — **CEBU PRIVATE POWER CORPORATION** (Power Generation) *Incorporated on July 13, 1994*
- 40.00% — **ABOVANT HOLDINGS, INC.** (Holding Company) *Incorporated on November 28, 2007*
- 50.00% — **CALAMIAN ISLANDS POWER CORP.** (Power Generation) *Incorporated on October 19, 2010*
- 30.00% — **AMLAN HYDROELECTRIC POWER CORPORATION** (Power Generation) *Incorporated on October 21, 2008*
- 48.00% — **VIVANT STA. CLARA NORTHERN RENEWABLES GENERATION CORPORATION** (Power Generation) *Incorporated on July 9, 2009*
- 40.00% — **MINERGY POWER CORPORATION** *Formerly Minergy Coal Corporation* (Power Generation) *Incorporated on February 18, 2013*
  - 20.00% — **THERMA VISAYAS, INC.** (Power Generation) *Incorporated on October 15, 1997*

EXHIBIT D

VIVANT CORPORATION AND SUBSIDIARIES

Unaudited Consolidated Financial Statements
As of March 31, 2016 (with Comparative Audited Consolidated Figures as of December 31, 2015) and for the Three Months Ended March 31, 2015

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF MARCH 31, 2016
(With Comparative Figures as of December 31, 2015)
(Amounts in Philippine Pesos)

	Notes	**March 31, 2016**	December 31, 2015
ASSETS			
Current Assets			
Cash and cash equivalents	1	**₱4,121,612,485**	₱4,068,285,801
Trade and other receivables	2	**254,392,560**	342,691,120
Advances to associates and stockholders	2	**27,134,598**	31,167,018
Inventories		**83,051,632**	89,095,939
Prepayments and other current assets	3	**786,719,569**	707,243,179
Total Current Assets		**5,272,910,844**	5,238,483,057
Noncurrent Assets			
Investments in subsidiaries and associates	6	**7,041,832,272**	6,913,791,619
Property, plant and equipment	5	**899,108,646**	916,497,160
Investment properties	4	**514,801,557**	514,801,557
Other noncurrent assets	7	**98,680,837**	93,781,925
Deferred income tax assets - net		**12,581,733**	12,581,733
Total Noncurrent Assets		**8,567,005,045**	8,451,453,994
TOTAL ASSETS		**₱13,839,915,889**	₱13,689,937,051

LIABILITIES AND EQUITY

Current Liabilities

Short-term note payable	**₱ 88,000,000**	₱33,000,000
Trade and other current payables	**1,467,565,877**	1,546,394,312
Advances from related parties	**110,468,541**	110,212,802
Notes payable – current portion	**25,989,025**	25,989,025
Income tax payable	**1,529,696**	154,009
Total Current Liabilities	**1,693,553,139**	1,715,750,148
Noncurrent Liabilities		
Notes payable - net of current portion	**2,891,584,679**	2,921,584,679
Pension liability	**16,093,300**	14,770,643
Deferred tax liabilities	**99,767,008**	99,767,008
Total Noncurrent Liabilities	**3,007,444,987**	3,036,122,330
Total Liabilities	**4,700,998,126**	4,751,872,478

Equity Attributable to Shareholders of the Parent			
Capital stock	8	**1,023,456,698**	1,023,456,698
Additional paid-in capital		**8,339,452**	8,339,452
Other components of equity:			
Revaluation reserve		**1,234,371,697**	1,234,371,697
Remeasurement loss on employee benefits		**(55,547,607)**	(55,547,607)
Unrealized valuation gain on AFS		**191,083**	191,083
Retained earnings:			
Appropriated for business expansion		**2,493,584,261**	2,493,584,261
Unappropriated		**3,948,994,651**	3,726,045,896
Equity Attributable to Shareholders of the Parent		**8,653,390,235**	8,430,441,480
Non-controlling Interest		**485,527,528**	507,623,093
Total Equity		**9,138,917,763**	8,938,064,573
TOTAL LIABILITIES AND EQUITY		**₱13,839,915,889**	₱13,689,937,051

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD JANUARY 1 TO MARCH 31, 2016
(With Comparative Figures for the same period in 2015)
(Amounts in Philippine Pesos)

	2016	2015
REVENUE		
Energy fees	**₱327,114,879**	₱695,038,035
Equity in net earnings of associates	**297,493,063**	239,171,217
Management fees	**27,477,055**	26,849,844
Interest income	**11,548,821**	11,780,564
	663,633,818	972,839,660
GENERATION COSTS	**362,017,767**	522,955,088
OPERATING EXPENSES		
Salaries and employees' benefits	**27,619,574**	21,085,984
Professional fees	**8,544,971**	10,104,416
Taxes and licenses	**12,063,741**	6,661,188
Depreciation and amortization	**5,069,932**	4,080,404
Management fees	**2,362,500**	4,717,500
Travel	**3,797,949**	1,953,692
Representation	**290,077**	1,653,874
Communication and utilities	**1,276,609**	1,010,640
Rent and association dues	**1,627,798**	963,784
Contracted services	**895,276**	379,582
Other general and administrative expenses	**7,102,400**	8,225,411
	70,650,827	60,836,475

	2016	2015
INCOME FROM OPERATIONS	**230,965,224**	389,048,096
OTHER INCOME (CHARGES)		
Finance costs	**(42,664,834)**	(41,647,372)
Foreign exchange gains (losses)	**(506,202)**	(1,556,913)
Others – net	**2,337,509**	367,423
	(40,833,527)	(42,836,862)
INCOME BEFORE INCOME TAX	**190,131,697**	346,211,234
TAX EXPENSE	**1,488,507**	17,978,094
NET INCOME	**188,643,190**	328,233,140
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱188,643,190**	₱328,233,140
NET INCOME ATTRIBUTABLE TO:		
Shareholders of the parent company	**₱ 222,948,755**	₱274,413,134
Non-controlling interests	**(34,305,565)**	53,820,006
	₱188,643,190	₱328,233,140
BASIC AND DILUTED EARNINGS PER SHARE	**₱0.218**	₱0.268

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2016
(With Comparative Figures for the same period in 2015)
(Amounts in Philippine Pesos)

	2016	2015
REVENUE		
Energy fees	**₱327,114,879**	₱695,038,035
Equity in net earnings of associates	**297,493,063**	239,171,217
Management fees	**27,477,055**	26,849,844
Interest income	**11,548,821**	11,780,564
	663,633,818	972,839,660
GENERATION COSTS	**362,017,767**	522,955,088
OPERATING EXPENSES		
Salaries and employees' benefits	**27,619,574**	21,085,984
Professional fees	**8,544,971**	10,104,416
Taxes and licenses	**12,063,741**	6,661,188
Depreciation and amortization	**5,069,932**	4,080,404
Management fees	**2,362,500**	4,717,500
Travel	**3,797,949**	1,953,692
Representation	**290,077**	1,653,874
Communication and utilities	**1,276,609**	1,010,640
Rent and association dues	**1,627,798**	963,784
Contracted services	**895,276**	379,582
Other general and administrative expenses	**7,102,400**	8,225,411
	70,650,827	60,836,475

	2016	2015
INCOME FROM OPERATIONS	**230,965,224**	389,048,096
OTHER INCOME (CHARGES)		
Finance costs	**(42,664,834)**	(41,647,372)
Foreign exchange gains (losses)	**(506,202)**	(1,556,913)
Others – net	**2,337,509**	367,423
	(40,833,527)	(42,836,862)
INCOME BEFORE INCOME TAX	**190,131,697**	346,211,234
TAX EXPENSE (BENEFIT)	**1,488,507**	17,978,094
NET INCOME	**188,643,190**	328,233,140
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱188,643,190**	₱328,233,140
NET INCOME ATTRIBUTABLE TO:		
Shareholders of the parent company	**₱ 222,948,755**	₱274,413,134
Non-controlling interests	**(34,305,565)**	53,820,006
	₱188,643,190	₱328,233,140
BASIC AND DILUTED EARNINGS PER SHARE	**₱0.218**	₱0.268

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2016
(With Comparative Figures for the same period in 2015)
(Amounts in Philippine Pesos)

	Notes	**2016**	1Q 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱190,131,697**	₱346,211,234
Adjustments for:			
Equity in net earnings of associates		**(297,493,063)**	(239,171,217)
Finance costs		**42,664,834**	41,647,372
Interest income		**(11,548,821)**	(11,780,567)
Depreciation and amortization		**26,535,060**	6,184,964
Pension expense		**1,322,657**	–
Unrealized foreign exchange gains		**506,203**	1,556,913
Operating income before working capital changes		**(47,881,433)**	144,648,699
Decrease (increase) in:			
Trade and other current receivables	2	**86,911,529**	(250,716,928)
Inventories		**6,044,307**	1,377,842
Prepayments and other current assets	3	**(79,476,390)**	(84,251,366)
Increase (decrease) in Trade and other current payables		**(79,730,993)**	279,605,838
Cash generated from operations		**(114,132,980)**	90,664,085
Interest paid		**(41,762,276)**	(41,647,372)
Income tax paid		**(112,820)**	**–**
Net cash provided by (used in) operating activities		**(156,008,076)**	49,016,713

CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends from associates		**329,452,410**	393,741,536
Interest received		**12,935,852**	11,780,564
Additions to property, plant and equipment	5	**(8,504,560)**	(46,801,793)
Decrease (increase) in:			
Intangible assets		**(112,124)**	–
Other noncurrent assets		**(5,428,774)**	(426,136)
(Increase) decrease in investments in associates	6	**(160,000,000)**	(400,000,000)
Net cash flows provided by (used in) investing activities		**168,342,804**	(41,705,829)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from fixed rate corporate notes		**55,000,000**	–
Payment of loans		**(30,000,000)**	(30,000,000)
Additional deposits for future stock subscriptions of non-controlling interest of a subsidiary		**12,210,000**	10,890,000
Advances from associates and stockholders		**4,288,159**	13,136,895
Net cash provided by (used in) financing activities		**41,498,159**	(5,973,105)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**53,832,887**	1,337,779
EFFECT OF EXCHANGE RATE CHANGES		**(506,203)**	**(1,556,913)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**4,068,285,801**	4,859,530,626
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**₱4,121,612,485**	₱4,859,311,492

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2016
(With Comparative Figures for the same period in 2015)
(Amounts in Philippine Pesos)

	Notes	**2016**	2015
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT			
CAPITAL STOCK - ₱1 par value			
Authorized – 2,000,000,000 shares			
Issued and outstanding – 1,023,456,698 shares	8	**₱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		**1,234,371,697**	1,261,492,837
Depreciation on the revaluation increment of an associate		**–**	–
Balance at end of interim period		**1,234,371,697**	1,261,492,837
FAIR VALUE RESERVE			
Balance at beginning of period		**191,083**	254,554
Changes		**–**	–
Balance at end of interim period		**191,083**	254,554
REMEASUREMENT LOSS ON EMPLOYEE BENEFITS			
Balance at beginning of period		**(55,547,607)**	(69,240,190)
Balance at end of interim period		**(55,547,607)**	(69,240,190)

	Notes	**2016**	2015
RETAINED EARNINGS			
Balance at beginning of period		**6,219,630,157**	5,407,714,113
Dividends declared		**–**	–
Depreciation on the revaluation increment of an associate		**–**	–
Net income	9	**222,948,755**	274,413,134
Balance at end of interim period		**6,442,578,912**	5,682,127,247
		8,653,390,235	7,906,430,598
NON-CONTROLLING INTEREST			
Balance at beginning of period		**507,623,093**	358,610,361
Property dividend		**–**	–
Cash dividends		**–**	–
Additional investments		**12,210,000**	**–**
Minority income for the period		**(34,305,565)**	53,820,006
Balance at end of interim period		**485,527,528**	412,430,367
TOTAL EQUITY		**₱9,138,917,763**	₱8,318,860,965

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2016

1. Cash and Cash Equivalents

This account consists of:

	March 31, 2016	December 31, 2015
Cash on hand and in banks	₱76,508,481	₱301,636,865
Short-term investments	4,045,104,004	3,766,648,936
	₱4,121,612,485	**₱4,068,285,801**

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

This account consists of:

	March 31, 2016	December 31, 2015
Trade receivables	₱247,534,717	₱208,599,589
Accounts receivable	19,964,347	14,352,182
Advances to officers and employees	4,762,502	8,755,973
Accrued interest	2,841,618	4,228,650
Dividends receivable	-	132,572,000
Others	13,747,422	8,640,772
	288,850,606	377,149,166
Less allowance for impairment loss	34,458,046	34,458,046
	₱254,392,560	**₱342,691,120**

Advances to associate and stockholders	**₱27,134,597**	**₱31,167,018**

2.1 Aging of Trade receivables, advances and other current receivables

	March 31, 2016				December 31, 2015			
	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	₱171,638,567	₱11,259,674	₱105,952,365	₱288,850,606	₱206,525,089	₱78,133,944	₱92,490,133	₱377,149,166
Less: Allowance for impairment loss			34,458,046	34,458,046			34,458,046	34,458,046
	₱171,638,567	**₱11,259,674**	**₱71,494,319**	**₱254,392,560**	**₱206,525,089**	**₱78,133,944**	**₱58,032,087**	**₱342,691,120**

3. Prepayments and other current assets

The composition of this account is shown below:

	March 31, 2016	December 31, 2015
Advances to suppliers and other parties	₱641,757,266	₱556,309,228
Creditable withholding taxes	38,950,334	72,525,345
Input tax	80,226,586	43,972,814
Prepaid insurance	11,470,924	19,759,835
Others	14,314,459	14,675,957
	₱786,719,569	**₱707,243,179**

4. Investment Properties

	March 31, 2016	December 31, 2015
Land		
Cost	₱3,473,986	₱3,473,986
Fair Value Adjustment	507,949,571	507,949,571
	511,423,557	511,423,557
Building		
Cost	₱-	₱-
Fair Value Adjustment	3,378,000	3,378,000
	3,378,000	3,378,000
Total Investment Properties	**₱514,801,557**	**₱514,801,557**

Some of the Company's properties were leased out to outside parties to earn rental income. Total rental income amounting to Php 0.2 mn and Php 0.2 mn as of end-March 2016 and end-March 2015, respectively, were recorded as part of "Other income" in the consolidated statements of comprehensive income.

In 2015, an appraisal was carried out on the Company's investment properties resulting to a fair value change amounting to Php 240.7 mn.

Real property taxes pertaining to the land amounting to Php 0.8 mn and Php 0.8 mn as of end-March 2016 and 2015, respectively, are included under "Taxes and licenses" account in the consolidated statements of comprehensive income.

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct, or develop investment properties.

5. Property and Equipment

Property and equipment consists of the following major classifications:

	Condominium Units, Building and Improvements	Plant Machineries and Equipment	Leasehold and Land Improvement	Office Furniture, Fixtures and Equipment	Transportation Equipment	Tools and Other Assets	Total
Cost							
Beg. Balance, Dec. 31, 2015	₽45,672,763	₽878,394,764	₽16,878,412	₽32,699,427	₽37,051,538	₽3,658,731	₽1,014,355,635
Additions	42,129	5,156,899	-	3,174,496	30,058	100,978	8,504,560
Retirement	-	-	-	(79,326)	-	-	(79,326)
End. Balance, Mar. 31, 2016	45,714,892	883,551,663	16,878,412	35,794,597	37,081,596	3,759,709	1,022,780,869
Less: Accumulated Depreciation							
Beg. Balance, Dec. 31, 2015	16,227,789	35,589,565	5,428,236	20,473,716	18,659,987	1,479,182	97,858,475
Depreciation	370,344	21,131,654	599,541	2,328,842	1,420,667	42,026	25,893,074
Retirement	-	-	-	(79,326)	-	-	(79,326)
End. Balance, Mar. 31, 2016	16,598,133	56,721,219	6,027,777	22,723,232	20,080,654	1,521,208	123,672,223
Carrying value, March 31, 2016	**₽29,116,759**	**₽826,830,444**	**P10,850,635**	**P13,071,365**	**P17,000,942**	**P2,238,501**	**P899,108,646**

6. Investment in and advances to associates and joint ventures:

The components of the carrying values of investments in associates and joint ventures are as follows:

	March 31, 2016	December 31, 2015
Investment in VECO:		
Acquisition Cost	₱840,333,111	₱840,333,111
Accumulated Equity Earnings-net	30,127,232	195,557,150
Revaluation Surplus	1,193,768,246	1,193,768,246
Carrying Value	2,064,228,589	2,229,658,507
Investment in Delta P:		
Acquisition Cost	230,117,231	150,117,231
Accumulated Equity Earnings-net	(8,740,084)	(14,051,909)
Revaluation Surplus	-	-
Carrying Value	221,377,147	136,065,322
Investment in CPPC:		
Acquisition Cost	305,119,049	305,119,049
Accumulated Equity Earnings-net	(227,294,721)	(262,573,945)
Revaluation Surplus	-	-
Carrying Value	77,824,328	42,545,104
Investment in ABOVANT:		
Acquisition Cost	976,784,699	976,784,699
Accumulated Equity Earnings-net	720,845,291	630,651,138
Revaluation Surplus	-	-
Carrying Value	1,697,629,990	1,607,435,837
Investment in VSNRGC:		
Acquisition Cost	311,040,001	311,040,001
Accumulated Equity Earnings-net	(311,040,001)	(311,040,001)
Revaluation Surplus	-	-
Carrying Value	-	-
Investment in AHPC:		
Acquisition Cost	11,500,000	11,500,000
Deposit for future stock subscription	2,968,700	2,968,700
Accumulated Equity Earnings-net	(11,500,000)	(11,500,000)
Revaluation Surplus	-	-
Carrying Value	2,968,700	2,968,700
Investment in PEI:		
Acquisition Cost	500,000	500,000
Accumulated Equity Earnings-net	16,956	16,956
Revaluation Surplus	-	-
Carrying Value	516,956	516,956
Investment in CIPC:		
Acquisition Cost	102,097,169	102,097,169
Accumulated Equity Earnings-net	3,912,681	1,227,312
Revaluation Surplus	-	-
Carrying Value	106,009,850	103,324,481
Investment in TVI:		
Acquisition Cost	231,496,655	231,496,655
Accumulated Equity Earnings-net	47,484,350	47,484,350
Revaluation Surplus	40,603,451	40,603,451
Carrying Value	319,584,456	319,584,456

	March 31, 2016	December 31, 2015
Investment in MPC:		
Acquisition Cost	2,493,250,000	2,413,250,000
Accumulated Equity Earnings-net	58,442,256	58,442,256
Revaluation Surplus	-	-
Carrying Value	2,551,692,256	2,471,692,256
Total Carrying Value of Investments	**₱7,041,832,272**	**₱6,913,791,619**

The Group has unrecognized share in losses from results of operations of its investments in associates and joint ventures amounting to Php 30.0 mn and Php 100.4 mn as of March 31, 2016 and March 31, 2015, respectively. Total cumulative unrecognized losses amounted to Php 401.8 mn as of the quarter in review and Php 371.8 mn as of yearend-2015.

7. Other Non-Current Assets

The details of this account are shown below:

	March 31, 2016	December 31, 2015
Due from RFM Corporation	₱46,078,063	₱46,078,063
Goodwill	42,559,451	42,559,451
Advances to suppliers	41,803,545	36,412,810
Available-for-Sale (AFS) investments	3,750,631	3,750,631
Software cost	1,444,145	1,974,007
Others	9,123,065	9,085,026
	144,758,900	139,859,988
Less allowance for impairment loss	46,078,063	46,078,063
	₱98,680,837	**₱93,781,925**

8. Capital Stock

The details of the capital stock account are as follows:

	March 31, 2016	December 31, 2015
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

9. Earnings Per Share

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

	March 31, 2016	March 31, 2015
Basic Earnings Per Share		
Net income (loss) attributable to Parent shareholders	222,948,755	274,413,134
Less: Preferred shares	-	-
Net income (loss) identified with Common stock	222,948,755	274,413,134
Actual number of shares Outstanding	1,023,456,698	1,023,456,698
	0.218	**0.268**

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 each in February 2016 and February 2015.

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, 2016 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, 2016
Loan Receivables	USD –
Trade Receivables	USD –
Cash	USD 45,194
	Euro 519
Trade Payables	USD 2,302,290
	Euro 2,661
Gross Exposure	USD 2,257,096
	Euro 2,142

The average exchange rate for the quarter ended March 31, 2016 are as follows:

US Dollar-Philippine Peso	US$1 = Php47.09
Euro-Philippine Peso	Eu€1 = Php52.17

The exchange rate applicable as of March 31, 2016 are the following:

US Dollar-Philippine Peso	US$1 = Php46.07
Euro-Philippine Peso	Eu€1 = Php52.26

Sensitivity Analysis

A 10% strengthening of the Philippine Peso against US Dollar and European Euro as of March 31, 2016 would have increased equity and profit by Php 10.4 mn. A 10% weakening of the Philippine Peso against the US Dollar and European Euro as of March 31, 2016 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

B

EXHIBIT E

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 7 5 2 2 2

COMPANY NAME

VIVANT CORPORATION AND SUBSIDIARIES

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

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

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

COMPANY INFORMATION

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

98

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

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CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

SEC
Cebu Extension Office
APR 0 8 2016
By:
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

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Verified by ___ Date Issued APR 14 2016

VIVANT

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

DENNIS N.A. GARCIA
Chairman of the Board

RAMONTITO E. GARCIA
President/Chief Executive Officer

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

Signed this 1st day of April, 2016.

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Verified by [signature] *Date Issued* APR 14 2016

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Building a better working world

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Cebu Business Park
Cebu City
6000 Cebu, Philippines

Tel: (032) 266 2947 to 49
Fax: (032) 266 2313
ey.com/ph

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

INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

SYCIP GORRES VELAYO & CO.

Leovina Mae V. Chu

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

April 1, 2016

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SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

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

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

SYCIP GORRES VELAYO & CO.

Leovina Mae V. Chu

Leovina Mae V. Chu
Partner
CPA Certificate No. 99910
SEC Accreditation No. 1199-AR-1 (Group A),
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January 5, 2015, valid until January 4, 2018
PTR No. 875706, January 11, 2016, Cebu City

April 1, 2016

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

Equity Attributable to Equity Holders of the Parent
Capital stock - ₱1 par value (Note 21)
Authorized - 2,000,000,000 shares
Issued - 1,023,456,698 shares
Additional paid-in capital

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

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

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

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

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

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

(Forward)

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

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

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

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

HDFE

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

VNI

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PEI

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

AHI

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

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

CPPC

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

MPC

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

AHPC

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

TVI

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

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

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

CIPC

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

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

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

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

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

2. Basis of Preparation and Statement of Compliance

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

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

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

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

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

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

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

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

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

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

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3. Changes in Accounting Policies and Disclosures

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

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

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

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

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

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

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

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

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

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

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

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

  The amendments are applied retrospectively and clarify that:

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

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

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

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

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

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

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

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

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

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

The Group shall consider this amendment in future joint arrangements.

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

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

- PAS 40, *Investment Property*

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

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

Deferred

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

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

Effective January 1, 2016

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

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

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

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

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

- PFRS 14, *Regulatory Deferral Accounts*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective January 1, 2018

- PFRS 9, *Financial Instruments*

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

The adoption of PFRS 9 will have an effect on the classification and measurement of and impairment methodology for the Company's financial assets, and on its application of hedge accounting. However, it will have no impact on the classification and measurement of its financial liabilities.

The adoption of PFRS 9 is not expected to have any significant impact on the financial statements of the Group.

- IFRS 15, *Revenue from Contracts with Customers*

  IFRS 15 was issued in May 2014 by the IASB and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date, once adopted locally.

Effective January 1, 2019

- IFRS 16, *Leases*

  On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

  Under the new standard, lessees will no longer classify their lessees as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

  The Group is currently assessing the impact of PFRS 16 and plans to adopt the new standard on the required effective date, once adopted locally.

4. Summary of Significant Accounting Policies

Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit-or-loss (FVPL).

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument and derecognizes a financial asset (or part of a financial asset) when it no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed to an independent third party.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits. Financial instruments are offset when there is a legally enforceable right to offset and intention to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are classified into the following categories: FVPL, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS). The Group determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this designation at every reporting date.

- *Financial Assets at FVPL.* Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition as at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Gains or losses on investments held for trading are recognized in the consolidated statements of comprehensive income.

  When a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at FVPL, except when the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited. Financial assets may be designated at initial recognition as at FVPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing the gains or losses on them on a different basis; or (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

  As of December 31, 2015 and 2014, no financial assets have been designated as FVPL.

- *Loans and Receivables.* Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in consolidated statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

  Classified as loans and receivables are the Group's cash and cash equivalents, trade and other receivables and advances to associates and stockholders.

- *HTM Investments.* Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as HTM when the Group has the positive intention and ability to hold it to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be HTM, such as bonds, are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization process.

  As of December 31, 2015 and 2014, the Group has no HTM investments.

- *AFS Financial Assets.* AFS financial assets are those non-derivative financial assets that are designated as AFS or are not classified in any of the three preceding categories. After initial recognition, AFS financial assets are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the consolidated statement of comprehensive income. The Group has available for sale financial assets of ₱3.8 million and ₱4.3 million as of December 31, 2015 and 2014, respectively, and is presented as part of "Other noncurrent assets" account in the consolidated statements of financial position

- *Other Financial Liabilities.* This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings.

  The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any directly attributable transaction costs.

  Included under this category are the Group's trade and other current payables, notes payable and advances from related parties.

<u>Offsetting Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value Measurement
The Group measures financial instruments, such as, cash on hand and in banks, short-term placements, trade and other receivables, trade and other payables, long-term debt and non-financial assets such as investment properties and AFS investments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as cash on hand and in banks, short-term investments, trade and other receivables, advances to associates and stockholders, AFS investments, trade and other payables, advances from related parties, and notes payable and for non-recurring measurement, such as investment properties.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every 3–6 years. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

On an interim basis, the management and the Group's external valuers present the valuation results to the audit committee. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

<u>Derecognition of Financial Assets and Liabilities</u>

Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Impairment of Financial Assets. The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

- *Assets Carried at Amortized Cost.* If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the consolidated statement of comprehensive income.

  The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

  If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

  In relation to trade receivables, a provision for impairment loss is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all the amounts due under the original terms of the invoice. The carrying amount of the receivables is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

- *AFS Financial Assets.* If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the consolidated statement of comprehensive income, is transferred from equity to the consolidated statement of comprehensive income. Reversals in respect of equity instruments classified as AFS are not recognized in the consolidated statement of comprehensive income. Reversals of impairment losses on debt instruments are reversed in the consolidated statement of comprehensive income; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of comprehensive income.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Investments in Associates and Interest in Joint Ventures
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and interests in joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The consolidated financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the loss in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing the inventory to its present location and condition is determined primarily on the basis of the weighted average method. NRV is the current replacement cost. An allowance for inventory obsolescence is provided for slow-moving, defective or damaged goods based on analyses and physical inspection.

Prepayments and Other Current Assets

Prepayments and other current assets are recognized and carried at cost, less any impairment in value. These are recognized as assets when it is probable that any future economic benefit associated with the item will flow to or from the entity and the item has a cost or value that can be measured with reliability. An asset is not recognized in the consolidated statement of financial position when expenditure has been incurred for which it is considered improbable that economic benefits will flow to the entity beyond the current accounting period. Instead such a transaction results in the recognition of an expense in the consolidated statement of comprehensive income.

Property, Plant and Equipment

Property, plant and equipment, except distribution utility assets, are stated at cost less accumulated depreciation and amortization, and impairment losses, if any.

Initially, an item of property, plant and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation and amortization is computed using the straight-line method over the assets' estimated useful lives. Leasehold improvements are amortized using the straight-line method over the estimated useful life of the improvements or the term of the lease, whichever is shorter. The estimated useful lives are as follows:

	Number of Years
Condominium units, building and improvements	5–40
Plant machineries and equipment	5–10
Leasehold and land improvements	3–10
Office furniture, fixtures and equipment	2–10
Transportation equipment	5
Tools and other assets	3–5

The useful lives and depreciation and amortization method are reviewed at each reporting date to ensure that such useful lives and depreciation and amortization method are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect to those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and the related accumulated depreciation and amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period.

Investment Properties

Investment properties, which pertain to land and buildings and improvements, are properties held by the Group either to earn rentals or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are initially measured at cost. Subsequently, investment properties are measured at fair value with any change therein recognized in profit or loss following the fair value model.

The fair value of the Group's investment properties measured using the fair value model is based on the valuation carried out by independent appraisers. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices of similar properties.

Any gain or loss resulting from either a change in the fair value or the sale of investment properties is recognized in profit or loss in the year of change or derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or the start of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by start of owner-occupation or of development with a view to sell.

Goodwill

Goodwill recognized in a business combination accounted for using the acquisition method, is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the Group's interest in the fair values of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, including impairment of inventories, are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

Capital Stock. Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value for all issued shares.

Additional Paid-in Capital. Consideration received in excess of par value are recognized as additional paid-in capital, net of incremental costs that are directly attributable to the issuance of new shares.

Retained Earnings. Retained earnings represent the cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effect of changes in accounting policy and other capital adjustments.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received as receivables, excluding discounts, rebates, and other sales taxes or duties. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Power. Revenue from sale of power is recognized when delivery of power generated or purchased by the Group to the spot market or customers is completed, and is based on actual power delivered at prices prevailing in the spot market or agreed prices in power supply agreements.

Management Fees. Revenue from management fees, arising from services involving consultancy, management, technical, and services covered by Service Level Agreements (SLAs), are recognized when the related services are rendered based on the terms of the management and service contracts.

Interest Income. Revenue is recognized as interest accrues taking into account the effective yield on the assets.

Other Income, such as Rental Income and Gain on Redemption of an Equity Share in an Associate. These are generally recognized when earned. Rental income is recognized on a straight-line basis over the term of the lease while gain on redemption of an equity share in an associate is recognized as the difference between the proceeds received upon redemption and the corresponding carrying amount of the investment redeemed.

Cost and Expense Recognition
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized in the consolidated statements of comprehensive income when incurred.

Related Party Transactions
Transactions with related parties are accounted for based on the nature and substance of the agreement, and financial effects are included in the appropriate asset, liability, income and expense accounts.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Pension Benefits
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statement of comprehensive income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Income Taxes

Current Income Tax. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Income Tax. Deferred income tax is provided using the balance sheet liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date. Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales Tax. Revenues, expenses and assets are recognized net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date of whether the fulfilment of the arrangements is dependent on the use of specific asset or assets or the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
b. a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. there is a substantial change to the asset.

When a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances give rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period of scenario (b).

Group as a Lessee. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Foreign Currency Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at reporting date. Exchange gains and losses arising from foreign currency transactions and translations of foreign-currency-denominated monetary assets and liabilities are credited or charged to current operations.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material.

Earnings Per Share

Basic earnings per common share is calculated by dividing net income for the year attributable to the common stockholders of the Group by the weighted average number of common shares issued and outstanding during the year, after retroactive adjustments for any stocks dividend declared.

Diluted earnings per share is calculated by dividing the net income for the year attributable to the common stockholders of the Group by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued for outstanding common stock equivalents.

As at December 31, 2015 and 2014, the Group does not have dilutive common stock equivalents.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. In preparing these consolidated financial statements, the Group made its best judgments and estimates of certain amounts, giving due consideration to materiality. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Group believes that the following represent a summary of these significant accounting judgments and estimates and the related impact and associated risks in the consolidated financial statements.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Determining Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the companies in the Group has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the sale of service and the cost of providing the service.

Determining Fair Value of Financial Instruments. The Group carries certain financial assets and liabilities at fair value which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair values would differ if the Group utilized a different valuation methodology. Any change in fair value of these financial assets and liabilities would affect the consolidated statement of comprehensive income and consolidated statement of changes in equity.

Where the fair value of the financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of consolidated financial statements.

As of December 31, 2015 and 2014, the carrying values of the Group's financial instruments, except for the Notes Payable, approximate fair values due to their relative short-term maturity (see Note 24).

Determining Fair Value of Investment Properties. The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statements of comprehensive income. While the Group has opted to rely on independent appraisers to determine the fair value of its investment properties, such fair value was determined based on recent prices of similar properties with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Group made different judgments and estimates or utilized different basis in determining fair value.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 24.

Any gain or loss from a change in the fair value of each investment property is included in the consolidated statement of comprehensive income in the year in which the change arises.

As of December 31, 2015 and 2014, the carrying value of the Group's investment properties amounted to ₱514.8 million and ₱274.1 million, respectively (see Note 12).

Determination of Control or Significant Influence Over an Investee Company. Control is presumed to exist when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Management has determined that by virtue of its ownership in its subsidiaries as of December 31, 2015 and 2014, the Group has the ability to exercise control over these investees (see Note 1).

Determining Joint Arrangements. Judgment is required to determine when the Group has joint control, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, such as the considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess its rights and obligations arising from the arrangement. Specifically, it considers (a) the structure of the joint arrangement - whether it is structured through a separate vehicle and, (b) when the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from the legal form of the separate vehicle, the terms of the contractual arrangement and other facts and circumstances (when relevant).

This assessment often requires significant judgment, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting. The Group has joint arrangement pertaining to its interests in VSNRGC, CIPC and DPI which are structured through separate vehicles, being a company structure. This structure, and the terms of the contractual arrangement indicate that the Group has rights to the net assets of the arrangement. The final conclusion was that the Group's investments in VSNRGC, CIPC and DPI (starting 2015 only) are joint ventures.

Determining Non-Controlling Interest (NCI) that is Material to the Group. The Group assesses whether an NCI is material by considering factors such as the carrying amount of the NCI relative to the net equity of the Group, the profit or loss or OCI of the subsidiary attributable to the NCI, the assets and liabilities of the related subsidiary, or the amount of dividends paid by the subsidiary to the NCI, and the proportion that these amounts bear to the Group's financial position or results of operations. The Group also considers the nature of activities of the subsidiary and its relative importance or risk compared to other operations of the Group. Based on management's assessment, it has determined that the NCI in 1590 EC is material to the Group. Information about this subsidiary with material NCI is disclosed in Notes 1 and 10.

Determining Operating Lease Commitments - Group as a Lessee. 1590 EC entered into a Memorandum of Agreement (MOA) with the Provincial Government of La Union (PGLU) for the right to preserve, maintain and operate the Bauang Diesel Power Plant (BDPP), including the right to use and sell the power generated therefrom, and lease of office spaces. The Group has determined that it does not acquire all the significant risks and rewards of these properties which are leased on operating leases.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating Impairment of Trade and Other Receivables and Advances to Associates and Stockholders. The Group maintains allowance for impairment losses at a level that management considers adequate to provide for potential uncollectibility of receivables. A review of the factors that affect the collectibility of the accounts including age and status of the receivables is made by management on a continuing basis to identify accounts to be provided with allowance. These factors include, but are not limited to, the Group's relationship with its clients, client's current credit status and other known market factors. The Group reviews the age and status of receivables and identifies accounts that are to be provided with allowance either individually or collectively. The amount and timing of recorded expenses for any period would differ if the Group made different judgment or utilized different estimates. An increase in the Group's allowance for impairment losses will increase the Group's recorded expenses and decrease current assets.

As of December 31, 2015 and 2014, trade and other receivables amounted to ₱342.7 million and ₱138.5 million, respectively (see Note 7), and advances to associates and stockholders amounted to ₱31.2 million and ₱40.9 million, respectively (see Note 16). Provision for impairment losses recognized in 2014 amounted ₱34.1 million. There was no provision for impairment losses recognized in 2015 and 2013.

Estimating Allowance for Inventory Write-down. The Group writes down inventory for an amount equal to the difference between the cost of inventory and the estimated NRV or current replacement cost based on assumptions about future use and sale, and technology that would affect the cost of inventories.

There was neither a provision nor a reversal of the write-down of inventories recognized in 2015, 2014 and 2013 (see Note 8). The NRV of inventories amounted to ₱89.1 million and ₱106.8 million as of December 31, 2015 and 2014, respectively (see Note 8).

Estimating Useful Lives of Property, Plant and Equipment and Intangible Assets. The Group reviews annually the estimated useful lives of property, plant and equipment and intangible assets and updates the estimates based on expected asset utilization, market demands and future technological developments consistent with the Group's pursuit of constant modernization of its machineries, equipment and software. However, it is possible that the factors mentioned above may change in the future which could change the estimated useful lives of the property, plant and equipment and intangible assets. The estimated useful lives are also updated if expectations differ from previous estimated due to physical wear and tear, technical obsolescence and legal or other limits on the use of the assets. A reduction in the estimated useful lives could result in a significant increase in depreciation and amortization of property, plant and equipment and intangible assets.

The carrying value of the property, plant and equipment amounted to ₱916.5 million and ₱760.8 million as of December 31, 2015 and 2014, respectively (see Note 11). The carrying value of intangible assets (relating to software costs under "Other noncurrent assets") amounted ₱2.0 million and ₱3.0 million as of December 31, 2015 and 2014, respectively (see Note 13).

Estimating Impairment of Nonfinancial Assets. Internal and external sources of information are reviewed at each reporting date to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may be decreased:

- Property, plant and equipment
- Investment properties
- Intangible assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. Determining the recoverable amount, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect its consolidated financial statements. Future events could cause the Group to conclude that the property, plant and equipment, investment properties and intangible assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

Assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are as follows:

	2015	2014
Property, plant and equipment (see Note 11)	**₱916,497,160**	₱760,769,518
Investment properties (see Note 12)	**514,801,557**	274,071,000
Intangible assets (see Note 13)	**1,974,007**	2,957,834

The Group did not recognize any impairment loss on its nonfinancial assets in 2015, 2014 and 2013.

Assessing Impairment of Goodwill. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of goodwill as of December 31, 2015 and 2014 amounted to ₱42.6 million (see Note 13).

Estimating Provision for Pension Expense. The costs of defined benefit pension plans, as well as the present value of the pension obligation, are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

As of December 31, 2015 and 2014, pension liability amounted to ₱14.8 million and ₱23.2 million, respectively (see Note 19).

Estimating Realizability of Deferred Income Tax Assets. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of such deferred income tax assets to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Group.

Deferred income tax assets that are recognized amounted to ₱21.7 million and ₱22.3 million as of December 31, 2015 and 2014, respectively (see Note 20). Deferred income tax assets have not been recognized on allowance for impairment loss of ₱0.6 million as of December 31, 2014, net operating loss carry-over (NOLCO) of ₱67.6 million and ₱45.0 million as of December 31, 2015 and 2014, respectively, and minimum corporate income tax (MCIT) of ₱0.2 million and ₱0.1 million as of December 31, 2015 and 2014, respectively (see Note 20).

Estimating Legal Contingencies. The estimate of probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. Management, in consultation with its legal counsel, believes that the likely outcome of these proceedings will not have a material adverse effect on the Group's financial position and operating results. Management also believes that the current provisions in the accounts are adequate to cover the possible claims that may arise under the current circumstances. Existing circumstances and assumptions about future developments related to these proceedings may still change. Such changes are reflected in the assumptions when they occur.

6. Cash and Cash Equivalents

	2015	2014
Cash on hand and in banks	**₱301,636,865**	₱1,647,369,237
Short-term investments	**3,766,648,936**	3,212,161,389
	₱4,068,285,801	₱4,859,530,626

Cash in banks earn interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment

Interest income earned from the cash in banks and short-term investments amounted to ₱59.7 million, ₱50.7 million and ₱29.0 million in 2015, 2014 and 2013, respectively.

7. Trade and Other Receivables

	2015	2014
Trade receivables:		
Third parties	**₱135,659,305**	₱83,007,479
Related parties (see Note 16)	**72,940,284**	2,255,000
Dividends receivable (see Notes 10 and 16)	**132,572,000**	–
Accounts receivable (see Note 16)	**14,352,182**	68,919,357
Advances to officers and employees (see Note 16)	**8,755,973**	6,287,355
Accrued interest (see Note 6)	**4,228,650**	2,530,402
Others	**8,640,772**	9,974,916
	377,149,166	172,974,509
Less allowance for impairment losses	**34,458,046**	34,458,046
	₱342,691,120	₱138,516,463

Trade receivables include receivables from Philippine Electricity Market Corporation (PEMC) through the Group's active participation in Wholesale Electricity Spot Market (WESM) which has a term of 30 days and earns interest of 2% plus the rate of the prevailing 91-day Treasury Bill published by the Bureau of Treasury per annum on the past due receivables.

The movement in the allowance for impairment losses follows:

	2015	2014
At January 1	**₱34,458,046**	₱333,032
Provision for impairment loss	–	34,125,014
At December 31	**₱34,458,046**	₱34,458,046

In 2014, the Group provided allowance on receivable from an electric cooperative which has been outstanding since 2011.

8. Inventories

The following are the inventories held by the Group which are carried at cost being lower than their NRV:

	2015	2014
Spare parts	**₱58,770,527**	₱60,685,157
Heavy fuel oil	**26,470,917**	39,233,856
Lube oil	**1,979,667**	3,528,080
Light fuel oil	**1,874,828**	3,384,636
	₱89,095,939	₱106,831,729

The cost of materials and supplies recognized under "Generation costs" in the consolidated statements of comprehensive income amounted to ₱108.8 million, ₱114.0 million and ₱128.8 million in 2015, 2014 and 2013, respectively (see Note 17).

9. Prepayments and Other Current Assets

	2015	2014
Advances to suppliers and other parties	**₱556,309,228**	₱325,352,461
Creditable withholding taxes	**72,525,345**	24,319,217
Input VAT	**43,972,814**	53,044,665
Prepaid insurance	**19,759,835**	25,638,897
Others	**14,675,957**	1,230,850
	₱707,243,179	₱429,586,090

Advances to suppliers and other parties include advance payments to parties to comply with certain contractual obligations and to suppliers for purchases of goods and services for the succeeding year.

Creditable withholding taxes pertain to taxes withheld by the customers on income payments to the companies in the Group from sales of services that can be applied against the Group's income tax liabilities.

Input VAT represents the VAT imposed by the Group's suppliers of goods and services as required by Philippine taxation laws and regulations.

"Others" include prepaid rent, advance payments of minor purchases of inventories for use in operations and cash restricted for implementing environmental and community projects pursuant to the agreement entered with the Department of Environment and Natural Resources and PGLU.

10. Equity Investments

a. Investments in and Advances to Associates and Joint Ventures

	2015	2014
Acquisition cost:		
At January 1	**₱3,689,425,745**	₱2,436,679,091
Additions	**1,440,000,000**	1,252,746,654
Deposits converted to equity	**364,012,170**	–
Redemption of an equity interest in an associate	**(151,200,000)**	–
At December 31	**5,342,237,915**	3,689,425,745
Deposit for future stock subscription:		
At January 1	**370,492,167**	–
Additions	**2,968,700**	370,492,167
Deposits converted to equity	**(364,012,170)**	–
Return of deposits	**(6,479,997)**	–
At December 31	**2,968,700**	370,492,167
Accumulated share in net earnings:		
At January 1	**435,376,666**	257,841,723
Equity in net earnings of associates	**1,009,709,570**	1,110,762,054
Cash dividends received and receivable	**(1,146,326,256)**	(1,003,535,759)

(Forward)

	2015	2014
Share in the amount transferred from revaluation surplus representing depreciation on revaluation increment	**₱27,121,140**	₱71,424,790
Share in the remeasurement gains (losses) on employee benefits	**8,332,187**	(1,116,142)
At December 31	**334,213,307**	435,376,666
Share in revaluation increment:		
At January 1	**1,261,492,837**	1,292,314,176
Share in revaluation increment of an associate, net of tax	**–**	40,603,451
Share in the amount transferred to equity representing depreciation on revaluation increment of an associate	**(27,121,140)**	(71,424,790)
	1,234,371,697	1,261,492,837
	₱6,913,791,619	₱5,756,787,415

The Group has unrecognized share in losses from results of operations of its investments in associates and joint ventures amounting to ₱107.5 million, ₱57.2 million and ₱212.8 million in 2015, 2014 and 2013, respectively. Total cumulative unrecognized losses amounted to ₱371.8 million, ₱270.0 million, ₱212.8 million as of December 31, 2015, 2014 and 2013, respectively.

In 2015, VIGC acquired 6,732,500 common shares and 7,187,500 preferred shares of MPC, both with a par value of ₱100 per share, for a total consideration of ₱1.4 billion. This increased total investment of the Group in MPC to ₱2.4 billion in 2015.

In April 2015, AHI redeemed its 15,120,000 redeemable preferred shares at the redemption price of ₱10 per share or for a total amount of ₱151.2 million. There was no gain or loss on the redemption of shares. Total investment in AHI amounted to ₱977.6 million and ₱1.1 billion as of December 31, 2015 and 2014, respectively.

In 2015, the Group made a deposit for future stock subscription to AHPC amounting to ₱3.0 million, pending the approval by the SEC of AHPC's application for increase in capital stock and issuance of shares.

On May 28, 2015, VEC acquired 6,310,352 common shares representing 15% of DPI's total issued and outstanding capital stock. The acquisition increased the Group's ownership in DPI to 50% from 35%. The increase in ownership in DPI allowed VEC to have joint control in DPI, where it previously exercised only significant influence over the relevant activities of DPI. Total investment in DPI amounted to ₱72.6 million and ₱24.6 million as of December 31, 2015 and 2014, respectively.

In 2014, the deposits for future stock subscription by the Group to CIPC and VSNRGC amounted to ₱99.0 million and ₱271.5 million, respectively. These were converted to equity upon approval by the SEC of the application for increase in capital stock of the joint ventures on November 13, 2015 and November 5, 2015, respectively. The excess of deposits for future stock subscription in VSNRGC amounting to ₱6.5 million was returned to the Group.

In 2013, CPPC redeemed its 540,000 redeemable preferred shares for a total amount of ₱114.7 million resulting to a loss of ₱10.1 million.

The Group's associates and joint ventures, and the corresponding equity ownership as of December 31 follow:

	Nature of Business	Percentage of Ownership 2015	2014	2013
Associates:				
VECO	Power distribution	**34.81**	34.81	34.81
CPPC	Power generation	**40.00**	40.00	40.00
PEI	Power generation	**40.00**	40.00	40.00
AHPC	Power generation	**30.00**	30.00	30.00
AHI	Holding company	**40.00**	40.00	40.00
MPC	Power generation	**40.00**	40.00	–
TVI	Power generation	**20.00**	20.00	–
Delta P	Power generation	–	35.00	35.00
Joint ventures:				
VSNRGC*	Power generation	**48.00**	46.00	46.00
CIPC	Power generation	**50.00**	50.00	50.00
Delta P	Power generation	**50.00**	–	–

* *increased to 48% effective November 6, 2015*

As of December 31, 2015 and 2014, the undistributed earnings of the associates and joint ventures included in the Group's retained earnings amounting to ₱263.8 million and ₱365.0 million, respectively, are not available for distribution to the stockholders unless declared by the associates and joint ventures.

The following are selected financial information of the material associates of the Group as of and for the years ended December 31, 2015, 2014 and 2013 (except for MPC which is as of and for the years ended December 31, 2015 and 2014 only):

<u>MPC</u>

	2015	2014
Total current assets	**₱9,629,533,324**	₱3,452,001,949
Total noncurrent assets	**10,149,175,766**	4,265,433,215
Total current liabilities	**493,655,362**	152,967,627
Total noncurrent liabilities	**13,135,006,472**	5,189,772,054
Total equity	**6,643,702,618**	2,527,663,110
Gross revenue	**154,176,589**	5,516,220
Operating profit	**140,760,687**	9,319,983
Net income (loss)	**149,286,642**	(5,089,604)
Group's share in net income (loss)	**59,714,657**	(1,272,401)
Proportion of Group's ownership	**40.00%**	40.00%
Carrying amount of investment	**2,471,692,256**	1,019,977,599

VECO

	2015	2014	2013
Total current assets	**₱2,748,991,164**	₱2,758,373,152	3,208,266,606
Total noncurrent assets*	**12,896,378,323**	12,398,588,725	12,140,330,723
Total current liabilities	**3,657,243,240**	3,065,730,557	3,165,796,160
Total noncurrent liabilities	**5,582,902,153**	5,602,805,816	5,723,358,762
Total equity	**6,405,224,094**	6,488,425,504	6,459,442,407
Gross revenue	**21,110,387,108**	21,072,224,119	19,387,138,622
Operating profit	**2,229,398,192**	1,962,682,781	2,265,158,396
Net income	**1,727,478,763**	1,593,159,515	1,588,026,904
Group's share in net income	**601,335,357**	554,578,827	551,680,547
Proportion of Group's ownership	**34.81%**	34.81%	34.81%
Carrying amount of the investment	**2,229,658,507**	2,258,620,918	2,248,531,902

** Inclusive of adjustments not taken up by the Group*

AHI

	2015	2014	2013
Total current assets	**₱1,323,785,767**	₱839,477,042	₱795,384,316
Total noncurrent assets	**2,694,803,826**	3,245,862,171	3,068,930,246
Total equity	**4,018,589,593**	4,085,339,213	3,864,314,562
Gross revenue	**1,041,283,276**	1,023,500,125	850,892,671
Operating profit	**1,041,031,454**	1,023,404,633	850,784,051
Net income	**1,041,828,799**	1,023,360,608	850,799,577
Group's share in net income	**416,731,520**	409,344,243	340,319,831
Proportion of Group's ownership	**34.81%**	34.81%	34.81%
Carrying amount of the investment	**2,229,658,507**	2,258,620,918	2,248,531,902

Individually Immaterial Associates and Joint Ventures
The carrying amount of the Group's interest in all individually immaterial associates and joint ventures that are accounted for using the equity method for the year ended December 31 follows:

	2015	2014	2013
Income from continuing operations	**₱350,439,957**	₱188,987,667	146,947,127
Net income (loss)	**(68,071,964)**	129,966,955	105,431,369
Other comprehensive income	**3,679,067**	60,815,019	2,262,509
Total comprehensive income (loss)	**(64,392,897)**	190,781,974	107,693,878

a. Material Partly-Owned Subsidiary

1590 EC
As of December 31, 2015, the Group has a 52.70% indirect ownership interest in 1590 EC which is primarily engaged in power generation and is incorporated in the Philippines.

The summarized financial information of 1590 EC as of December 31 is provided below:

	2015	2014	2013
Total current assets	**₱1,048,785,546**	₱938,180,052	₱2,304,311,126
Total noncurrent assets	**854,247,327**	711,549,163	13,005,101
Total current liabilities	**1,461,384,281**	1,330,164,870	1,644,325,547
Total noncurrent liabilities	**586,685**	1,142,060	
Total equity	**441,061,907**	318,422,285	672,990,680
Sale of power	**1,991,517,373**	3,207,748,349	2,593,003,368
Operating profit	**333,782,601**	829,301,821	668,509,763
Net income	**247,465,879**	677,097,561	476,654,563
Total comprehensive income	**247,639,622**	675,431,603	475,861,511
Net income attributable to non-controlling interests	**117,051,361**	320,267,146	225,457,608
Total comprehensive income attributable to non-controlling interests	**117,133,541**	319,479,148	225,082,495
Dividends paid to non-controlling interests	**59,125,000**	487,190,000	59,125,000

11. Property, Plant and Equipment

	2015						
	Condominium Units, Building and Improvements	**Plant Machineries and Equipment**	**Leasehold and Land Improvements**	**Office Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Tools and Other Assets**	**Total**
Cost							
At January 1	**₱25,924,832**	**₱703,469,835**	**₱25,157,022**	**₱27,812,923**	**₱33,249,958**	**₱505,670**	**₱816,120,240**
Additions	**12,104,352**	**281,629,170**	**965,211**	**8,317,345**	**9,593,181**	**939,786**	**313,549,045**
Reclassifications	**8,699,140**	**313,839**	**(9,243,821)**	**(1,982,433)**	**–**	**2,213,275**	**–**
Retirements	**(1,055,561)**	**–**	**–**	**(1,448,408)**	**–**	**–**	**(2,503,969)**
Price adjustment	**–**	**(107,018,080)**	**–**	**–**	**–**	**–**	**(107,018,080)**
Disposal	**–**	**–**	**–**	**–**	**(5,791,601)**	**–**	**(5,791,601)**
At December 31	**45,672,763**	**878,394,764**	**16,878,412**	**32,699,427**	**37,051,538**	**3,658,731**	**1,014,355,635**
Accumulated Depreciation and Amortization							
At January 1	**9,291,210**	**4,061,256**	**9,093,582**	**16,820,517**	**15,779,531**	**304,626**	**55,350,722**
Depreciation	**3,592,807**	**31,528,309**	**764,021**	**6,702,864**	**6,877,109**	**875,354**	**50,340,464**
Reclassifications	**4,399,333**	**–**	**(4,429,367)**	**(1,601,257)**	**1,332,089**	**299,202**	**–**
Retirements	**(1,055,561)**	**–**	**–**	**(1,448,408)**	**–**	**–**	**(2,503,969)**
Disposal	**–**	**–**	**–**	**–**	**(5,328,742)**	**–**	**(5,328,742)**
At December 31	**16,227,789**	**35,589,565**	**5,428,236**	**20,473,716**	**18,659,987**	**1,479,182**	**97,858,475**
Net Book Value	**₱29,444,974**	**₱842,805,199**	**₱11,450,176**	**₱12,225,711**	**₱18,391,551**	**₱2,179,549**	**₱916,497,160**

	2014						
	Condominium Units, Building and Improvements	Plant Machineries and Equipment	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Tools and Other Assets	Total
Cost							
At January 1	₱25,149,566	₱2,373,122	₱21,107,717	₱19,657,549	₱28,615,583	₱505,670	₱97,409,207
Additions	775,266	704,663,339	482,679	8,155,374	4,634,375	–	718,711,033
Reclassifications	–	(3,566,626)	3,566,626	–	–	–	–
At December 31	25,924,832	703,469,835	25,157,022	27,812,923	33,249,958	505,670	816,120,240
Accumulated Depreciation and Amortization							
At January 1	8,344,696	83,333	5,443,252	10,630,359	10,056,234	203,485	34,761,359
Depreciation	946,514	3,977,923	3,650,330	6,190,158	5,723,297	101,141	20,589,363
At December 31	9,291,210	4,061,256	9,093,582	16,820,517	15,779,531	304,626	55,350,722
Net Book Value	₱16,633,622	₱699,408,579	₱16,063,440	₱10,992,406	₱17,470,427	₱201,044	₱760,769,518

On December 4, 2015, 1590 EC received a credit memo for price reduction of certain property and equipment purchased from a supplier amounting to ₱107.0 million.

Fully depreciated property and equipment costing ₱9.2 million and ₱3.3 million as of December 31, 2015 and 2014, respectively, are still being used by the Group.

Depreciation and amortization are recognized in the consolidated statements of comprehensive income follows:

	2015	2014	2013
Generation costs (see Note 17)	**₱33,587,391**	₱4,175,702	₱115,000
Operating expenses	**16,753,073**	16,413,661	12,627,245
	₱50,340,464	₱20,589,363	₱12,742,245

12. Investment Properties

		2015	
	Land	**Buildings**	**Total**
At January 1	**₱270,103,000**	**₱3,968,000**	**₱274,071,000**
Net unrealized gain (loss) on fair value remeasurement	**241,320,557**	**(590,000)**	**240,730,557**
At December 31	**₱511,423,557**	**₱3,378,000**	**₱514,801,557**

		2014	
	Land	Buildings	Total
At January 1	₱270,103,000	₱3,968,000	₱274,071,000
Additions	–	–	–
At December 31	₱270,103,000	₱3,968,000	₱274,071,000

Some of the Group's properties were leased out to outside parties to earn rental income (see Note 23c). Total rental income amounting to ₱2.9 million in 2015 and ₱1.7 million in 2014 and 2013, were recorded as part of "Other income" in the consolidated statements of comprehensive income.

In 2015, an appraisal was carried out on the Group's investment properties resulting to a fair value change amounting to ₱240.7 million.

Real property taxes pertaining to the land amounting to ₱0.8 million, ₱0.9 million and ₱1.2 million in 2015, 2014 and 2013, respectively, are included under "Taxes and licenses" account in the consolidated statements of comprehensive income.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct, or develop investment properties.

Fair value hierarchy disclosures and description of the valuation techniques used and key inputs to valuation for investment properties have been provided in Note 24.

13. **Other Noncurrent Assets**

	2015	2014
Due from RFM Corporation	**₱46,078,063**	₱46,078,063
Goodwill	**42,559,451**	42,559,451
Advances to suppliers	**36,412,810**	24,019,530
Available-for-Sale (AFS) Investments	**3,750,631**	4,324,131
Software cost - net	**1,974,007**	2,957,834
Others	**9,085,026**	2,339,640
	139,859,988	122,278,649
Less allowance for impairment losses	**46,078,063**	46,078,063
	₱93,781,925	₱76,200,586

a. Due from RFM
This pertains to receivable from RFM Corporation, the Group's previous owner, which has been fully provided with allowance for impairment losses as of December 31, 2015 and 2014.

b. Goodwill
Goodwill represents the excess of the acquisition cost over the Group's interest in recognized amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities at acquisition date of HDFE, a subsidiary (see Note 10), whose assets at that time comprise significantly of equity shares in VECO. Due to the acquisition of HDFE, the Group was able to exercise significant influence over the financial and operating policies of VECO with whom HDFE has direct ownership interest of 25%. The Group considers the investment in VECO as a separate cash generating unit since it generates cash inflows independent of the inflows of other assets of the Group.

In 2012 and 2013, HDFE declared property dividends, in the form of VECO shares, to its stockholders. The property dividends reduced HDFE's ownership in VECO to zero. However, as a result of the property dividends, the Parent Company's direct ownership in VECO increased to 34.81%.

The recoverable amount of each unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- The net cash flows from operations is discounted using weighted average cost of capital of 16.56% and 18.33% in 2015 and 2014, respectively.
- Annual growth in metered sales and city street lighting is projected with an annual growth rate of 9% to 24% and 6% to 22%, respectively.
- Operating expenses are projected to increase from 12% to 22% depending on the nature of the expenses.
- The computation of terminal value assumes no growth in projected cash flows beyond five years.

Based on the impairment testing, no impairment was recognized on goodwill in 2015, 2014 and 2013.

With regard to the assessment of the value-in-use of HDFE, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

c. Advances to Suppliers

Advances to suppliers pertain to cash advances given to contactors and project partners that are to be used to finance the cost of project study, site development, plant rehabilitation, among others.

d. Available-for-Sale (AFS) Investments

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

	2015	2014
At Cost		
Cebu Country Club, Inc. (CCCI)	**₱3,400,000**	₱3,400,000
Tower Club, Inc. (TCI)	**300,000**	300,000
INCA Plastic Philippines - net of allowance for impairment of ₱1.95 million	**50,000**	50,000
VC Exchange, Inc.- net of allowance for impairment of ₱5.0 million	–	–
	3,750,000	3,750,000
At Fair Value		
Philippine Long Distance Telephone Co.	**600**	600
Paper Industries Corp. of the Phils.	**31**	31
Aboitiz Equity Ventures, Inc. (AEV)	–	573,500
	631	574,131
	₱3,750,631	₱4,324,131

Except for the investments in CCCI and TCI, the above investments represent the investments in listed and non-listed equity securities that present opportunities for returns through dividend income and trading gains.

The fair values of the listed securities are based on quoted market prices. The non-listed equity securities are stated at cost, as their fair values cannot be reliably measured, less any impairment in value.

e. Software Costs

Software costs pertain to a subsidiary's accounting software, Human Resources Information System, trading software and documents monitoring system. The movement of software costs is as follows:

	2015	2014
Cost		
At January 1	**₱4,897,154**	₱1,318,145
Additions	**930,837**	3,579,009
At December 31	**5,827,991**	4,897,154
Accumulated Amortization		
At January 1	**1,939,320**	974,273
Amortization for the year	**1,914,664**	965,047
At December 31	**3,853,984**	1,939,320
Net Book Value	**₱1,974,007**	₱2,957,834

14. Trade and Other Payables

	2015	2014
Trade payables (see Note 23d)	**₱1,284,446,332**	₱1,109,128,040
Output VAT	**85,704,445**	44,467,318
Dividends payable	**62,480,225**	2,487,864
Deferred output VAT	**59,815,117**	73,930,174
Accrued interest (see Note 15)	**24,925,650**	28,895,554
Accrued expenses	**12,218,167**	5,679,215
Accounts payable	**7,114,873**	6,514,176
Accrued taxes payable	**3,415,141**	14,619,026
Others	**6,274,362**	9,498,303
	₱1,546,394,312	₱1,295,219,670

Trade payables significantly consist of liabilities for a subsidiary's purchases of inventories from its suppliers, and the Group's collections of revenue from sale of power in excess of the amounts determined by PEMC in the adjustment bills for the supply months of November and December 2013. On March 28, 2014, the Group filed a Motion for Reconsideration with the ERC. However, ERC issued a denial of the said motion on October 15, 2014 (see Note 23d).

Trade payables for purchases of inventories are noninterest-bearing and are normally settled on a 30 to 45-day term.

Dividends payable consists of dividends to the non-controlling interests of the Group arising from declaration made by 1590 EC and HDFE. Dividends declared relating to non-controlling interests amounted to ₱59.1 million, ₱487.2 million, and ₱477.8 million in 2015, 2014 and 2013, respectively.

Accrued expenses mainly consist of accruals of salaries and employee benefits, utilities expense, statutory payables, outside services and communication expenses, among others.

Deferred output VAT is related to the recognition of the Group's revenue from WESM and its corresponding receivable. The deferred output VAT is eventually closed to output VAT upon collection of the related receivable.

15. Notes Payable

a. Short-term notes payable

On November 23, 2015, 1590 EC obtained a loan from a local bank amounting to ₱33.0 million to fund its working capital requirements. The loan, which will mature on May 20, 2016, bears interest at 3% per annum.

Interest expense recognized in the consolidated statements of comprehensive income on this loan amounted to ₱2.8 million in 2015 and nil in 2014.

b. Long-term notes payable

	2015	2014
Fixed Rate Corporate Notes (FRCN):		
₱1.0 billion at 5.7271% interest per annum	**₱990,000,000**	₱1,000,000,000
₱2.0 billion at 5.4450% interest per annum	**1,980,000,000**	2,000,000,000
	2,970,000,000	3,000,000,000
Less unamortized debt issue costs	**22,426,296**	26,270,750
	2,947,573,704	2,973,729,250
Less current portion - net of unamortized debt issue costs of ₱4.0 million in 2015 and ₱3.8 million in 2014	**25,989,025**	26,155,546
	₱2,921,584,679	₱2,947,573,704

The Parent Company entered into a Notes Facility Agreement (Agreement) to issue ₱3.0 billion in Fixed Rate Corporate Notes (FRCN or the Notes) on January 29, 2014 to fund its equity investments in power generation projects, to include, but not limited to MPC and TVI. The FRCN was fully subscribed by a consortium of local banks and was issued in two tranches and has a maturity of seven (7) years from the drawdown date. The Notes are unsecured.

The first drawdown amounting to ₱1.0 billion was made on February 3, 2014 and the second drawdown amounting to ₱2.0 billion was made on March 31, 2014. The Notes will mature on February 3, 2021 and are payable at 1% based on the principal amount of the notes in the first 6 years and 94% at maturity. Interest is payable quarterly.

Repayments of outstanding principal amounts are scheduled as follows:

	2015	2014
Within one year	**₱30,000,000**	₱30,000,000
More than one year but not more than five years	**120,000,000**	120,000,000
More than five years	**2,820,000,000**	2,850,000,000
	₱2,970,000,000	₱3,000,000,000

The Agreement requires that the Parent Company shall not permit its debt-to-equity ratio to exceed 2.5:1. The debt-to-equity ratio is based on the parent company debt and consolidated equity. In addition, the Agreement requires the current ratio to not fall below 1.25:1 and is based on the consolidated current assets and current liabilities. The Parent Company has complied with these ratio requirements as of December 31, 2015 and 2014.

Interest expense recognized in the consolidated statements of comprehensive income related to these notes payable amounted to ₱170.0 million and ₱137.0 million in 2015 and 2014 respectively, and the related accrued interest expense as of December 31, 2015 and 2014 amounted to ₱24.9 million and ₱26.6 million, respectively (see Note 14).

Debt issue costs were incurred in connection with the financing arrangements. These costs are amortized, using the effective interest rate method, over the term of the related loans.

16. Related Party Transactions

Parties are considered to be related if the one party has the ability, directly, or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

In the normal course of business, the Group enters into transactions with related parties principally consisting of the following:

		2015			
		Outstanding Balance			
Category	**Volume**	**Receivables**	**Payables**	**Terms**	**Conditions**
Associates					
Sale of power (see Note 16i):					
VECO	**₱805,858,331**	**₱72,700,209**	**₱–**	30 days; noninterest-bearing	Unsecured; no impairment
Management fees (see Note 16e):					
VECO	**30,156,400**	**2,504,700**	**–**	30-60 days; noninterest-bearing	Unsecured; no impairment
CPPC	**13,133,000**	**240,075**	**–**	30-60 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 16e):					
CPPC	**25,126,750**	**1,786,680**	**–**	30-60 days; noninterest-bearing	Unsecured; no impairment
VECO	**5,000,000**	**4,850,000**	**–**	30-60 days; noninterest-bearing	Unsecured; no impairment
Advances to (see Note 16a):					
AHPC	**180,273**	**201,999**	**–**	30-60 days; noninterest-bearing	Unsecured; no impairment
MPC	**589**	**299,883**	**–**	noninterest-bearing	Unsecured; no impairment
AHPC	**–**	**14,833,860**	**–**	payable on demand; noninterest-bearing	Unsecured; no impairment
PEI	**–**	**1,532,400**	**–**	30-60 days; noninterest-bearing	Unsecured; no impairment
VECO	**–**	**9,543**	**–**	30-60 days; noninterest-bearing	Unsecured; no impairment
Dividends receivable (see Note 16h):					
CPPC	**147,144,000**	**67,572,000**	**–**	noninterest-bearing	Unsecured; no impairment
Operating lease (see Note 16g):					
VECO	**4,033,844**	**336,154**	**–**	30-60 days; noninterest-bearing	Unsecured; no impairment
Joint Ventures					
Management fees (see Note 16e):					
NR	**6,848,196**	**35,166**	**–**	30-60 days; noninterest-bearing	Unsecured; no impairment
Delta P	**2,160,000**	**–**	**–**	30-60 days; noninterest-bearing	Unsecured; no impairment
CIPC	**1,620,000**	**–**	**–**	30-60 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 16e):					
NR	**293,469**	**–**	**–**	30-60 days; noninterest-bearing	Unsecured; no impairment
Advances to (see Note 16a):					

(Forward)

		2015			
		Outstanding Balance			
Category	Volume	Receivables	Payables	Terms	Conditions
Delta P	₱9,058,146	₱8,544,525	₱–	noninterest-bearing	Unsecured; no impairment
CIPC	8,513,640	13,710,247	–	noninterest-bearing	Unsecured; no impairment
NR	3,553,483	1,878,179	–	noninterest-bearing	Unsecured; no impairment
Dividends receivable (see Note 16h):					
Delta P	72,000,000	65,000,000	–	noninterest-bearing	Unsecured; no impairment
Advances from (see Note 16c):					
NR	1,594,169	–	774,875	payable on demand; noninterest-bearing	Unsecured; no impairment
Notes payable (see Note 16c):					
NR	–	–	71,961,700	payable on demand; noninterest-bearing	Unsecured; no impairment
Delta P	–	–	39,302,898	noninterest-bearing	Unsecured; no impairment
Stockholders with Significant Influence					
Management fees (see Note 16f)					
GPI	28,350,000	–	–	payable on demand; noninterest-bearing	Unsecured; no impairment
JDC	11,552,449	–	873,000	30-60 days; noninterest-bearing	Unsecured; no impairment
MRC	17,328,674	–	1,309,500	30-60 days; noninterest-bearing	Unsecured; no impairment
Stockholders with No Significant Influence					
Advances from (see Note 16d):					
NGL	3,100,000	–	–	payable on demand; noninterest-bearing	Unsecured; no impairment
ICS	2,500,000	–	–	payable on demand; noninterest-bearing	Unsecured; no impairment
JLR	–	–	8,897,840	noninterest-bearing	Unsecured; no impairment

		2014			
		Outstanding Balance			
Category	Volume	Receivables	Payables	Terms	Conditions
Management fees (see Note 16e):					
VECO	₱30,556,400	₱2,478,059	₱–	30-60 days; noninterest-bearing	Unsecured; no impairment
Associates					
Management fees (see Note 16e):					
CPPC	6,500,000	–	–	30-60 days; noninterest-bearing	Unsecured; no impairment
Delta P.	2,076,000	167,810	–	30-60 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 16e):					
CPPC	5,500,000	–	–	30-60 days; noninterest-bearing	Unsecured; no impairment
VECO	5,000,000	–	–	30-60 days; noninterest-bearing	Unsecured; no impairment
AHPC	12,794	244,921	–	30-60 days; noninterest-bearing	Unsecured; no impairment
Advances to (see Note 16a):					
AHPC	12,084,623	17,802,560	–	noninterest-bearing	Unsecured; no impairment
MPC	299,814	299,814	–	noninterest-bearing	Unsecured; no impairment
AHPC	41,646	41,646	–	30-60 days; noninterest-bearing	Unsecured; no impairment
PEI	–	1,532,400	–	30-60 days; noninterest-bearing	Unsecured; no impairment
VECO	–	9,543	–	30-60 days; noninterest-bearing	Unsecured; no impairment
Advances from (see Note 16c):					
Delta P	18,853,182	–	39,302,898	noninterest-bearing	Unsecured; no impairment

(Forward)

Category	Volume	Receivables	Payables	Terms	Conditions
	2014				
		Outstanding Balance			
Operating lease (see Note 16g):					
VECO	₱3,970,200	₱326,986	₱–	30-60 days; noninterest-bearing	Unsecured; no impairment
Joint Ventures					
Management fees (see Note 16e):					
NR	3,649,165	3,539,690	–	30-60 days; noninterest-bearing	Unsecured; no impairment
CIPC	2,970,000	130,950	–	30-60 days; noninterest-bearing	Unsecured; no impairment
Service income (see Note 16e):					
NR	7,667,725	–	–	30-60 days; noninterest-bearing	Unsecured; no impairment
CIPC	1,141,957	28,154	–	30-60 days; noninterest-bearing	Unsecured; no impairment
Advances to (see Note 16a):					
NR	24,423,156	14,688,798	–	noninterest-bearing	Unsecured; no impairment
CIPC	7,693,036	7,780,003	–	noninterest-bearing	Unsecured; no impairment
Advances from (see Note 16c):					
NR	1,713,934	–	182,564	payable on demand; noninterest-bearing	Unsecured; no impairment
Notes payable (see Note 16c):					
NR	1,144,546	–	69,645,634	payable on demand; noninterest-bearing	Unsecured; no impairment
Stockholders with Significant Influence					
Management fees (see Note 16f)					
GPI	37,800,000	–	–	payable on demand; noninterest-bearing	Unsecured; no impairment
JDC	24,068,640	–	–	30-60 days; noninterest-bearing	Unsecured; no impairment
MRC	37,691,990	–	3,928,500	30-60 days; noninterest-bearing	Unsecured; no impairment
Service fees (see Note 16f):					
GPI	21,700,000	–	–	payable on demand; noninterest-bearing	Unsecured; no impairment
EUVHCI	20,000,000	–	–	payable on demand; noninterest-bearing	Unsecured; no impairment
Advances to (see Note 16a):					
GPI	97,321	–	–	30-60 days; noninterest-bearing	Unsecured; no impairment
Advances from (see Note 16c):					
GPI	1,028,197	–	1,028,197	payable on demand; noninterest-bearing	Unsecured; no impairment
Stockholders with no significant influence					
Advances from (see Note 16d):					
NGL	3,100,000	–	–	payable on demand; noninterest-bearing	Unsecured; no impairment
ICS	2,500,000	–	–	payable on demand; noninterest-bearing	Unsecured; no impairment
JLR	–	–	8,897,840	noninterest-bearing	Unsecured; no impairment

a. Advances to related parties are noninterest-bearing cash advances to associates, affiliates and stockholders. Also, the Group advances funds for certain expenses of associates.

   The outstanding current portions of the advances, presented as "Advances to associates and stockholders" account in the consolidated statements of financial position, are noninterest-bearing and are due on demand.

b. On August 10, 2012, 1590 EC granted loans to its stockholders with a term of one (1) year and earns interest of 3.6462% per annum. This was subsequently collected in 2013. Interest income recognized on these loans amounted to ₱3.5 million in 2013, and is presented as part of "Interest income" account in the 2013 consolidated statement of comprehensive income.

c. Advances from related parties are interest and noninterest-bearing cash advances from the Group's associates and stockholders. All of the outstanding advances are unsecured, noninterest-bearing and are due on demand except for the loans from VSNRGC in 2011 and loans from Delta P in 2013.

   Loans from VSNRGC are payable on demand within 3 years from the date of loan. The said loans are payable together with the interest accrued based on the December 1, 2011 PDST-F rate of 3.6577% plus 0.50% for a term of three (3) years from the date of the loan.

   On December 14, 2015, VREC and VSNRGC converted and reclassified the interest-bearing notes payable into noninterest-bearing advances which are payable on demand, effective December 1, 2014, the expiration date of the original loan.

   Interest expense recognized in the consolidated statements of comprehensive income amounted to nil and ₱2.9 million in 2015 and 2014, respectively. As of December 31, 2015 and 2014, the accrued interest payable amounted to nil and ₱2.3 million, respectively.

   In September 2014, VEC issued a noninterest-bearing promissory note to Delta P to replace the interest-bearing note issued in 2013.

d. Advances from "stockholders with no significant influence" pertain to cash advances provided by certain non-controlling stockholders of 1590 EC in 2014 and 2013 to augment the working capital requirements.

e. Management and service fees represent the compensation for the services rendered by the Group to and for the use of its facilities by the associates and joint ventures. These are governed by management consultancy and service-level contracts executed by the Group and its associates. These are recognized as "Management fees" presented as part of the Group's revenue in the consolidated statements of comprehensive income.

   Outstanding receivables for management fees and service fees presented as part of "Accounts receivable" under "Trade and other receivables" account in the consolidated statements of financial position as of December 31, 2015 and 2014 amounted to ₱15.0 million and ₱14.3 million, respectively (see Note 7).

f. The Group also entered into a consultancy and management service agreement with its stockholders to perform management consultancy services.

   Expenses incurred related to the consultancy and management service agreements are recognized as part of "Professional fees" and "Management fees" under "Generation costs" (see Note 17) and "Operating expenses" in 2015 and 2014.

   Outstanding balance from these service agreements included as part of "Trade and other payables" in the consolidated statements of financial position amounted to ₱2.2 million and ₱3.9 million as of December 31, 2015 and 2014, respectively.

g. The Group has a lease agreement with VECO (see Note 23c). VECO leased an office space owned by the Group to be utilized as their Customer Care Office. The monthly rental is ₱0.3 million in 2015 and 2014 and ₱0.2 million in 2013, subject to an annual increase of 10%. The Group recognized, as part of "Other income" account in the consolidated statements of comprehensive income, the amount of ₱3.9 million 2015 and 2014 and, ₱3.0 million in 2015, 2014 and 2013 representing rent income received from VECO.

h. In 2015, CPPC and DPI declared additional dividends attributable to equity holders of the Parent amounting to ₱67.6 million and ₱65.0 million, respectively, to be paid in 2016 and which amounts are currently lodged under "Dividends receivable" (see Note 7).

i. The Group has an energy supply agreement with VECO (see Note 23h). The Group shall supply contract energy to VECO from the 17 MW of the contracted capacity of the Unified Leyte Geothermal Power Plant administered by the Group.

The above transactions are generally settled through cash.

The retirement fund of the Parent Company and a subsidiary is in the form of a trust being maintained and managed by a trust and investment entity in the Philippines. The fund, which is invested mostly in fixed income securities, has a carrying amount and fair value of ₱28.6 million and ₱16.8 million as of December 31, 2015 and 2014, respectively (see Note 19). Other than the contributions to the retirement fund, the Group does not have any other transactions with the fund in 2015 and 2014.

Compensation and Benefits of Key Management Personnel
The compensation of the Group's key management personnel by benefit type follows:

	2015	2014	2013
Short-term employee benefits	**₱66,228,084**	₱43,724,019	₱40,254,493
Post-employment pension benefits (see Note 19)	**7,706,704**	7,762,263	6,476,063
	₱73,934,788	₱51,486,282	₱46,730,556

17. Generation Costs and Other Operating Expenses

Generation Costs
The Group's generation costs pertain to the costs incurred in the operation of the BDPP and 17 MW of geothermal power from ULGPP beginning January 1, 2015:

	2015	2014	2013
Purchased power (see Notes 23b and 23g)	**₱1,072,539,060**	₱187,127,482	₱16,883,018
Heavy fuel oil (see Note 23b)	**576,700,359**	1,275,706,992	1,120,423,098
Rent (see Note 23e)	**156,817,500**	152,942,787	140,000,000
Materials and supplies (see Note 8)	**108,831,134**	113,996,076	128,782,038
Contractual and outside services	**99,716,894**	75,744,391	17,199,290
Repairs and maintenance	**60,249,828**	33,486,643	18,935,187
Salaries, wages and employee benefits (see Note 18)	**46,997,457**	44,632,098	42,247,517
Depreciation and amortization (see Note 11)	**33,587,391**	4,175,702	115,000
Lube oil	**29,822,110**	38,419,158	32,746,186
Professional fees (see Note 16)	**28,350,000**	28,721,765	20,250,000
Insurance	**28,218,713**	29,479,302	18,625,942
Royalty fees (see Note 23e)	**15,6[illegible],063**	26,465,567	12,698,043
Light fuel oil	**15,407,[illegible]76**	21,738,955	25,093,002

(Forward)

	2015	2014	2013
Market fees (see Notes 23d and 23g)	**₱4,352,798**	₱2,718,005	₱3,022,906
Supply and metering charges	**3,835,803**	25,870,207	23,698,987
Taxes and licenses	**3,321,867**	1,026,444	1,478,989
Light and power	**1,700,256**	1,679,477	1,207,528
Transportation	**841,726**	994,791	626,331
Others	**5,385,255**	3,736,177	9,504,547
	₱2,292,370,990	₱2,067,662,019	₱1,633,537,609

Other Operating Expenses

	2015	2014	2013
Stand-by letter of credit	**₱12,710,011**	₱2,112,152	₱–
Office supplies	**5,886,977**	2,954,389	4,442,200
Directors' per diem	**3,749,245**	3,588,302	3,118,219
Repairs and maintenance	**3,602,583**	1,053,181	2,741,534
Corporate social responsibility	**3,115,981**	1,855,165	1,484,457
Regulatory expenses	**2,861,470**	1,827,780	1,047,707
Insurance claims written off	**1,656,104**	–	–
Stockholders' meeting expenses	**618,479**	639,566	951,335
Others	**13,251,225**	10,981,606	20,571,295
	₱47,452,075	₱25,012,141	₱34,356,747

Regulatory expenses represent payments of various charges imposed by the PSE and SEC.

Others include sponsorships and contributions, brokerage fees, insurance expenses, medical and health expenses, outing expenses, and bank charges, among others.

18. Personnel Expenses

	2015	2014	2013
Salaries, wages and employee benefits	**₱159,773,371**	₱113,243,415	₱104,599,326
Directors' compensation and benefits	**3,749,245**	3,588,302	2,787,493
Pension costs (see Note 19)	**10,802,650**	11,591,504	9,285,463
	₱174,325,266	₱128,423,221	₱116,672,282

19. Retirement Plan

The Group has a funded, noncontributory, defined benefit pension plan covering all regular, permanent employees of the Parent Company and 1590 EC. Both plans provide lump sum benefits upon a member's normal retirement. The benefits are based on the member's final monthly salary and length of service with the Group.

The retirement fund of Group's employees is administered by a trust and investment entity in the Philippines under the supervision of a trustee. The trustee is responsible for the investment strategy of the plan.

Under the existing regulatory framework, Republic Act 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of pension expense recognized in the consolidated statements of comprehensive income and the funded status and amounts recognized in the consolidated statements of financial position for the pension plan.

The components of the pension expense recognized under "Generation costs" and "Operating expenses" in the consolidated statements of comprehensive income follow:

	2015	2014	2013
Current service cost	**₱10,245,500**	₱10,485,193	₱4,261,557
Net interest cost	**810,211**	1,106,311	957,277
Past service cost	**(253,061)**	–	4,066,629
Pension expense	**₱10,802,650**	₱11,591,504	₱9,285,463

Remeasurement effects recognized in the consolidated statements of comprehensive income follow:

	2015	2014	2013
Actuarial loss (gain) on defined benefit plan	**(₱8,250,895)**	₱1,430,925	₱1,507,689
Return on assets excluding amount included in net interest cost	**512,109**	410,175	(11,429)
	(₱7,738,786)	₱1,841,100	₱1,496,260

The pension liability as of December 31, 2015 pertains to both the Parent Company and 1590 EC's funded retirement plan, as follows:

	2015	2014
Present value of defined benefit obligation	**₱43,368,899**	₱40,040,490
Fair value of plan assets	**(28,598,256)**	(16,831,464)
Pension liability	**₱14,770,643**	₱23,209,026

Changes in the present value of the defined benefit obligation follow:

	2015	2014
At January 1	**₱40,040,490**	₱26,480,666
Current service cost	**10,245,500**	10,485,193
Interest cost on defined benefit obligation	**1,586,865**	1,643,706
Past service cost	**(253,061)**	–
Actuarial loss (gain) due to:		
Changes in demographic assumptions	**(8,203,235)**	–
Changes in financial assumptions	**(5,827,239)**	2,080,310
Experience adjustments	**5,779,579**	(649,385)
At December 31	**₱43,368,899**	₱40,040,490

Changes in the fair value of plan assets representing the funded retirement plan of the Group follow:

	2015	2014
At January 1	**₱16,831,464**	₱9,281,429
Contributions to the retirement fund	**11,502,247**	7,422,815
Interest income included in net interest cost	**776,654**	537,395
Return on assets excluding amount included in net interest income	**(512,109)**	(410,175)
At December 31	**₱28,598,256**	₱16,831,464

Changes in the amounts recognized in the consolidated statements of financial position for pension liability follows:

	2015	2014
At January 1	**₱23,209,026**	₱17,199,237
Pension expense for the year	**10,802,650**	11,591,504
Actuarial loss (gain) recognized for the year	**(7,738,786)**	1,841,100
Contributions to retirement fund	**(11,502,247)**	(7,422,815)
At December 31	**₱14,770,643**	₱23,209,026

The fair value of the plan assets by each class as of December 31 are as follows:

	2015	2014
Fixed income securities:		
Savings deposit	**₱6,924,280**	₱21,105
Due from Bangko Sentral ng Pilipinas	**21,685,000**	16,809,000
Accrued interest receivable	**35,644**	22,791
Total assets	**28,644,924**	16,852,896
Liabilities of the fund:		
Accrued trust fees	**40,324**	19,031
Withholding taxes payable	**6,344**	2,401
Total liabilities	**46,668**	21,432
Fair value of plan assets	**₱28,598,256**	₱16,831,464

The control and administration of the fund vest on the trustee. The trustee shall have the full and complete power and authority to hold, manage, administer, convert, sell, assign, alter, divide, invest and reinvest the fund without distinction between principal and income, to the same extent and with the same effect as might be lawfully done by persons who own and control property and may thus exercise every power and right with respect to each item of property in this trust authority specified in the agreement and expressly conferred upon it by law.

The overall investment policy and strategy of the Group's defined benefit plan is guided by the objective of providing the necessary funding for the benefits payable under the plan and achieving such liquidity as the trustee shall, in its discretion, deem appropriate in the circumstances. The Group's current investment strategy consists substantially of fixed income securities.

The principal assumptions used in determining pension obligation for the Group's pension plan as of December 31 follow:

	2015	2014
Discount rate	**5.39%–5.05%**	5.60%–4.17%
Future salary increase rate	**7.00%–6.00%**	7.50%–6.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of the defined benefit obligation of the most recent actuarial valuation report, as of December 31, 2015, assuming all other assumptions were held constant:

	Increase (Decrease)	Present Value Change of Defined Benefit Obligation 2015	2014
Discount rate	+100 basis points	**(₱4,163,341)**	(₱2,882,308)
	−100 basis points	**5,083,910**	1,168,007
Future salary increase rate	+100 basis points	**4,943,204**	1,396,501
	−100 basis points	**(4,136,078)**	(3,092,339)

The average duration of the defined benefit obligation as of December 31, 2015 is 19.9 years and 23.2 years, and as of December 31, 2014, average duration is 16.9 years and 24.2 years for the Parent Company and 1590 EC, respectively.

The Group expects to contribute ₱2.7 million to the defined benefit plan in 2016.

The expected benefit payment assumes that all actuarial assumptions will materialize. Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2015 and 2014:

	2015	2014
Less than one year	**₱10,359,311**	₱6,580,740
More than one year to five years	**12,015,549**	7,998,578
More than five years to 10 years	**13,070,910**	8,232,482
More than 10 years to 15 years	**50,592,642**	13,092,768
More than 15 years to 20 years	**98,481,346**	38,131,425
More than 20 years	**240,102,252**	278,572,808
Total	**₱424,622,010**	₱352,608,801

20. **Income Taxes**

	2015	2014	2013
Current	**₱90,190,909**	₱213,065,461	₱216,784,056
Final	**8,978,227**	6,381,578	6,695,118
	99,169,136	219,447,039	223,479,174
Deferred	**71,546,935**	7,406,522	(2,046,742)
	₱170,716,071	₱226,853,561	₱221,432,432

The reconciliation of income tax expense computed at the applicable statutory rates to income tax expense in the consolidated statements of comprehensive income is as follows:

	2015	2014	2013
Income before income tax	**₱1,420,678,616**	₱1,922,308,461	₱1,525,877,276
Tax calculated at 30% statutory rate	**₱426,203,585**	₱576,692,538	₱457,763,183
Adjustments for the tax effects of:			
Equity in net earnings of associates	**(302,912,871)**	(333,228,616)	(245,150,397)
Unrecognized NOLCO	**65,452,165**	40,399,423	5,479,453
Excess of OSD over itemized deductions	**(18,658,706)**	(56,549,861)	–
Interest income subject to final tax	**(8,686,576)**	(6,293,605)	(5,183,737)
Non-deductible expenses	**9,354,063**	4,513,032	10,472,475
Change in value of unrecognized deferred income tax assets	**46,356**	1,326,053	1,279,421
Gain on redemption of an equity interest subjected to final tax	**–**	–	(3,046,662)
Others	**(81,945)**	(5,403)	(181,304)
	₱170,716,071	₱226,853,561	₱221,432,432

The components of the Group's net deferred income tax assets as of December 31 are as follows:

	2015	2014
Deferred income taxes recognized in net income:		
Deferred income tax assets on:		
Allowance for impairment losses	**₱13,923,329**	₱13,923,329
Pension liability	**7,645,375**	7,559,356
Unrealized foreign exchange loss	**100,325**	100,325
NOLCO	**–**	682,128
	21,669,029	22,265,138
Deferred income tax liabilities on:		
Unamortized debt issue costs	**(6,727,889)**	(7,881,225)
Unrealized foreign exchange gain	**(791,201)**	(932,023)
	(7,519,090)	(8,813,248)
Deferred income tax asset (liability) related to defined benefit obligation recognized as other comprehensive income	**(1,568,206)**	728,004
Net deferred income tax assets	**₱12,581,733**	₱14,179,894

The components of the Group's deferred income tax liabilities are as follows:

	2015	2014
Unrealized fair value gain on investment property	**₱99,740,267**	₱27,521,100
Accrued rent	**26,741**	924
Unrealized gain on AFS investments	**–**	53,400
	₱99,767,008	₱27,575,424

In 2015 and 2014, the Group has deductible temporary differences and tax credits for which deferred tax assets have not been recognized since management believes that no sufficient taxable income will be available in the year these are expected to be reversed, settled or realized. These unrecognized deductible temporary differences and tax credits follow:

	2015	2014
NOLCO	**₱67,649,660**	₱44,976,177
Allowance for impairment losses	**–**	585,000
	67,649,660	45,561,177
MCIT	**207,827**	102,189
	₱67,857,487	₱45,663,366

NOLCO and MCIT as of December 31, 2015 and 2014 can be claimed as deduction against future taxable income and income tax due in the next three years until 2018 and 2017, respectively.

21. Equity

Capital Stock

There were no changes in the Parent Company's authorized, issued and outstanding shares as of December 31, 2015, 2014 and 2013.

Authorized capital stock - ₱1 par value	2,000,000,000
Issued and outstanding shares	1,023,456,698
Unissued shares	976,543,302

The Parent Company's issued capital stock originally consists of 224,880,067 common shares and 600,000,000 preferred shares that were listed in the Philippine Stock Exchange (PSE) since 2003, and 198,576,631 preferred shares that were approved for listing by the PSE on June 29, 2004. In June 2005, the SEC approved the amendment to Article VII that relates to the conversion of the Parent Company's preferred shares to common shares. As of December 31, 2015 and 2014, the Parent Company's issued capital stock all consists of common shares.

The Parent Company has 1,449, 1,467 and 1,481 stockholders as of December 31, 2015, 2014 and 2013, respectively, and has complied with the Minimum Public Ownership requirement of the PSE for listed entities as of the same dates.

Dividends

The BOD declared cash dividends to its stockholders as follows:

	2015	2014	2013
Date of declaration	**May 27, 2015**	June 25, 2014	June 21, 2013
Date of record	**June 9, 2015**	July 9, 2014	July 4, 2013
Date of payment	**July 3, 2015**	July 31, 2014	July 30, 2013
Dividends declared:			
Regular dividends	**₱192,921,585**	₱175,420,478	₱159,501,588
Special dividends	**75,019,375**	50,047,033	50,000,000
	₱267,940,960	₱225,467,511	₱209,501,588
Dividends per share	**₱0.2618**	₱0.2203	₱0.2047

Appropriation of Retained Earnings for Business Expansion
On December 20, 2013, a resolution was passed and duly approved by the BOD allowing the participation and investment by the Group in prospective power plant projects in the Visayas and Mindanao. In the same board meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to ₱1.9 billion to be used for future investments in these projects which was started in the first quarter of 2014 and are expected to be completed within the next three (3) years.

Out of the 2013 retained earnings appropriation, the Group invested ₱491.9 million in 2014 in two power plant projects in the Visayas and Mindanao, which amount was then reverted to unappropriated retained earnings.

The BOD has determined, in a board meeting held on December 19, 2014, that the Group's operations require additional allocation as reserve for the investment in the two ongoing power plant projects in Visayas and Mindanao and a future investment in a new renewable power plant project also in the Visayas. In the same board meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to ₱1.4 billion to be used for future investments in these projects which were implemented starting 2015 and are expected to be completed starting 2017.

Out of the 2014 retained earnings appropriation, the Group invested ₱851.2 million in 2015 in the same two power plant projects the Visayas and Mindanao, which amount was then reverted to unappropriated retained earnings.

In a board meeting held on December 18, 2015, the BOD has determined that the Parent Company's operations require additional allocation as reserve for the investment on the two ongoing power plant projects in Visayas and Mindanao. In the same board meeting, a resolution was approved allocating and restricting part of its retained earnings amounting to ₱534.0 million to be used for future investments in these projects which are expected to be completed starting 2017.

Unappropriated Retained Earnings
The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint ventures amounting to ₱2.7 billion and ₱2.2 billion as at December 31, 2015 and 2014, respectively. Such amounts are not available for dividend distribution until such time that the Parent Company receives the dividends from the respective subsidiaries, associates and joint ventures.

Non-Controlling Interests
In 2013, VMHI, a subsidiary, received deposits for future stock subscription amounting to ₱33.0 million from its shareholders with a view of applying the same as payment for additional issuance of stock. The equity attributable to non-controlling interest arising from the deposit amounted to ₱10.9 million. The deposits were converted to capital stock in 2014, upon SEC's approval of the increase in capital stock of VMHI.

In 2014, VMHI received additional cash for stock subscription amounting to ₱8.8 million. Of this amount, ₱2.9 million is attributable to non-controlling interests. In 2015, VMHI received cash amounting to ₱33.0 million as full payment of subscription, ₱10.9 million of which was contributed by non-controlling interests.

In 2013, HDFE, a subsidiary, declared the remaining 50% of its investment in VECO as property dividends. Such declaration decreased the non-controlling interests of the Group by ₱234.4 million (see Note 13).

22. Earnings Per Share (EPS)

The amounts of earnings per share are computed as follows:

	2015	2014	2013
Net income attributable to shareholders of the Parent Company	**₱1,052,735,864**	₱1,348,042,824	₱1,008,748,891
Weighted average number of outstanding common shares	**1,023,456,698**	1,023,456,698	1,023,456,698
Basic and diluted EPS	**₱1.029**	₱1.317	₱0.986

There are no potential dilutive shares as of December 31, 2015, 2014 and 2013.

23. Contracts, Commitments and Contingencies

a. Interim Power Supply Agreements

On March 31, 2014, 1590 EC entered into an Interim Power Supply Agreement (IPSA) with Manila Electric Company (Meralco) to supply 140 MW for the period April 1 to June 30, 2014. On June 30, 2014, the Energy Regulatory Commission approved the extension of the IPSA to October 31, 2014. The IPSA was further extended until December 31, 2014. On October 30, 2014, it was further extended until July 25, 2015 under the same terms and conditions unless otherwise agreed upon. Total revenue from the IPSA with Meralco amounted to ₱1,324.6 million and ₱1,359.4 million as of December 31, 2015 and 2014, respectively.

On April 4, 2014, 1590 EC entered into a Contract to Purchase Generated Energy with Trans-Asia Oil and Energy Development Corporation (TAO) to supply 20MW for the period starting April 4 to June 25, 2014. The contract entered with TAO was extended for 1 month from June 26 to July 25, 2014. Total revenue from the IPSA with TAO amounted to ₱168.6 million and nil as of December 31, 2015 and 2014, respectively.

On October 17, 2014, 1590 EC entered into an IPSA with VECO to supply 30 MW for the period March 26 to June 25, 2015. Total revenue from the IPSA with VECO amounted to ₱147.4 million in 2015.

On July 9, 2015, 1590 EC entered into an IPSA with Clark Electric Distribution Corp. (CEDC) to supply up to 30 MW from trading intervals 1000H to 2100H during Mondays and Saturdays for the period August 8 to September 6, 2015, unless terminated earlier in accordance with the terms of the Agreement or extended by the parties. In 2015, total revenue from the IPSA with CEDC amounted to ₱45.0 million.

On September 7, 2015, 1590 EC entered into an IPSA with Pampanga II Electric Cooperative, Inc. (PELCO II) to supply up to 30 MW from trading intervals 1000H to 2100H during Mondays to Saturdays for the period September 17 to November 15, 2015, unless terminated earlier in accordance with the terms of the Agreement or extended by the parties. Total revenue from the IPSA amounted to ₱60.3 million in 2015.

b. Supply Agreement for Heavy Fuel and Purchased Power

On April 1, 2012, 1590 EC entered into a Supply Agreement (Consignment) with Pilipinas Shell Petroleum Corporation (PSPC) for the supply of the entity's petroleum product requirements. Under the agreement, PSPC shall sell and deliver, or procure to be delivered, and 1590 EC shall purchase the petroleum products exclusively from PSPC. The agreement is in force for a period of two (2) years commencing April 1, 2012 to April 30, 2014. Upon expiration of the previous agreement, the contract was renewed starting May 1, 2014 to April 30, 2016.

Heavy fuel oil expense recognized in the consolidated statements of comprehensive income amounted to ₱576.7 million, ₱1,275.7 million and ₱1,120.4 million in 2015, 2014 and 2013, respectively (see Note 17).

In 2015, 1590 EC entered into an agreement with TAO for the purchase of power at a contracted capacity of 10MW, dispatchable during intervals 10 to 21 from Mondays to Saturdays, for two (2) months, from March 26 to May 25, 2015. Purchased power from TAO amounted to ₱20.6 million and nil in 2015 and 2014, respectively.

c. Operating Leases - Group as Lessor

The Group entered into lease agreements with third parties to lease out its land and building classified under "Investment properties" in the consolidated statements of financial position (see Note 12).

The Group also leased out an office space to VECO (see Note 16). The lease agreement has no lease term and can be terminated upon mutual agreement of parties and upon 30 days prior written notice.

d. Participation in WESM

The revenue from sale of power recognized by 1590 EC amounting to ₱414.0 million in 2015, ₱1.7 billion in 2014 and ₱2.6 billion in 2013 were generated from its participation in the trading of electricity at the Wholesale Electricity Supply Market (WESM).

On March 6, 2014, the ERC rendered an Order voiding the WESM prices for the supply months of November and December 2013 and in lieu thereof, substituting regulated prices. The Order came after the ERC formed an Investigating Unit to investigate the unusual increase in WESM prices and the seemingly simultaneous withholding of capacity by electric power generators during the supply months of November and December 2013. Based on the WESM adjustment bills from PEMC for the said billing periods, the Group recorded a reduction in its 2013 revenue from sale of power by 1590 EC amounting to ₱2.1 billion. The Group also recognized as liabilities the collections of revenue from sale of power in excess of the amounts determined by PEMC in the adjustment bills amounting to ₱378.7 million in 2013 (see Note 14).

On March 28, 2014, 1590 EC filed its Motion for Reconsideration (MR) to the Order. In an Order dated October 15, 2014, the ERC denied the MR.

On December 10, 2014, as a result of the denial of the MR by the ERC, 1590 EC filed a Petition for Review with Application for Injunction and Temporary Restraining Order with the Court of Appeals requesting for the (a) issuance of a Temporary Restraining Order and Writ of Preliminary Injunction enjoining ERC and PEMC from implementing all orders, decisions, and resolutions in ERC Case No. 2014-021 MC and (b) reversal of the Order of the ERC in ERC Case No. 2014-021 MC and (c) reinstating the November and December 2013 WESM market prices. The Petition is still pending.

Amounts recognized in the consolidated statements of comprehensive income related to 1590 EC's participation in WESM trading, are presented as "Purchased power" and "Market fees" under "Generation costs" aggregating to ₱315.5 million, ₱189.8 million and ₱19.9 million in 2015, 2014 and 2013, respectively.

Trade receivable from WESM has a term of 30 days and earns interest of 2% plus the rate of the prevailing 91-day Treasury Bill per annum on the past due receivables. Outstanding receivables from transactions with WESM amounted to ₱113.2 million and ₱84.0 million as of December 31, 2015 and 2014 respectively (see Note 7).

e. Operating Leases - Group as Lessee

On May 11, 2012, a MOA was entered into by 1590 EC and PGLU for the right to preserve, maintain and operate the BDPP, including the right to use and sell the power generated therefrom. The MOA commenced on May 26, 2012 until June 25, 2013, but subject to yearly renewal unless otherwise terminated by a mutual agreement, for a monthly consideration of ₱10.5 million.

On March 22, 2013, a new MOA was executed by the Company and PGLU for the continued operation, preservation, maintenance and management of the BDPP. The MOA is for a period of one year commencing immediately after the expiration of the first MOA or on June 26, 2013, provided that it shall be renewed under the same terms and conditions set forth in the MOA for another one year. The new MOA provides for a monthly consideration of ₱12.5 million. On April 2, 2014, an amendment to the MOA was executed thereby extending the agreement to December 31, 2015. In February 2015, the parties executed a Second Amendment to the MOA extending the term to December 31, 2018. All other terms and conditions remain.

In addition, the MOA stipulates for the payment by 1590 EC to PGLU of royalty fees equivalent to 1590 EC's one and one-half percent (1.5%) of monthly gross profit, the latter computed as 1590 EC's monthly revenues less monthly costs related to heavy fuel, light fuel and lube oil.

Total rent expense from this operating lease amounted to ₱156.8 million, ₱153.0 million and ₱140.0 million in 2015, 2014 and 2013, respectively, and total royalty fees recognized in the consolidated statements of comprehensive income amounted to ₱15.7 million, ₱25.0 million and ₱12.7 million in 2015, 2014 and 2013, respectively (see Note 17).

f. Open Access Transmission Service

Pursuant to the provision on Credit Support under Section A8.1 of the Open Access Transmission Service Rules as well as the condition set under Billing and Payments of the Transmission Service Agreement, 1590 EC provided additional credit support in the form of a security deposit presented as "Other noncurrent assets" in the consolidated statements of financial position amounting to ₱2.3 million and ₱2.5 million in 2015 and 2014, respectively.

g. Independent Power Producer Administration Agreement

On October 20, 2014, PSALM awarded VEC to be the IPP administrator of 17 MW out of the total contracted capacity of the Unified Leyte Geothermal Power Plant following an auction of strips of energy of the power plant. The Unified Leyte Geothermal Power Plant has an installed capacity of 240MW and is located in Malitbog, Southern Leyte. Under the IPP Administration Contract, VEC will pay PSALM monthly generation payments and fixed monthly fee to cover the administrative costs in the trading and settlement of the Strips in the WESM.

h. Energy Supply Agreement (ESA) with VECO

In October 2014, VEC entered into an energy supply agreement with VECO to supply 17,000 kW contract energy per month coming from the 17 strips of energy of the Unified Leyte Geothermal Power Plant. The agreement became effective on December 26, 2014 and is valid until July 25, 2021. Total revenue from the ESA with VECO amounted to ₱805.9 million in 2015 (see Note 16).

i. Contingencies

In 2015, 1590 EC received Preliminary Notices of Investigations from PEMC for alleged violations of Real Time Dispatch Schedule Deviations and the Must Offer Rule. It is the position of 1590 EC that the on-going investigations should not result in any penalties for the company because there are valid legal and technical reasons that explain and justify the alleged violations of the WESM rules.

The Group is a party to certain proceedings and assessments in the normal course of business. The ultimate outcome of these proceedings cannot be presently determined. The Group's position has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. Management believes, based on information currently available and professional legal advice, that the ultimate resolution of these proceedings would not likely have a material, adverse effect on the results of operations, financial position or liquidity of the Group. Existing circumstances and assumptions about future developments related to these proceedings may still change. Such changes are reflected in the assumptions when they occur.

24. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, trade and other receivables, advances to related parties, AFS investments, trade and other payables, notes payable and advances from related parties. The main purpose of these financial instruments is to raise funds for the Group's operations.

The main risks from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk. The BOD reviews and agrees policies for managing each of these risks and these policies are summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

With respect to cash investments, the risk is mitigated by the short-term and/or liquid nature of its investments mainly in bank deposits and placements, which are placed with financial institutions of high credit standing.

Receivable balances are actively monitored on an ongoing basis and acted upon regularly to avoid significant concentrations of credit risk.

Except for the trade receivables of 1590 EC from ALECO which is fully provided with allowance for impairment and portion of the receivables provided with allowance amounting to ₱34.1 million, management evaluated that the Group's consolidated financial assets as summarized below are of high grade and of good credit quality.

The maximum exposure to credit risk, net of allowance for doubtful accounts, amounted to ₱4,835.8 million and ₱5,108.1 million as of December 31, 2015 and 2014, respectively.

There are no significant concentrations of credit risk within the Group.

The following tables set out the aging analysis per class of financial assets that were past due but not impaired as of December 31:

	2015						
	Neither Past Due nor Impaired	Past Due But not Impaired					
		Less than 30 Days	31-60 Days	61-90 Days	Over 90 days	Impaired	Total
Loans and Receivables							
Cash and cash equivalents (excluding cash on hand)	₱4,067,920,800	₱–	₱–	₱–	₱–	₱–	₱4,067,920,800
Trade and other receivables	206,525,089	78,133,944	8,278,346	1,172,730	58,010,783	34,458,046	386,578,938
Advances to associates and stockholders	1,732,089	381,317	177,539	578,964	15,156,009	–	18,025,918
Advances to other parties (under "Prepayments and other current assets")	555,131,336	–	–	–	–	–	555,131,336
Due from RFM Corporation under "Other noncurrent assets"	–	–	–	–	–	46,078,063	46,078,063
Restricted cash (under "Other noncurrent assets")	775,000	–	–	–	–	–	775,000
AFS Investments	3,750,631	–	–	–	–	–	3,750,631
	₱4,835,834,945	₱78,515,261	[illegible]885	₱1,[illegible]	₱73,166,792	₱80,536,109	₱5,078,260,686

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	2014						
	Neither Past Due nor Impaired	Past Due But not Impaired					
		Less than 30 Days	31-60 Days	61-90 Days	Over 90 days	Impaired	Total
Loans and Receivables							
Cash and cash equivalents (excluding cash on hand)	₱4,859,530,626	₱–	₱–	₱–	₱–	₱–	₱4,859,530,626
Trade and other receivables	1,512,402	63,634,623	868,242	1,252,147	71,249,049	34,458,046	172,974,509
Advances to associates and stockholders	39,035,941	–	–	353,000	1,541,943	–	40,930,884
Advances to other parties (under "Prepayments and other current assets")	203,673,372	–	–	–	–	–	203,673,372
Due from RFM Corporation under "Other noncurrent assets"	–	–	–	–	–	46,078,063	46,078,063
Restricted cash (under "Other noncurrent assets")	775,000	–	–	–	–	–	775,000
AFS Investments	4,324,131	–	–	–	–	–	4,324,131
	₱5,108,851,472	₱63,634,623	₱868,242	₱1,605,147	₱72,790,992	₱80,536,109	₱5,328,286,585

The following tables summarize the credit quality per class of financial assets that were neither past due nor impaired as of December 31:

	2015				
		Neither Past Due nor Impaired			Past Due or Individually Impaired
	Total	**High Grade**	**Standard**	**Substandard**	
Loans and Receivables					
Cash and cash equivalents (excluding cash on hand)	**₱4,067,920,800**	**₱4,067,920,800**	**₱–**	**₱–**	**₱–**
Trade and other receivables	**386,578,938**	**206,525,089**	–	–	**180,053,849**
Advances to associates and stockholders	**18,025,918**	**1,732,089**	–	–	**16,293,829**
Advances to other parties (under "Prepayments and other current assets")	**555,131,336**	**555,131,336**	–	–	–
Due from RFM Corporation (under "Other noncurrent assets")	**46,078,063**	–	–	–	**46,078,063**
Restricted cash (under "Other noncurrent assets")	**775,000**	**775,000**	–	–	–
AFS Investments	**3,750,631**	**3,750,631**	–	–	–
	₱5,078,260,686	**₱4,835,834,945**	**₱–**	**₱–**	**₱242,425,741**

	2014				
		Neither Past Due nor Impaired			Past Due or Individually Impaired
	Total	High Grade	Standard	Substandard	
Loans and Receivables					
Cash and cash equivalents (excluding cash on hand)	₱4,859,530,626	₱4,859,530,626	₱–	₱–	₱–
Trade and other receivables	172,974,509	1,512,402	–	–	171,462,107
Advances to associates and stockholders	40,930,884	39,035,941	–	–	1,894,943
Advances to other parties (under "Prepayments and other current assets")	203,673,372	203,673,372	–	–	–
Due from RFM Corporation (under "Other noncurrent assets")	46,078,063	–	–	–	46,078,063
Restricted cash (under "Other noncurrent assets")	775,000	775,000	–	–	–
AFS Investments	4,324,131	4,324,131	–	–	–
	₱5,328,286,585	₱5,108,851,472	₱–	₱–	₱219,435,113

The credit quality of the financial assets was determined as follows:

- *Cash and Cash Equivalents* - high grade since these are deposited in reputable banks which have good bank standing, thus credit risk is minimal.

- *Trade and Other Receivables* - high grade since these pertains to receivables from customers or parties who have established good credit standing with the Group.

- *Advances to Associates and Stockholders* - high grade since these pertains to advances to related parties who are consistent in the payment of its accounts.

- *AFS Investments* - high grade since these pertains to investments in AFS securities, which include listed shares of companies with good credit standing.

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 maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements and the Group's trade receivables are maintained to meet maturing obligations. The Group, in general, matches the appropriate long-term funding instruments with the general nature of its equity instruments.

The following tables summarize the Group's financial assets that can be used to manage its liquidity risk and the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as of December 31:

	2015					
		Contractual Undiscounted Payments				
	Total Carrying Amount	Total	On Demand	Less than 1 Year	1 to 5 Years	More than 5 Years
Financial Assets						
Loans and receivables:						
Cash and cash equivalents (excluding cash on hand)	₱4,067,920,800	₱4,067,920,800	₱4,061,567,003	₱6,353,797	₱–	₱–
Trade and other receivables	352,120,892	352,120,892	327,078,866	24,682,181	359,845	–
Advances to associates and stockholders	18,025,919	18,025,919	15,697,217	2,328,702	–	–
Advances to other parties (under "Prepayments and other current assets")	555,131,336	555,131,336	–	552,827,723	2,303,613	–
Due from RFM Corporation (under "Other noncurrent assets")	–	–	–	–	–	–
Restricted cash (under "Other noncurrent assets")	775,000	775,000	–	–	775,000	–
AFS Investments	3,750,631	3,750,631	3,750,631	–	–	–
	4,997,724,578	4,997,724,578	4,408,218,717	586,842,403	2,663,458	–
Financial Liabilities						
Other financial liabilities:						
Trade and other payables*	1,383,546,695	1,383,546,695	1,347,970,540	35,576,155	–	–
Short-term note payable	33,000,000	33,000,000	–	33,000,000	–	–
Long-term note payable	2,947,573,704	3,785,086,583	–	193,415,331	757,352,851	2,834,318,401
Advances from related parties	113,052,117	113,052,117	82,140,569	30,911,548	–	–
	4,477,172,516	5,314,685,395	1,463,111,109	259,903,034	757,352,851	2,834,318,401
Net Financial Assets (Liabilities)	₱520,552,062	(₱316,960,817)	₱2,945,107,608	₱326,939,369	(₱754,689,393)	(₱2,834,318,401)

**Excluding statutory payables and unearned income*

		2014				
		Contractual Undiscounted Payments				
	Total Carrying Amount	Total	On Demand	Less than 1 Year	1 to 5 Years	More than 5 Years
Financial Assets						
Loans and receivables:						
Cash and cash equivalents (excluding cash on hand)	₱4,859,530,626	₱4,859,530,626	₱4,859,530,626	₱–	₱–	₱–
Trade and other receivables	138,516,463	138,516,463	–	138,516,463	–	–
Advances to associates and stockholders	40,930,884	40,930,884	–	40,930,884	–	–
Advances to other parties (under "Prepayments and other current assets")	203,673,372	203,673,372	–	203,673,372	–	–
Due from RFM Corporation (under "Other noncurrent assets")	–	–	–	–	–	–
Restricted cash (under "Other noncurrent assets")	775,000	775,000	–	650,000	125,000	–
AFS Investments	4,324,131	4,324,131	–	4,324,131	–	–
	5,247,750,476	5,247,750,476	4,859,530,626	388,094,850	125,000	–
Financial Liabilities						
Other financial liabilities:						
Trade and other payables*	1,162,103,152	1,162,103,152	231,261,864	930,841,288	–	–
Long-term note payable	2,973,729,250	3,980,163,624	–	195,077,041	763,999,691	3,021,086,892
Advances from related parties	115,486,477	115,486,477	–	115,486,477	–	–
	4,251,318,879	5,257,753,253	231,261,864	1,241,404,806	763,999,691	3,021,086,892
Net Financial Assets (Liabilities)	₱996,431,597	(₱10,002,777)	₱4,628,268,762	(₱853,309,956)	(₱763,874,691)	(₱3,021,086,892)

**Excluding statutory payables and unearned income*

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue or expense is denominated in a different currency from the Group's functional currency.

The Group recognized net foreign exchange loss of ₱0.3 million and net foreign exchange gain of ₱4.3 million and ₱3.0 million on its foreign currency transactions in 2015, 2014 and 2013, respectively.

The tables below demonstrate the sensitivity to a reasonable possible change in the Philippine Peso, with all other variables held constant, of the Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as of December 31, 2015 and 2014.

	Change in Philippine Peso to US Dollar	
	3.29% Appreciation	2.89% Depreciation
Effect in income before income tax:		
2015	**₱723,423**	**(₱635,469)**
2014	2,737,770	(2,404,910)

	Change in Philippine Peso to Euro	
	4.34% Appreciation	4.94% Depreciation
Effect in income before income tax:		
2015	**(₱1,163)**	**₱1,324**
2014	(1,185)	1,349

There is no other impact on the Group's equity other than those already affecting the consolidated income before income tax.

The foreign-currency-denominated monetary assets and their Philippine Peso equivalents follow:

	2015		
	USD	**EUR**	**Php Equivalent**
Asset			
Cash	**US$1,402,988**	**€518**	**₱66,051,456**
Liability			
Accruals	**1,870,233**	**–**	**88,013,166**
	(US$467,245)	**€518**	**(₱21,961,710)**

	2014		
	USD	EUR	Php Equivalent
Asset			
Cash	US$2,310,034	€502.63	₱103,378,233
Liability			
Accruals	US$4,170,000	–	185,598,568
	(US$1,859,966)	€502.63	(₱82,220,335)

The December 31 exchange rate used follows:

	2015	2014
US Dollar	**₱47.06 to US$1**	₱44.74 to US$1
Euro Dollar	**₱51.74 to €1**	₱54.34 to €1

Fair Value of Financial Instruments
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

Fair Value Hierarchy
The Group uses the following hierarchy for determining the fair value of financial instruments:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;

- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As of December 31, 2015 and 2014, the carrying values of the Group's financial instruments, except for the long-term notes payable, approximate fair values due to their relatively short-term maturity. The Group considers the notes payable with fair value of ₱3.2 billion and ₱3.3 billion as of December 31, 2015 and 2014, respectively, under Level 2 classification.

The Group's investment properties, which are classified under Level 3, are measured at fair value. As of December 31, 2015 and 2014, there were no transfers into and out of Level 3 fair value measurements.

Valuation Techniques Used to Derive Level 2 Fair Values

The following tables show an analysis of the Group's long-term notes payable for which fair values are disclosed at Level 2 of the fair value hierarchy as at December 31:

Description	Fair Value as of December 31, 2015	Valuation Technique	Key Observable Inputs	Range (Weighted Average)
Long-term notes payable	₱3,182,938,807	Discounted Cash Flow Approach	Risk-free interest rate	2.43%–4.27% (3.88%)

Description	Fair Value as of December 31, 2014	Valuation Technique	Key Observable Inputs	Range (Weighted Average)
Long-term notes payable	₱3,310,440,177	Discounted Cash Flow Approach	Risk-free interest rate	2.33%–3.67% (3.45%)

Changes in Valuation Techniques

There were no changes in the valuation techniques used by the Group in determining the fair value of its AFS investments and investment properties during the year.

Highest and Best Use

As at December 31, 2015 and 2014, the current use of the Group's investment properties is considered its highest and best use.

Fair Value Hierarchy

The following tables show an analysis of the Group's assets measured at fair value recognized in the consolidated statements of financial position by level of the fair value hierarchy:

		2015		
		Fair Value Measurement Using		
	Total	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets Measured at Fair Value				
Investment properties (see Note 12):				
Land	**₱511,423,557**	**₱–**	**₱–**	**₱511,423,557**
Buildings and improvements	**3,378,000**	**–**	**–**	**3,378,000**
	₱514,801,557	**₱–**	**₱–**	**₱514,801,557**

		2014		
		Fair Value Measurement Using		
	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value				
AFS Investments (see Note 10)	₱574,131	₱574,131	₱–	₱–
Investment properties (see Note 12):				
Land	270,103,000	–	–	270,103,000
Buildings and improvements	3,968,000	–	–	3,968,000
	₱274,645,131	₱–	₱–	₱274,071,000

Unrealized gain on fair value remeasurement of investment properties, recognized in the consolidated statements of comprehensive income, amounted to ₱240.7 million in 2015 and nil in 2014 and 2013 (see Note 12). Unrealized gain on AFS investments recognized in the consolidated statements of comprehensive income ₱0.2 million in 2014. The Group did not recognize any unrealized gain on AFS investments in 2015 and 2013. All gains and losses recorded in the consolidated statements of comprehensive income for recurring fair value measurement categorized within Level 3 of the fair value hierarchy are attributable to changes in unrealized gain on fair value remeasurement of investment properties held at the end of the reporting period.

As of December 31, 2015, the Group does not have liabilities measured at fair value. There were no transfers between Levels 1 and 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Valuation Techniques Used to Derive Level 3 Fair Value

The tables below present the following for each class of the Group's investment properties as of December 31, 2015 and 2014 (see Note 12):

- The fair value measurements at the end of the reporting period;
- The level of the fair value hierarchy within which the fair value measurements are categorized in their entirety;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement; and
- For Level 3 fair value measurements, quantitative information about the significant unobservable inputs used in the fair value measurement.

	2015			
Class of Property	**Fair Value**	**Valuation Technique**	**Key Unobservable Inputs**	**Range**
Investment properties (see Note 12):				
Land	**₱511,423,557**	**Sales Comparison Approach**	**Price per square meter**	**₱2,100–₱36,500**
Buildings	**3,378,000**	**Cost Approach**	**Reproduction cost**	**400,000–1,728,000**

	2014			
Class of Property	Fair Value	Valuation Technique	Key Unobservable Inputs	Range
Investment properties (see Note 12):				
Land	₱270,103,000	Sales Comparison Approach	Price per square meter	₱787–₱34,920
Buildings	3,968,000	Cost Approach	Reproduction cost	488,000–1,882,000

Descriptions and Definitions

The table above includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values:

Sales Comparison Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The appraiser gathers data on actual sales and/or listings, offers, and renewal options, and identifies the similarities and differences in the data, ranks the data according to their relevance, adjusts the sales prices of the comparable to account for the dissimilarities with the unit being appraised, and forms a conclusion as to the most reasonable and probable market value of the subject property.

The elements of comparison include location, physical characteristics, available utilities, zoning, and highest and best use. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography and location.

Cost Approach. This is a comparative approach to the value of property or another asset that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is a replica of, or equivalent to, the original or one that could furnish equal utility with no undue cost resulting from delay. It is based on the reproduction or replacement cost of the subject property or asset, less total (accrued) depreciation, plus the value of the land to which an estimate of entrepreneurial incentive or developer's profit/loss is commonly added.

Sensitivity Analysis to Significant Changes in Unobservable Inputs within Level 3 of the Hierarchy

- *Land.* Significant increases (decreases) in price per square meter in isolation would result in a significantly higher (lower) fair value measurement.

- *Buildings and Improvements.* Significant increases (decreases) in the reproduction cost in isolation would result in a significantly higher (lower) fair value measurement.

Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 2015, 2014 and 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group determines net debt as the sum of long-term debt and notes payable less cash and cash equivalents.

Gearing ratios of the Group as of December 31 are as follows:

	2015	2014
Notes payable	**₱2,980,573,704**	₱2,973,729,250
Less: Cash and cash equivalents	**4,068,285,801**	4,859,530,626
Net cash and cash equivalents (a)	**(1,087,712,097)**	(1,885,801,376)
Equity	**8,430,441,480**	7,632,017,464
Equity and net cash and cash equivalents (b)	**₱7,342,729,383**	₱5,746,216,088
Gearing ratio (a/b)	**(0.15):1.00**	(0.33):1.00

25. **Operating Segment Information**

The Group is currently organized into two operating segments: power generation and distribution operations and investing in shares of stock. These operating segments are consistent with those reported to the BOD, the Group's Chief Operating Decision Maker (CODM).

The operating segments and their corresponding principal activities are as follows:

Power Generation and Distribution
1590 EC operates a diesel power plant wherein power generated is primarily traded at WESM. VEC is the IPP administrator of 17 MW contracted capacity of ULGPP wherein energy generated is covered under an energy supply agreement with VECO. VMHI and Core are on its pre-operating stage of building a hydro power plant in Silay, Negros Occidental and operating as a retail electricity supplier, respectively (see Note 1). VII and VGPC were incorporated in 2014 and VIDC was incorporated in 2015, which companies are intended to undertake various power generation activities of the Group.

VECO, an associate of the Group, is involved in the distribution and sale of electricity, while the other associates and joint ventures are engaged in the generation and supply of power to various entities and parties.

Investing in Shares of Stock
As disclosed in Note 1, except for 1590 EC, VEC, VMHI, Core, VII and VGPC, the Parent Company and all other subsidiaries are operating as holding and investing companies. Revenue from this segment principally comes from equity in net earnings and management fees from investee companies.

The segment results for the years ended December 31 follow:

	2015		
	Power Generation and Distribution	Investing in Shares of Stock	Consolidated
Revenues from external customers	₱1,844,105,327	₱–	₱1,844,105,327
Revenue from inter-segment, associates and affiliates	1,481,919,789	1,129,654,986	2,611,574,775
Equity in net earnings of associates and joint ventures	1,009,709,570	–	1,009,709,570
Interest income	8,493,306	51,254,209	59,747,515
Inter-segment revenues	(528,599,746)	(980,610,640)	(1,509,210,386)
	3,815,628,246	200,298,555	4,015,926,801
Income from operations	888,760,696	459,158,307	1,347,919,003
Gain on fair value remeasurement of investment properties	–	240,730,557	240,730,557
Finance cost	(2,802,602)	(170,030,841)	(172,833,443)
Foreign exchange loss	(302,360)	–	(302,360)
Other income (expense)	(2,867,655)	8,032,514	5,164,859
Income before income tax	882,788,079	537,890,537	1,420,678,616
Income tax expense	(89,829,890)	(80,886,181)	(170,716,071)
Net income for 2015	₱792,958,189	₱457,004,356	₱1,249,962,545

	2014		
	Power Generation and Distribution	Investing in Shares of Stock	Consolidated
Revenues from external customers	₱3,207,748,349	₱–	₱3,207,748,349
Revenue from inter-segment, associates and affiliates	681,782,147	1,638,090,348	2,319,872,495
Equity in net earnings of associates and joint ventures	1,110,762,054	–	1,110,762,054
Interest income	8,483,847	42,229,098	50,712,945
Inter-segment revenues	(681,782,147)	(1,499,174,433)	(2,180,956,580)
	4,326,994,250	181,145,013	4,508,139,263
Income from operations	921,033,221	1,073,615,666	1,994,648,887
Finance cost	–	(140,546,624)	(140,546,624)
Foreign exchange gain	4,269,158	–	4,269,158
Other income (expense)	54,737,097	9,199,943	63,937,040
Income before income tax	980,039,476	942,268,985	1,922,308,461
Income tax expense	(211,210,515)	(15,643,046)	(226,853,561)
Net income for 2014	₱768,828,961	₱926,625,939	₱1,695,454,900

	2013		
	Power Generation and Distribution	Investing in Shares of Stock	Consolidated
Revenues from external customers	₱2,593,003,368	₱–	₱2,593,003,368
Revenue from inter-segment, associates and affiliates	–	2,471,055,848	2,471,055,848
Equity in net earnings of associates and joint ventures	817,167,990	–	817,167,990
Interest income	8,677,984	24,914,968	33,592,952
Inter-segment revenues	–	(2,304,004,049)	(2,304,004,049)
	3,418,849,342	191,966,767	3,610,816,109
Income from operations	755,376,797	789,785,524	1,545,162,321
Finance cost	–	(17,210,327)	(17,210,327)
Foreign exchange gain	2,951,800	–	2,951,800
Gain on redemption of an equity interest in an associate	–	10,155,539	10,155,539
Other expense	(1,013,045)	(14,169,012)	(15,182,057)
Income before income tax	757,315,552	768,561,724	1,525,877,276
Income tax expense	(203,292,588)	(18,139,844)	(221,432,432)
Net income for 2013	₱554,022,964	₱750,421,880	₱1,304,444,844

The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Of the Group's total revenues, about 44% and 18% pertains to energy fees in 2015, 71% and nil in 2014, and 54% and nil in 2013, of 1590 EC and VEC, respectively.

In 2015, revenue from sale of power to two major customers amounted to ₱2.1 billion, representing 75% of the total revenue from sale of power. In 2014, revenue from sale of power from a single customer amounted to ₱1.4 billion, representing 45% of the total revenue from sale of power. In 2013, 100% of revenue from sale of power is derived from trading at WESM, an external customer.

Geographical business information is not required since the Group has only one geographical segment as all of its assets are located in the Philippines, and it operates or derives all of its revenue from domestic operations.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'inter-segment revenues' row.

Other segment information included in the consolidated statements of financial position as of December 31 is as follows:

	2015		
	Power Generation	**Investing in Shares of Stock**	**Consolidated**
Assets	**₱6,500,617,070**	**₱7,189,319,982**	**₱13,689,937,052**
Liabilities	**1,634,795,271**	**3,117,077,207**	**4,751,872,478**
Capital expenditures	**4,865,821,799**	**4,072,242,775**	**8,938,064,574**

	2014		
	Power Generation	Investing in Shares of Stock	Consolidated
Assets	₱1,676,195,418	₱10,781,208,787	₱12,457,404,205
Liabilities	1,331,968,721	3,134,807,659	4,466,776,380
Capital expenditures	344,226,697	7,646,401,128	7,990,627,825

	2013		
	Power Generation	Investing in Shares of Stock	Consolidated
Assets	₱2,340,743,316	₱6,392,929,884	₱8,733,673,200
Liabilities	1,677,380,531	89,533,163	1,766,913,694
Capital expenditures	663,362,785	6,303,396,721	6,966,759,506

Other segment information included in the consolidated statements of comprehensive income for the years ended December 31, 2015, 2014 and 2013 is as follows:

	Power Generation	Investing in Shares of Stock	Consolidated
Depreciation and amortization:			
2015	**₱35,643,824**	**₱14,696,640**	**₱50,340,464**
2014	8,217,035	13,337,375	21,554,410
2013	5,017,257	8,382,012	13,399,269

VIVANT CORPORATION

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2015

Items	Amount
Unappropriated Retained Earnings, Beginning	₱391,349,824
Adjustment:	
Deferred income tax assets that reduced the amount of provision for income tax	(21,169,611)
Unappropriated Retained Earnings, as Adjusted, Beginning	370,180,213
Net Income Based on the Face of AFS	575,053,373
Less: Non-actual/Unrealized Income Net of Tax	
Equity in net income of an associate/joint venture	–
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	–
Unrealized actuarial gain	–
Fair value adjustment (M2M gains)	–
Fair value adjustment of investment property resulting to gain	–
Adjustment due to deviation from PFRS/GAAP - gain	–
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–
Deferred income tax assets that reduced the amount of provision for income tax	(114,515)
Add: Non-actual Losses	
Unrealized foreign exchange loss - net (except those attributable to cash and cash equivalents)	–
Equity in net loss of an associate/joint venture	–
Depreciation on revaluation increment (after tax)	–
Adjustment due to deviation from PFRS/GAAP - loss	–
Loss on fair value adjustment of investment property (after tax)	–
Impairment loss on investment	–
Deferred income tax liability that increased the amount of provision for income tax	2,069,850
Net Income Actual/Realized	577,008,708
Add (Less)	
Dividend declarations during the period	(267,940,960)
Appropriations of retained earnings during the period	(534,000,000)
Reversals of appropriations	851,200,000
Effects of prior period adjustments	–
Treasury shares	–
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION	₱996,447,961

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE A - FINANCIAL ASSETS

RECEIVABLES, AVAILABLE-FOR-SALE INVESTMENTS AND OTHER SHORT-TERM INVESTMENTS

DECEMBER 31, 2015

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet/Notes	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Loans and receivables:				
Cash and cash equivalents	–	₱4,068,285,801	₱4,068,285,801	₱59,747,515
Trade and other receivables:				
Trade receivables	–	208,599,589	208,599,589	–
Accounts receivable	–	14,352,182	14,352,182	–
Accrued interest	–	4,228,650	4,228,650	–
Advances to officers and employees	–	8,755,973	8,755,973	–
Dividends receivable	–	132,572,000	132,572,000	–
Others	–	8,640,772	8,640,772	–
		377,149,166	377,149,166	2,956,014,363
Advances to associates and stockholders	–	31,167,018	31,167,018	–
Available-for-sale investments:				
Cebu Country Club, Inc.	–	3,400,000	3,400,000	–
Tower Club, Inc.	–	300,000	300,000	–
INCA Plastic Philippines	–	50,000	50,000	–
Others	–	631	631	–
	–	3,750,631	3,750,631	11,100
Total financial assets	–	₱4,480,352,616	₱4,480,352,616	₱3,015,772,978

See Notes 6, 7, 8, 13 and 16 of the Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2015

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Write Offs	Balance at End of Period		
					Current	Noncurrent	Total
Amlan Hydroelectric Power Corporation	₱18,089,127	₱180,273	₱ (3,233,541)	₱–	₱15,035,859	₱–	₱15,035,859
Calamian Islands Power Corp.	7,939,107	10,133,640	(4,362,500)	–	13,710,247	–	13,710,247
Cebu Private Power Corporation	–	185,403,750	(115,804,995)	–	69,598,755	–	69,598,755
Delta P, Inc.	167,810	83,218,146	(9,841,431)	–	73,544,525	–	73,544,525
Minergy Power Corporation	299,814	589	(520)	–	299,883	–	299,883
Vivant-Sta. Clara Northern Renewables Generation Corporation	18,228,488	12,289,317	(28,604,460)	–	1,913,345	–	1,913,345
Prism Energy, Inc.	1,532,400	–	–	–	1,532,400	–	1,532,400
Visayan Electric Company, Inc.	2,814,588	845,048,575	(767,462,557)	–	80,400,606	–	80,400,606
Advances to officers and employees	6,313,806	2,442,167	–	–	8,755,973	–	8,755,973
	₱55,385,140	₱1,138,716,457	₱ (929,310,004)	₱–	₱264,791,593	₱–	₱264,791,593

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2015

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Collections	Write Offs	Balance at End of Period		
					Current	Noncurrent	Total
Vivant Energy Corporation	₱364,613	₱907,310	₱–	₱–	₱1,271,923	₱–	₱1,271,923
Hijos de F. Escaño, Inc.	60,198	844,620	(900,198)	–	4,620	–	4,620
Vivant Geo Power Corp.	120,410	6,705	(120,504)		6,611	–	6,611
Vics-Amlan Holdings Corp.	21,025,946	4,967	(575)	–	21,030,338	–	21,030,338
Vivant Isla Inc.	63,244	6,000	(282)		68,962	–	68,962
VC Ventures Net, Inc.	1,366	9,936,027	(4,845)	–	9,932,548	–	9,932,548
1590 Energy Corp.	58,076,724	56,558,677	(112,332,405)	–	2,302,996	–	2,302,996
Vivant Renewable Energy Corporation	1,891	589,275	(583,563)	–	7,603	–	7,603
Vivant -Malogo Hydropower, Inc.	152,139	2,063,335	(2,198,026)	–	17,448	–	17,448
Corenergy Inc.	926	8,106	(926)	–	8,106	–	8,106
Vivant Integrated Generation Corporation	75,485	30,253	(90,116)	–	15,622	–	15,622
Vivant Integrated Diesel Corporation	–	12,369	(9,192)		3,177	–	3,177
	₱79,942,942	₱70,967,644	(₱116,240,632)	₱–	₱34,669,954	₱–	₱34,669,954

VIVANT CORPORATION AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2015

Description	Beginning Balance	Additions of Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes Additions (Deductions)	Ending Balance
Goodwill	₱42,559,451	₱–	₱–	₱–	₱–	₱42,559,451
Software cost	2,957,834	930,837	(1,914,664)	–	–	1,974,007
	₱45,517,285	₱930,837	(₱1,914,664)	₱–	₱–	₱44,533,458

VIVANT CORPORATION AND SUBSIDIARIES
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2015

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Current Portion of Long-term Debt	Long-term Debt
Fixed Rate Corporate Notes (FRCN)	₱2,970,000,000	₱30,000,000	₱2,940,000,000
Unamortized debt issue cost	(22,426,296)	(4,010,975)	(18,415,321)
	2,947,573,704	25,989,025	2,921,584,679
Pension liability	14,770,643	–	14,770,643
	₱2,962,344,347	₱25,989,025	₱2,936,355,322

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

DECEMBER 31, 2015

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
– Not applicable –	– Not applicable	

VIVANT CORPORATION AND SUBSIDIARIES

SCHEDULE G - GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2015

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
– Not applicable –		– Not applicable –		

VIVANT CORPORATION AND SUBSIDIARIES
SCHEDULE H - CAPITAL STOCK
DECEMBER 31, 2015

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown under Related Consolidated Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares held by Related Parties	Directors, Officers and Employees	Others
Capital stock	2,000,000,000	1,023,456,698	–	892,911,763	–	130,544,935

VIVANT CORPORATION AND SUBSIDIARIES
SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS
AS OF DECEMBER 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		

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**Not early adopted*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments: Classification and Measurement of Financial Assets	✓		
	Financial Instruments: Classification and Measurement of Financial Liabilities	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Amendments to PFRS 9: Hedge Accounting			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception	See footnote*		
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations	See footnote*		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts	See footnote*		

**Effective Subsequent to December 31, 2015*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1 (Revised): Disclosure Initiative	See footnote*		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Bearer Plants	See footnote*		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation	See footnote*		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19 (Revised): Defined Benefit Plans: Employee Contributions			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23	Borrowing Costs	✓		

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(Revised)				
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Revised)	Amendments to PAS 27 (Amended): Investment Entities			✓
	Amendments to PAS 27 (Revised): Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27 (Amended): Investment Entities			✓
	Amendments to PAS 27 (Amended): Equity Method in Separate Financial Statements	See footnote*		
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28 (Amended): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PAS 28 (Amended): Investment Entities: Applying the Consolidation Exception			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets			
	Amendments to PAS 36: Recoverable Amount			

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	Disclosures for Non-Financial Assets			
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38: Clarification of Acceptable Methods of Amortization	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
	Amendments to PAS 39: Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Amendments to PAS 41: Bearer Plants			✓
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*			
IFRIC 5	Rights to Interests arising from Decommissioning			

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	Restoration and Environmental Rehabilitation Funds			
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 15	Agreements for the Construction of Real Estate	Effective date deferred		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			

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SIC-15	Operating Leases - Incentives			✓
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

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