

COVER SHEET

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S.E.C. Registration Number

S P C P O W E R C O R P O R A T I O N

(f o r m e r l y S A L C O N P O W E R C O R P .)

(Company's Full Name)

7 t h F l o o r C e b u H o l d i n g s C e n t e r

A r c h b i s h o p R e y e s A v e n u e ,

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

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

Mr. Reynante C. Del Rosario

Contact Person

810 44 74 to 77

Company Telephone Number

1 2

Month

3 1

Day

Calendar Year

SEC FORM

1 7 - A

FORM TYPE

0 5

Month

3 1

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number / Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE SECTION 141
OF THE CORPORATE CODE OF THE PHILIPPINES

1. For the year ended December 31, 2016
2. SEC Identification Number AS094-02365 3. BIR Tax Identification No. 003-868-48
4. SPC POWER CORPORATION
Exact name of issuer as specified in its charter
5. Cebu City, Philippines 6. (SEC Use Only)
Province, country or other jurisdiction of Industry Classification Code:
Incorporation
7. 7th Floor, Cebu Holdings Center, Archbishop Reyes Avenue, Cebu Business 6000
Park, Cebu City (Manila Office: 7th Floor, Citibank Center, 8741 Paseo de (1209)
Roxas, Makati City)
Address of principal office Postal Code
8. (63 32) 232 0375 ; 232 0477 / (63 2) 81044 74 to 77, 810 44 50, 810 44 65
Issuer's telephone number, including area code
9. N.A.
Former name of former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Section 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt
Outstanding |
|---|---|
| Common Shares (as of December 31, 2016) | 1,496,551,803 shares |
| Total Debt (as of December 31, 2016) | ₱ 1,509,198,926 |
11. Are any or all of the securities listed on a Stock Exchange?
- Yes [✓] No []

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

Philippine Stock Exchange

Common Shares

12. Check whether the issuer:

Has filed all reports required to be filed by Section 17 of the SRC and SRC rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-a thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months or for such shorter period that the registrant was required to file such report(s):

Yes [☒] No [☐]

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

Yes [☒] No [☐]

13. Aggregate Market Value of Voting Stock Held by Non-affiliates:
Approximately ₱880,466,553.00 (195,659,234 x P4.50) as of March 31, 2017.
14. N.A.
15. N.A.

I. BUSINESS & GENERAL INFORMATION

Business Development

The Company

SPC Power Corporation (the Parent Company) was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on March 11, 1994.

The Parent Company was formerly a venture company owned by members of the Salcon Consortium which entered into a Rehabilitation, Operation, Maintenance and Management Agreement (ROMM Agreement) with the National Power Corporation (NPC) on March 25, 1994 for the purpose of undertaking the rehabilitation, operation, maintenance and management of the 203.8 megawatt (MW) Naga Power Plant Complex (NPPC) in Colon, Naga, Cebu under the rehabilitate-operate-maintain-and-manage scheme as defined in the ROMM Agreement.

The ROMM Agreement provides that the Parent Company shall, at its own cost, rehabilitate, operate, maintain and manage the NPPC over the cooperation period of 15 years (Cooperation Period; up to May 29, 2009 for the Land-Based Gas Turbines (LBGTs), and up to March 25, 2012 for the Cebu Thermal Power Plant (CTPP) 1, CTPP 2 and Cebu Diesel Power Plants 1 (CDPP 1), as amended) commencing on the Turnover Date, as defined in the ROMM Agreement. Under the ROMM Agreement, the Parent Company receives from NPC, its sole customer, Operation and Maintenance (O&M) fees and energy fees derived from conversion into electricity of fuel supplied by NPC at no cost to the Parent Company throughout the Cooperation Period. The fees are subject to an agreed minimum energy off-take (EMOT), which is the minimum guaranteed energy purchase by NPC on a take-or-pay basis. The Parent Company is also entitled to a fuel efficiency bonus if the actual net heat rate of each of the power plants is less than the corresponding guaranteed net heat rate and be liable for a penalty if the actual net heat rate is greater than the guaranteed rate. At the end of the Cooperation Period, the Parent Company shall transfer to the NPC full possession of the NPPC, clean and unencumbered title to any and all the improvements, works and structures rehabilitated, constructed, improved and introduced by the Parent Company in the NPPC.

In resolutions dated September 28, 2001, the Board of Directors and Stockholders amended the primary purposes for which the Parent Company is formed. Together with its subsidiaries and associates, it is engaged in various business activities within the Philippines that include, among others, the development, construction, rehabilitation, maintenance, management, and operation of power generating plants, electricity distribution and related facilities in accordance with existing laws.

On April 2, 2002, the Parent Company's common shares were listed in the Philippine Stock Exchange (PSE).

On June 30, 2004, the Parent Company, the NPC and the Power Sector Assets and Liabilities Management Corporation (PSALM) further amended the Implementing Agreement (IA) which implemented the covenants set forth in the Term Sheet and amended the ROMM Agreement and its First Amendment, by executing the Amended Implementing Agreement (AIA) which became effective on August 26, 2004. Salient matters of the AIA include, among others, a 20% reduction in the EMOT for the CTPP 1, CTPP 2 and CDPP 1 during the remaining Cooperation Period subject to certain conditions. As a consequence of the EMOT reduction, the Cooperation Period for the CTPP 1, CTPP 2 and CDPP 1 is extended for nearly three (3) years from May 29, 2009 to March 25, 2012.

After the Cooperation Period for the 55 MW LBGTs, on January 29, 2010, the Parent Company acquired the LBGTs for strategic purposes as the LBGTs are located in the Power Complex that is occupied by the Parent Company for the operation of the CTPP and CDPP under the ROMM Agreement until March 25, 2012, and under the Operation and Maintenance Service Contracts (OMSCs) until September 25, 2014.

After the expiration of the ROMM Agreement on March 25, 2012, OMSCs were awarded by PSALM to the Parent Company for the continuous operation and maintenance of CTPP 1, CTPP 2 and CDPP 1 for successive six-month periods up to September 25, 2014. Under the OMSC, the Parent Company receives service and operating fees from PSALM.

In 2014, the Parent Company participated in the bidding for the acquisition of NPPC (see Note 29 of the consolidated financial statements of the Parent Company and Subsidiaries).

On September 9, 2016, the Parent Company's Board of Directors further amended the Company's Articles of Incorporation in order to engage in the business of selling, brokering, marketing, or aggregating electricity to the end-users. The amendments were subsequently approved and confirmed by written consent of the stockholders representing at least 2/3 of the outstanding capital stock of the Parent Company. On January 4, 2017, the SEC approved such amendment.

Subsidiaries/Associates

The Parent Company has the following subsidiaries:

(i) SPC Island Power Corporation (SIPC). SIPC, a wholly owned subsidiary, was incorporated and registered with the SEC on June 26, 2001. It operates the 146.5 MW Panay Diesel Power Plant (located in Dingle, Iloilo) and the 22 MW Bohol Diesel Power Plant (located in Tagbilaran City, Bohol) which were acquired in March 25, 2009 through the assignment of the Parent Company's rights and obligations to SIPC. It also owns and operates the Olango Diesel Power Plant (located in the Island of Olango, Lapu-Lapu City) which supplies all the generated electricity to Mactan Electric Company, Inc. (MECO), an associate.

(ii) Cebu Naga Power Corporation (CNPC). CNPC, a wholly owned subsidiary, was incorporated on August 12, 2015 to undertake the development, ownership, construction, operation and management of the new 2x150 MW CFBC coal-fired power plant to be built in the province of Cebu. As of December 31, 2016, preparations for the construction of the new power plant were temporarily put off (see Note 29 of the Consolidated Financial Statements).

(iii) SPC Malaya Power Corporation (SMPC). SMPC, a majority owned subsidiary, was incorporated in the Republic of the Philippines and registered with the SEC on September 22, 2011. SMPC participates in the annual bidding for the OMSC of the 650 MW Malaya Thermal Power Plant located in Pililla, Rizal (see Note 23 of the Consolidated Financial Statements).

(iv) Bohol Light Company, Inc. (BLCI). BLCI, a majority owned subsidiary, was organized on July 21, 2000 to engage in the business of supply and distribution of electricity, subject to applicable laws, rules and regulations. On July 10, 2003, the National Electrification Commission (NEC) granted BLCI's franchise to operate electric, light and power services for a period of 25 years retroactive from October 20, 2000 to October 19, 2025 in the area presently comprised by Tagbilaran City, Bohol.

(v) SPC Light Company, Inc. (SLCI) and SPC Electric Company, Inc. (SECI). SLCI (majority owned) and SECI were incorporated on January 15, 2003 and October 17, 2002, respectively, primarily to

design, construct, install, commission, rehabilitate, maintain, manage, operate and invest in power generation/distribution plants and related facilities. The Parent Company has the power to govern the financial and operating policies of SECI by virtue of an agreement.

The Parent Company also has the following associates:

(i) KEPCO SPC Power Corporation (KSPC). KSPC, 40% owned by the Parent Company, was incorporated on June 22, 2005 primarily to build, operate, maintain, own and manage the 2 x 100 Megawatt Circulating Fluidized Bed Combustion (CFBC) Boiler Coal-Fired Power Plant in Naga, Cebu.

(ii) Mactan Electric Company, Inc. (MECO). In July 1997, the Parent Company acquired 40% of MECO which was granted by the NEC, under Presidential Decree No. 269, a franchise for 25 years from October 10, 1991 to engage in, conduct and carry on the business of generating, buying and selling electric light for sale within the limits of the City of Lapu-lapu and the Municipality of Cordova in the Province of Cebu until October 9, 2016. On July 17, 2016, MECO was granted a renewal of its franchise for another 25 years.

Future Prospects

Despite regulatory challenges, the Group is looking to a good future and remains steadfast in further expanding its core business. The Parent Company still plans to construct a new environment-friendly coal-fired power plant with a capacity of at least 300 MW in the province of Cebu or Visayas region within the years 2016-2020.

In the meantime, the Group will continue to focus on further improving efficiencies and leveraging existing business assets to sustain and/or improve profitability.

Competition

The inducements offered by the government, especially under the EPIRA, for private sector and foreign participation in the power industry have attracted many companies, including multinational development groups and equipment suppliers, to explore opportunities in the development of electric power generation projects in the country. Such competition may have an effect on the extent to which and the terms on which the Parent Company and its subsidiaries and associates are able to secure or put up more projects in the future. However, the Parent Company and its subsidiaries and associates believe that their capabilities and proven track record in electric power generation and distribution will allow them to be competitive in project evaluation, bidding and negotiation.

Research & Development

The Group does not appropriate expenses for research and development activities based on fixed amounts or percentages. Instead, expenses for research and development activities are allocated on a per project basis that vary depending on the nature of the project. These expenses are funded from internally generated cash flows.

Manpower

The Parent Company had 82 employees consisting of 35 regular employees and 47 project employees as of December 31, 2016. The regular employees consist of 17 managerial employees and 18 rank-and-file employees.

The Parent Company and its subsidiaries employed a total of 290 employees including 55 project employees as of December 31, 2016.

Regular employee benefits of the Parent Company include a retirement plan and all government-mandated benefits, supplemented by group life and health insurance, medical care, rice subsidy, longevity pay, funeral and burial assistance, cash conversion of accrued vacation and sick leave credits, and at the discretion of the Board, year-end bonus, various incentive and productivity awards, merit adjustments and loyalty bonus.

There is no collective bargaining agreement covering the Parent Company employees as of December 31, 2016.

The Parent Company does not anticipate any substantial increase in manpower within the next twelve months unless new development projects and acquisitions would require an increase in the number of employees.

Properties

The consolidated net book value of property, plant and equipment of the Parent Company and its subsidiaries amounted to ₱675.0 million and ₱447.5 million as of December 31, 2016 and 2015, respectively. The breakdown is as follows:

Property, Plant and Equipment	2016	2015
Distribution lines, poles and fixtures	₱ 79,793,101	₱ 80,816,837
Power transformers, switches and devices	46,690,513	51,587,467
Plant machinery and equipment	229,257,661	249,952,284
Motor vehicles	4,446,872	1,072,698
Structures	29,498,723	30,808,670
Furniture and office equipment	2,924,479	3,724,816
Land held by a subsidiary	33,870,952	21,438,795
Construction in progress	248,521,098	8,143,339
Total	₱675,003,399	₱447,544,906

Locations of the principal properties, plant and equipment mentioned above are as follows:

Company/Subsidiary	Description	Location/Address	Condition
SIPC	Panay Diesel Power Plant/Structures	Tinocuan, Dingle, Iloilo	In use for operations
SIPC	Bohol Diesel Power Plant/Structures	Dampas, Tagbilaran City, Bohol	In use for operations
SIPC	Olango Diesel Power Plant/Structures	Olango Island, Lapu-lapu City	In use for operations
BLCI	Utility plant and equipment	Tagbilaran City, Bohol	In use for operations
Parent Company	Land-Based Gas Turbine Power Plants/Structures	Colon, Naga, Cebu	Standby/backup units
Parent Company	Power Barge 104	Gensan Shipyard and Machine Works, Inc., Sarangani Province	Under rehabilitation
SIPC	Land	Dampas, Tagbilaran City, Bohol	In use for operations
BLCI	Land	Tagbilaran City, Bohol	In use for operations
Parent Company	Office furnitures and equipment	Colon, Naga City, Cebu; Cebu Holdings Center, Cebu Business Park, Cebu City; and Citibank Center, Paseo de Roxas, Makati City	In use for operations

On June 16, 2016, the Parent Company executed an Amendment, Accession and Assumption Agreement between and among PSALM and SIPC. Under the said agreement, SIPC assigned all its rights and obligations as BUYER of PB 104 to the Parent Company after PSALM gave its consent pursuant to the provisions of the Asset Purchase Agreement between SIPC and PSALM. On June 30, 2016, PSALM turned over the PB 104 to the Parent Company and on August 1, 2016, the barge was towed to Gensan Shipyard and Machine Works, Inc. in Siguil, Tinoto, Maasim, Sarangani Province for dry-docking and rehabilitation.

On January 29, 2010, the Parent Company obtained control and possession of the 55-MW LBGTs through a competitive bidding and the covering Asset Purchase Agreement (APA) and LLA were executed by and between the Parent Company and PSALM.

Through an Accession Agreement on August 28, 2000, BLCI acquired the assets and equipment, rights, and interest of the Consortium composed of SII, the Parent Company and other members of the Joint Venture Agreement (JVA) with the Provincial Government of Bohol (PGB). The JVA allowed the Consortium to purchase, own, rehabilitate, operate, maintain and manage the Bohol Provincial Electric System (PES) and for PGB to sell and transfer the franchise to operate the PES in the City of Tagbilaran, Province of Bohol, to the Consortium.

In 2006, BLCI entered into a lease agreement with Bohol Water Utilities, Inc., a sister company, for the lease of land for a period of 20 years starting January 1, 2006 until December 31, 2025, renewable upon such terms and conditions as may be mutually agreed upon by both parties. The land is used and

occupied primarily for the operation, management and maintenance of BLCI's utility plant and equipment.

On March 25, 2009, SIPC obtained control and possession of the 146.5- MW Panay Diesel Power Plant (located in Tinocuan, Dingle, Iloilo) and the 22-MW Bohol Diesel Power Plant (located in Dampas, Tagbilaran City, Bohol) by virtue of an assignment of the covering Asset Purchase Agreement (APA) and Land Lease Agreement (LLA) from the Parent Company. The LLA is in furtherance of and as ancillary contract to the APA for the 25-year lease of parcels of land used and occupied primarily for the operation, management, expansion and maintenance of the Purchased Assets. In 2012 and 2016, SIPC exercised its option under the LLA to purchase and pay for the first and second optioned assets covering seven (7) lots with total area of 15,551 sq.m. at Bohol Diesel Power Plant.

The Parent Company leases a residential condominium unit at Winland Towers, Cebu City from Dentrade, Inc., a corporation majority owned by Mr. Dennis T. Villareal who is currently the President and CEO of the Parent Company. The condominium unit is used to house the Parent Company's directors and senior executive officers during their official visits to Cebu.

The Parent Company also leases an office condominium unit at the 7th Floor of Citibank Center, Makati City. This unit houses the Parent Company's Makati Office. The unit is leased from the Parent Company's affiliate, SPC Properties and Development Corporation (SPDC).

The Parent Company further leases office condominium units at the 7th Floor of Cebu Holdings Center, Cebu Business Park and 7th Floor of Citibank Center, Makati City from the Parent Company's affiliate – SPEC Properties, Inc. for use as its Cebu Head Office and additional executive offices in Makati.

II. OPERATIONAL & FINANCIAL INFORMATION

Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

Market Information

The principal market for the Parent Company's common equity is the Philippine Stock Exchange (PSE). The high and low sales prices for each period are indicated in the table below:

<u>Period</u>	<u>Highest Close</u>			<u>Lowest Close</u>	
	<u>Price</u>	<u>Date</u>		<u>Price</u>	<u>Date</u>
2017:					
1st Quarter	4.59	January 3		4.15	February 6
2016:					
1 st Quarter	4.50	March 31		3.70	March 11
2 nd Quarter	4.66	April 11		3.98	May 2
3 rd Quarter	4.05	August 31		4.05	August 31
4 th Quarter	4.66	December 20		3.96	November 4
2015:					
1 st Quarter	4.51	January 9		4.30	February 11
2 nd Quarter	4.56	June 2		4.00	April 27
3 rd Quarter	4.50	July 1		3.80	September 9
4 th Quarter	4.19	October 1		3.30	November 24

As of March 31, 2017, the total number of stockholders was 749 (680 under transfer agents and including 69 depository participants counted as one stockholder each).

Top 20 Stockholders

The following composed the top 20 stockholders as of March 31, 2017:

<u>Rank</u>	<u>Name</u>	<u>Nationality</u>	<u>No. of Shares</u>	<u>%</u>
1.	KEPCO Philippines Holdings, Inc.	Korean	568,098,822	37.96%
2.	Intrepid Holdings, Inc.	Filipino	321,905,611	21.51%
3.	JAD Holdings, Inc.	Filipino	293,201,397	19.59%
4.	KV Holdings, Inc.	Filipino	74,749,847	4.99%
5.	Boxboard Containers Corporation	Filipino	41,000,000	2.74%
6.	Cancorp, Inc.	Filipino	41,000,000	2.74%
7.	Rowell Plastic Corporation	Filipino	38,864,638	2.60%
8.	LDI Power Holdings, Inc.	Filipino	24,931,036	1.67%
9.	ALH Management, Inc.	Filipino	23,850,269	1.59%
10.	Mali Ni	Filipino	10,000,000	0.67%
11.	PCD Nominee (Fil/Non-Fil) Corp.	Fil/Non-Fil	6,539,000	0.44%
12.	Dennis T. Villareal	Filipino	6,425,501	0.43%
13.	Cecilia Chua Tiu	Filipino	1,000,000	0.07%
14.	Alberto P. Fenix, Jr.	Filipino	855,933	0.06%
15.	Alfredo S. Ballesteros	Filipino	792,492	0.05%
16.	Cesar O. Villegas	Filipino	685,492	0.05%
17.	Corazon L. Gamez	Filipino	685,492	0.05%
18.	Lorenzo D. Inocando	Filipino	274,196	0.02%
19.	Stanley Krug	American	274,196	0.02%
20.	Dennis Lawrence N. Villareal	Filipino	274,196	0.02%
	James Roy N. Villareal	Filipino	274,196	0.02%
	Victor Anthony N. Villareal	Filipino	274,196	0.02%
TOTAL			1,455,956,510	97.29%

Dividends

Please refer to Note 17 of the Consolidated Financial Statements for dividends declared and paid during the two most recent years. There were no dividends further declared during the subsequent period ending as of the date of this report.

The payment of dividends in the future will depend upon the Parent Company's earnings, cash flow and financial condition, among others. The Parent Company may declare dividends only out of its unrestricted retained earnings, except in the case of stock dividends which may be declared out of paid-in surplus. Any dividend declaration will likewise be subject to the provisions of any existing shareholders' agreement/s and to any prior consents required under the Parent Company's loan documentation with its bank creditors (see Note 14 of the Consolidated Financial Statements).

The Parent Company may pay dividends in cash, by the distribution of property, by the issuance of shares of stock, or a combination of any of the foregoing. Dividends paid in cash or property are subject only to the approval of the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Parent Company at a stockholders' meeting called for such purpose.

The Corporation Code, however, requires that corporations with surplus profits in excess of 100% of their paid-up capital should declare and distribute the amount of such profits in the form of dividends, except when the retention is justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the consent of creditors is required under any loan agreement, or when it can be clearly shown that such retention is necessary under special circumstances.

Recent Sale of Unregistered Securities

The Parent Company has not had any sales of unregistered securities during the past three years.

Description of the Company's Shares

The Parent Company's securities consist entirely of common stock with par value of ₱1.00 per share.

Management's Discussion & Analysis of Financial Condition & Results of Operations

Hereunder is management's discussion and analysis of the significant factors affecting the financial performance, financial position and cash flows of the Parent Company and Subsidiaries (collectively referred to as the "Group"). The discussion and analysis should be read in conjunction with the accompanying audited consolidated financial statements and the notes thereto as well as the schedules and disclosures set forth elsewhere in this report (SEC Form 17-A).

Financial Conditions and Results of Operations

Results of Operations

Year Ended Dec. 31, 2016 vs. Year Ended Dec. 31, 2015

The Group achieved the highest consolidated net income in 2016 at ₱1,788.1 million, 18.4% more than the ₱1,510.0 million earned in the previous year. The net income attributable to equity holders of the Parent Company translated to ₱1.16 in earnings per share in 2016 compared to ₱0.99 in 2015. The performance likewise translated to a double-digit return on average equity of 21.09% in 2016 versus 20.49% the year before.

All business segments contributed positively to the improved bottom line despite low electricity spot market prices in 2016.

Share in the earnings of investees continued to account for a lion's share of the Group's consolidated net income in 2016, accounting for 65.8% of the total. Power generation and power distribution contributed 30.8% and 3.4%, respectively.

The investee companies contributed ₱1,175.5 million to the consolidated net income in 2016, up by 2.7% from ₱1,144.8 million in 2015. The speed of growth was considerably slowed by low electricity spot market prices in 2016 compared to the previous year.

The net income contributed by power generation in the portfolio grew by a robust 69.8% to ₱551.2 million in 2016 from ₱324.6 million in 2015. The business unit benefited from higher utilization of available capacity and gains made from cost containment measures that partly offset lower electricity spot market prices.

Income contribution from the power distribution business likewise expanded to ₱60.1 million in 2016, up by 41.1% from the previous year. Tariff adjustments under the Performance Base Regulation (PBR) approved by the ERC in the second semester of 2016 as well as new connections and some existing customers added to the load of the distribution business contributed significantly in shoring up bottom line. The volume of electricity sold increased by 9.2% to 113,696 MWH in 2016 from 104,106 MWH in the preceding year.

Consolidated revenues increased by 6.1% to ₱2,920.7 million in 2016 from ₱2,751.9 million the year before. The power distribution and power generation business segments boosted top-line growth on the back of higher volume of electricity sold and higher utilization of available generation capacity that more than negated the impact of low electricity prices in the spot market and lower pass-through fuel cost.

Consolidated cost of services decreased by 2.8% to ₱1,976.9 million in 2016 from ₱2,034.8 million in 2015 due mainly to lower pass-through fuel price and lower depreciation and amortizations.

Since revenues grew faster than the cost of services, consolidated gross margin (the difference between revenues and cost of services) jumped by 31.5% to ₱943.8 million in 2016 from ₱717.1 million in 2015.

Consolidated general and administrative expenses went down by 15.6% to ₱228.0 million in 2016 from ₱270.1 million in the previous year. The increases in the expenses for business development and provisions for doubtful accounts and probable losses were more than offset by lower taxes and other expenses.

Year Ended Dec. 31, 2015 vs. Year Ended Dec. 31, 2014

The Group's total comprehensive income amounted to ₱1,510.0 million in 2015, almost the same as the total comprehensive income registered in 2014, even as equity share in the earnings of associates was slightly weakened due mainly to unrealized foreign exchange losses and absence of non-recurring other income in 2015 as compared to the previous year.

Equity share in the earnings of associates slid by 2.7% to ₱1,144.8 million in 2015 from ₱1,176.9 million in 2014. Without the unrealized foreign exchange losses resulting from the revaluation of U.S. dollar-denominated loans, the overall equity share from the earnings of associates would have improved by 4.8% to ₱1,233.3 million in 2015.

The decline in the overall equity share from the earnings of associates was offset by modest growth posted by both the power generation and distribution business segments.

Total equity share in the earnings of associates accounted for 75.7% of the Group's total comprehensive income in 2015, followed by power generation and power distribution at 21.5% and 2.8%, respectively.

Group-wide revenues slightly went up to ₱2,751.9 million in 2015 from ₱2,720.9 million in 2014. Revenues lost from the idle SPC Malaya Power Corporation were more than offset by the combined revenues generated from the provision of ancillary services, selling of generated electricity to the WESM and contracted distribution utilities, and distribution of purchased power.

The Group was able to rein on overall cost of services which decreased by 1.9% to ₱2,034.8 million in 2015 from ₱2,074.7 million in 2014.

Since revenues grew faster than the cost of services, consolidated gross margin (the difference between revenues and cost of services) improved by 11.0% to ₱717.1 million in 2015 from ₱646.1 million in 2014.

However, consolidated administrative and general expenses rose by 8.5% to ₱270.1 million in 2015 from ₱248.9 million in 2014. The increase was due mainly to higher expenses for taxes, licenses and regulatory charges; insurance; and personnel, all of which were partly offset by lower provisions for doubtful accounts and probable losses.

Interest expense went up by 52.3% to ₱42.8 million from ₱28.1 million due mainly to new bank loans obtained in 2014 to augment the resources of the Parent Company in the exercise of its "right-to-top" the highest bidder for the sale of the 153.1 MW Naga Power Plant. It is also due to accretion of asset retirement obligations of SIPC and the Parent Company.

Income from changes in asset retirement obligation increased to ₱36.2 million in 2015 due to reduction in the amount of obligation as a result of the reassessment conducted in coordination with an independent appraiser. As discussed in the notes to the consolidated financial statements, the Parent Company and SIPC have a contractual obligation under the LLA with PSALM to dismantle installed assets and restore the leased premises to their original condition at the end of the lease term. In this regard, the Parent Company and SIPC established an obligation to recognize the estimated liability for asset retirement.

Other Income (Charges) – Others increased to ₱56.1 million in 2015 from ₱20.8 million in 2014. The increase was due mainly to the net effect of the following: (i) the reversal of depreciation/amortization charges related to assets previously acquired under the APA with PSALM in which the total amount paid to PSALM in 2014 (₱1.143 billion) was recognized as other noncurrent receivable as of December 31, 2015; and (ii) the write-off of necessary expenses that were also related to the assets acquired under the APA with PSALM. Please see further Notes 29 and 30 of the Consolidated Financial Statements.

Total comprehensive income attributable to Non-controlling interests decreased to ₱36.3 million in 2015 from ₱178.6 million in 2014. This was due mainly to lower income of SECI, SLCI and SMPC which are 60.0%, 36.0% and 21.6%, owned by minority stockholders, respectively.

Financial Condition

Dec. 31, 2016 vs. Dec. 31, 2015

Total consolidated assets increased by ₱910.0 million to ₱10,425.2 million as at end-December 2016 from ₱9,515.2 million as at end-December 2015. The 9.6% growth was largely attributed to the following: (i) increase in the investment account represented by fresh equity share in the earnings of associates, (ii) additional investments in associates, and (iii) rehabilitation costs of Power Barge (PB) 104 acquired on June 30, 2016 (see Note 10 of the audited consolidated financial statements).

Total liabilities likewise increased but at a much slower pace to ₱1,509.2 million as at end-December 2016, only 2.4% higher from ₱1,474.3 million as at end-December 2015.

Total stockholders' equity grew by 10.9% to ₱8,916.0 as of December 31, 2016 from ₱8,040.9 million as of December 31, 2015. Book value per share rose to ₱5.96 as of December 31, 2016 from ₱5.37 as of December 31, 2015.

The details of other items that contributed to the significant changes in assets, liabilities and stockholders' equity are discussed below.

Cash and cash equivalents decreased by 9.8% to ₱1,749.5 million from the end-December 2015 level of ₱1,940.5 million. Please see the section below for Cash Flows showing the major sources and applications of cash and cash equivalents.

Trade and other receivables decreased by 37.4% to ₱334.7 million as at end-December 2016 from ₱534.6 million as at end-December 2015. This was traced mainly to the collection of some long outstanding accounts in 2016 and lower pass-through fuel price of electricity sold in December 2016 compared to the same month last year.

Prepayments and other current assets increased by 130.0% to ₱75.2 million as at end-December 2016 from ₱32.7 million as at end-December 2015. The increase was attributed mainly to unused input taxes paid on the acquisition of PB 104, fuel and other purchases for offsetting against future output tax.

Investments in associates grew by 20.7% to ₱6,073.0 million in 2016 from ₱5,030.1 million in 2015. The growth is reflective of the following: (i) additional investments in MECO amounting to ₱80.0 MM ; and (ii) fresh equity share in the earnings of KSPC and MECO amounting to ₱1,027.2 million and ₱149.1 million, respectively. The increase in investments is net of cash dividends declared in 2016 by KSPC and MECO amounting to ₱133.4 million and ₱80.0 million, respectively.

Property, plant and equipment also grew by 50.8% to ₱675.0 million in 2016 from ₱447.5 million in 2015. The growth was attributed to the following: (i) acquisition and rehabilitation costs of PB 104 as at end-December 2016 amounting to ₱236.4 million; and (ii) additions to other property, plant and equipment amounting to ₱69.9 million. The growth is net of depreciation expense amounting to ₱78.8 million.

Other noncurrent assets amounting to ₱1,175.3 million as at end-December 31, 2016 remained about the same as in the previous year. The balance of this account is inclusive of the ₱1,143.2 million that was paid by the Parent Company to PSALM for the acquisition of the 153.1 MW Naga Power Plant. Please see Note 29 of the audited consolidated financial statements.

Trade and other payables dropped by 12.4% to ₱338.8 million from ₱386.7 million. This was due mainly to lower price of fuel purchases in December 2016 compared to fuel price prevailing in December 2015.

Current portion of long-term debt increased by 39.2% to ₱144.4 million as at end-December 2016 from ₱103.8 million in the previous year due to reclassification of balance of long-term debt maturing within one year from December 31, 2016.

Due to NPC/PSALM soared to ₱303.4 million in 2016 from ₱167.4 million in 2015. This was due mainly to additional consumption of NPPC-owned inventories (i.e., HFO, LFO and coal) which were originally acquired as a consequence of the Asset Purchase Agreement (APA) executed between the Parent Company and PSALM for the acquisition of the Naga Power Plant.

Customers' deposits increased by 11.5% to ₱100.8 million from ₱90.4 million due mainly to: (i) additional bill deposits collected from BLCI customers as guarantee for any uncollected bills upon termination of service contract, and (ii) additional material deposits for cost of transformers and poles paid in advance by large load consumers for power connection.

Long-term debt, net of current portion, decreased by 25.0% to ₱431.8 million from ₱575.4 million due to : (i) reclassification of portion payable within one year into current liabilities, and (ii) periodic amortization of loan principal.

Unappropriated retained earnings increased by 18.0% to ₱5,621.4 million as at end-December 2016 from ₱4,765.8 million as at end-December 2015. The increase was due to total comprehensive income in 2016 attributable to equity holders of the Parent Company amounting to ₱1,733.7 million; reduced by cash dividends amounting to ₱878.0 million declared by the Parent Company's Board of Directors in March 30, 2016 and December 9, 2016.

Dec. 31, 2015 vs. Dec. 31, 2014

As of December 31, 2015, the Group's total assets increased to ₱9,515.2 million from ₱8,740.6 million as of December 31, 2014. The 8.9% growth in total assets was accompanied by a 27.9% reduction in total liabilities to ₱1,474.3 million from ₱2,044.5 million. The current ratio substantially increased to 4.04 as of December 31, 2015 from 2.25 as of December 31, 2014. Total debt as a percentage of equity also reduced substantially to 18.3% as of December 31, 2015 from 30.5% as of December 31, 2014. Total stockholders' equity grew by 20.1% to ₱8,040.9 million as of December 31, 2015 from ₱6,696.0 million as of December 31, 2014. Book value per share jumped to ₱5.37 as of December 31, 2015 from ₱4.47 as of December 31, 2014.

The year's total comprehensive income boosted retained earnings. After appropriations and payment of cash dividends (see Note 17 of the Consolidated Financial Statements), the balance of unappropriated retained earnings stood at ₱4,765.8 million as at end-December 2015, up by 24.1% from ₱3,839.4 million as at end-December 2014.

The details of other items that contributed to the significant changes in assets, liabilities and stockholders' equity are discussed below.

Cash and cash equivalents increased by 47.5% to ₱1,940.5 million from the end-December 2014 level of ₱1,315.8 million. Please see the section below for Cash Flows showing the major sources and applications of cash and cash equivalents.

Trade and other receivables increased by 36.2% to ₱534.6 million as at end-December 2015 from ₱392.6 million as at end-December 2014. This was traced to the improved availability of generating units to meet higher demand in December 2015. In contrast, some of the generating units were under major rehabilitation/maintenance in December 2014.

Materials and supplies inventory decreased by 61.6% to ₱285.1 million as at end-December 2015 from ₱742.7 million as at end-December 2014. The substantial reduction was due to the removal of the carrying value of NPPC inventories which were acquired as a consequence of the APA with PSALM.

Prepayments and other current assets also decreased by 72.1% to ₱32.7 million as at end-December 2015 from ₱117.3 million as at end-December 2014. The decrease is likewise attributed mainly to the following: (i) removal of deferred input tax related to NPPC inventories acquired as a consequence of the APA with PSALM, and (ii) removal of the current portion of advance rental paid under the LLA which is an ancillary contract to the APA with PSALM.

Investment in associates grew by 9.6% to ₱5,030.1 million as at end-December 2015 from ₱4,590.0 million as at end-December 2014. The growth reflected equity share in the earnings of KSPC and MECO amounting to ₱963.2 million and ₱181.6 million, respectively; reduced by cash dividends declared in 2015 by KSPC and MECO amounting to ₱624.2 million and ₱80.0 million, respectively.

Property, plant and equipment decreased by 43.0% to ₱447.5 million in 2015 from ₱784.9 million in 2014. Apart from depreciation, the decrease in these assets was largely accounted by the write-off of the net book value of NPPC assets as of December 31, 2015.

Other noncurrent assets jumped to ₱1,175.4 million in 2015 from ₱708.0 million in 2014 due mainly to the amount of NPPC assets (property, plant and equipment as well as the current portion of long-term lease rental) that were transferred to noncurrent receivable as of December 31, 2015.

Short term loan amounting to ₱180.0 million was fully paid in September 2015 while additional working capital requirements are still unnecessary for the Parent Company.

Trade and other payables inched up by 29.3% to ₱386.7 million in 2015 from ₱299.1 million in 2014 due mainly to the build-up of fuel and spare parts needed in the operations to meet higher demand for electricity.

Current portion of long-term debt increased to ₱103.8 million as at end-December 2015 from ₱30.0 million in the previous year due to reclassification of balance of long-term debt maturing within one year from December 31, 2015.

Due to NPC/PSALM decreased significantly to ₱167.4 million in 2015 from ₱589.7 million in 2014. This was due mainly to the removal of the carrying value of NPPC inventories acquired as a consequence of the APA.

Customers' deposits increased by 12.3% to ₱90.4 million from ₱80.5 million due mainly to: (i) additional bill deposits collected from BLCI customers as guarantee for any uncollected bills upon termination of service contract, and (ii) additional material deposits for cost of transformers and poles paid in advance by large load consumers for power connection.

Asset retirement obligation decreased 20.3% to ₱106.6 million from ₱133.8 million due to reduction in the amount of obligation as a result of the reassessment conducted in coordination with an independent appraiser.

Long-term debt, net of current portion, decreased by 15.0% to ₱575.4 million from ₱676.9 million (despite the higher translated level of dollar-denominated borrowings of the Parent Company as of December 31, 2015) due to continued periodic amortization of loan principal and the reclassification of portion payable within the next twelve months to current liabilities.

Appropriated retained earnings increased to ₱1,250.0 million from ₱850.0 million due to additional appropriation of retained earnings amounting to ₱400.0 million for the construction of a coal-fired thermal power plant with a capacity of at least 300 MW in the province of Cebu or Visayas region within the years 2016-2020.

Unappropriated retained earnings increased by 24.1% to ₱4,765.8 million as at end-December 2015 from ₱3,839.4 million as at end-December 2014. The increase was due to total comprehensive income attributable to equity holders of the Parent Company amounting to ₱1,474.5 million; reduced by additional appropriation for future expansion project and declared cash dividends amounting to ₱400.0 million and ₱149.7 million, respectively.

Cash Flows

2016 vs. 2015

Cash and cash equivalents decreased by 9.8% to ₱1,749.5 million from the end-December 2015 level of ₱1,940.5 million. In 2016, net cash flows used for financing and investing activities exceeded net cash flows generated from operating activities.

Major sources of cash and cash equivalents in 2016 were: (i) net cash generated from operating activities amounting to ₱981.8 million; and (ii) cash dividends received from investments amounting to ₱213.4 million.

The major applications of funds in 2016 were: (i) additions to property, plant and equipment amounting to ₱318.3 million; (ii) additional investments in an associate amounting to ₱80.0 million; (iii) payment of long-term debt amounting to ₱103.9 million; and (iv) payment of cash dividends amounting to ₱891.0 million.

2015 vs. 2014

The Group's cash flows remained healthy in 2015. The healthy cash flows from operating activities in 2015 were more than sufficient to cover capital expenditures and other investment and financing activities for the year. Cash and cash equivalents increased by 47.5% to ₱1,940.5 million as at end-December 2015 from the end-December 2014 level of ₱1,315.8 million.

Key Performance Indicators

The following financial indicators are used, among others, to evaluate the performance of the Parent Company and its Subsidiaries:

Key Performance Indicators	2016	2015
<u>For the years ended December 31:</u>		
Earnings per share (see Note 26)	₱1.16	₱0.99
Share in net earnings of associates (see Note 9)	₱1,175,524,975	₱1,144,801,407
Return on equity	21.09%	20.49%
Return on assets	17.93%	16.54%
<u>Cash Flows:</u>		
Net cash flows from (used in) operating activities	₱981,803,073	₱521,009,585
Net cash flows from (used in) investing activities	(₱181,555,533)	₱482,583,023
Net cash flows from (used in) financing activities	(₱994,940,718)	(₱379,596,021)
<u>As of December 31:</u>		
Balance of cash and cash equivalent at end of period	₱1,749,497,644	₱1,940,459,937
Current ratio	2.88	4.04
Debt ratio	0.15	0.16
Solvency ratio	1.24	1.13

Earnings Per Share (EPS)

EPS is a measure of profitability representing net income attributable to equity holders divided by the weighted average number of shares outstanding as of the end of the year.

Share in Net Earnings of Associates

This indicates profitability of the investments and investees' contribution to the Group's net income. It is determined by multiplying the associate's comprehensive income or loss by the investor's percentage of ownership, less goodwill impairment cost, if any. Goodwill is the difference between the acquisition

cost of an investment and the investor's share in the value of the net identifiable assets of the investee at the date of the acquisition.

Return on Equity

Return on Equity = Total comprehensive income divided by average total stockholders' equity. This ratio indicates the level of profit earned by the Group in comparison with the total amount of stockholders' equity found in the statements of financial position. The higher the return on equity, the higher the Group's ability to produce internally generated cash flows. Moreover, the higher the Group's return on equity compared to other companies in the same industry, the better.

Return on Assets

Return on Assets (ROA) Ratio = Total comprehensive income divided by average total assets. This ratio measures the ability of the Group's management to realize an adequate return on the total resources employed for the business. A high percentage rate indicates how the Group is well run and has a healthy return on assets employed.

Cash Flows

The Group uses the Statements of Cash Flows to determine the sources and application of funds for the period and to analyze and evaluate how the sources and uses of funds are being managed.

Current Ratio

Current Ratio = Total current assets divided by total current liabilities. This ratio is a rough indication of the Group's ability to service its current obligations. The higher the current ratio, the greater the Group's ability to pay its current obligations.

Debt Ratio

Debt ratio = total liabilities divided by total tangible assets. The ratio indicates the degree of protection provided for the Group's creditors. A high ratio generally indicates greater risk being assumed by creditors. On the other hand, a low ratio indicates greater long-term financial safety.

Debt-to-Equity Ratio

Debt-to-Equity Ratio = total liabilities divided by total equity. The ratio indicates how leveraged the Group is. It compares the resources provided by creditors against the resources provided by the stockholders in running the business of the Group.

Solvency Ratio

Solvency Ratio = the sum of total comprehensive income, depreciation and amortizations divided by the sum of long-term and short-term liabilities. This ratio provides another measurement of how likely the Group will be able to continue meeting its debt obligation. The higher the ratio, the greater the Company's ability to continue meeting its debt obligations.

Known Trends

Except as already discussed herein and disclosed in the notes to the consolidated financial statements, management is not aware of any other trend, event or uncertainty to have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations. Management is likewise not aware of any other event that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

Any Significant Elements of Income or Loss from Continuing Operations

There are no significant elements of income or loss from continuing operations.

Material Off-Balance Sheet Items

There are no material off-balance sheet transactions, arrangements, obligations, and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

Material Commitments for Capital Expenditures

As of December 31, 2016, there are no material commitment for capital expenditures other than in the ordinary course of business to improve power generation and distribution facilities. Funding comes from internally generated cash from operations.

Seasonal Aspects

The Group does not have any seasonal aspect that has a material effect on the financial condition or results of operations.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no changes in and disagreements with Accountants on accounting and financial disclosures.

External Audit Fees

For the annual review of the Parent Company and Subsidiaries' financial statements and other assurance and related services, the audit fees were ₱1.5 and ₱1.4 million in 2016 and 2015, respectively, exclusive of VAT and out-of-pocket expenses. The fees were inclusive of consultancy services on tax matters amounting to ₱0.4 and ₱0.2 million in 2016 and 2015, respectively.

Engagement of external auditor's services is bid out among qualified auditing firms. For the audit of annual financial statements, award is endorsed by the Board Audit Committee, recommended by the Board to the shareholders and approved by the Group's shareholders during its annual meeting. Award of other services are approved by the Audit Committee as endorsed by the Group's Internal Audit Department.

Other Operational & Financial Information

Other operational and financial information about the Group have been incorporated as part of the notes to the Consolidated Financial Statements.

III. CONTROL & COMPENSATION INFORMATION

Directors and Executive Officers

Hereunder is the list of directors and executive officers of the Parent Company for 2016-2017 and their respective positions.

<u>Name</u>	<u>Nationality</u>	<u>Position with the Company</u>
Alfredo L. Henares ^{1,2}	Filipino	Chairman & Treasurer
Dennis T. Villareal ¹	Filipino	Director, President & CEO
Alberto P. Fenix, Jr. ¹	Filipino	Executive Director
Roberto F. de Ocampo ³	Filipino	Director (Independent)
Enrique L. Benedicto ⁴	Filipino	Director (Independent)
Ramon Y. Sy ⁵	Filipino	Director
Guillermo P. Dabbay, Jr. ⁶	Filipino	Director
Go, Jae-Han ⁷	Korean	Director
Choi, Bong-Joo ⁸	Korean	Director
Ahn, Soon-Chan ⁹	Korean	Director
Alfredo S. Ballesteros ¹⁰	Filipino	SVP & Director
Maria Luz L. Caminero ¹¹	Filipino	SVP, Corporate Secretary, Compliance Officer
Reynante C. del Rosario	Filipino	CFO
Cesar O. Villegas	Filipino	VP-Business Development & Commercial Operations
Jaime M. Balisacan	Filipino	VP – Finance

¹ Directors and officers since incorporation on August 17, 1994.

² Mr. Alfredo L. Henares elected as Chairman on May 30, 2014 up to the present.

³ Director from November 25, 2002 up to the present.

⁴ Director from September 16, 2008 up to the present.

⁵ Director from November 12, 1998 to November 25, 2002 and from February 15, 2006 up to the present.

⁶ Director from May 30, 2012 up to the present.

⁷ Director from March 30, 2016 up to the present.

⁸ Director from October 8, 2015 up to April 2, 2017.

⁹ Director from March 30, 2016 up to the present.

¹⁰ SVP, Compliance Officer since 1996 and Corporate Secretary up to December 3, 2014; elected and served as Director from March 30, 2015 up to untimely demise on February 12, 2017.

¹¹ SVP since November 18, 2013; appointed as Corporate Secretary and Compliance Officer on December 3, 2014.

Unless otherwise provided by law, the powers, business and allocation of resources of the Parent Company are exercised, conducted and controlled by an eleven-member Board of Directors.

The Nomination Committee, created by the Board under its Manual of Corporate Governance, nominated the majority of the incumbent directors. The Nomination Committee further endorsed to the Board the Final List of Candidates for Independent Directors in the persons of Mr. Roberto F. de

Ocampo and Mr. Enrique L. Benedicto. Mr. Dennis T. Villareal was the one who nominated Messrs. Roberto F. de Ocampo and Enrique L. Benedicto. Mr. Dennis T. Villareal is not related to Messrs. De Ocampo and Benedicto by consanguinity nor affinity. Neither is there a professional relationship between Mr. Dennis T. Villareal and Messrs. De Ocampo and Benedicto.

In compliance with the provisions of SRC Rule 38, the Board of Directors amended its By-laws on December 8, 2004 and March 11, 2005 to include a provision on the procedure and selection of Independent Directors.

Each Director has a term of office of one year and is eligible for re-election every year. Each Director beneficially owns at least one share of the capital stock of the Parent Company. The members receive such compensation as determined by the Board of Directors.

By resolution passed by the Board, the Directors may designate one or more committees which, to the extent provided by said resolution, shall have and may exercise any of the powers of the Board which may lawfully be delegated in the management of the business and affairs of the Parent Company.

The executive officers of the Company are elected or appointed by the Board of Directors. The Chairman of the Board and the President/Chief Executive Officer are elected from the members of the Board.

Profile of the Incumbent Board of Directors and Executive Officers

Alfredo L. Henares, Filipino, 63 years old, has been the Treasurer and Director of the Parent Company since 1994. On May 30, 2014, he was elected as Chairman and continues to serve as Chairman and Treasurer up to the present. He is also currently a member of the Board Executive Committee, Audit Committee and Nomination Committee. He is likewise the Treasurer and Director of the following corporations: Salcon Philippines, Inc.; Salcon International Inc.; SPC Property and Development Corp.; SPEC Properties Inc.; Western Panay Hydropower Corp.; SPC Electric Co., Inc.; and SPC Light Co., Inc. He was a Director of Bohol Light Company, Inc. and Bohol Water Utilities, Inc. for about seven years prior to his appointment as Chairman of both companies effective May 2007. In the year 2015, he relinquished his Chairman position to Mr. Lim Chan Lok and went back to being a Director in Bohol Water Utilities, Inc. He is also the Chairman of SPC Island Power Corporation, SPC Malaya Power Corporation and KV Holdings, Inc. He is also the President of Progressive Broadcasting Corp.; a Director of Isarog Pulp and Paper Co., Inc.; the Finance Director of Vegoil Phil., Inc. and the Executive Vice President and Chief Financial Officer of KEPCO SPC Power Corporation. He graduated from Harvard Graduate School with an MBA degree and from the Ateneo de Manila University with a Bachelor's Degree in Business Management.

Dennis T. Villareal, Filipino, 75 years old, is the Founding President, Chief Executive Officer and a Director of the Parent Company. Currently, he is also the Chairman of the Board Executive Committee, Nomination Committee and Compensation Committee. He is likewise the President and a Director of the following corporations: Salcon Philippines, Inc.; Salcon International, Inc.; SPC Island Power Corp.; SPC Property and Development Corp.; SPEC Properties, Inc.; Mactan Electric Company, Inc.; Bohol Light Co., Inc.; Bohol Water Utilities, Inc.; Western Panay Hydropower Corp.; SPC Electric Co., Inc.; Rayfield Holdings, Inc.; SPC Light Co., Inc.; SPC Malaya Power Corporation; KV Holdings, Inc.; Filipinas Palmoil Processing Inc.; Filipinas Palmoil Plantations, Inc.; Filipinas Palmoil Properties, Inc.; Isarog Pulp and Paper Co., Inc.; Dentrade, Inc.; JAD Holdings, Inc.; and Intrepid Holdings, Inc. He is also the Vice Chairman and a Director of KEPCO SPC Power Corporation. In addition, he is the Vice-President and a Director of Dowell Packaging Corp.; Rowell Industrial Corp.; and Rowell Plastic

Corp. He graduated from the University of Missouri with a Bachelor of Science Degree in Business Administration.

Alberto P. Fenix, Jr., Filipino, 72 years old, has been a Director of the Company since 1994. He has also been an Executive Director of the Parent Company since September 28, 2001 and a member of the Board Executive Committee since March 7, 2006. He is likewise a Director of SPC Electric Company, Inc. starting 2001; SPC Light Company, Inc. effective 2002; Bohol Light Company, Inc. effective May 2007; SPC Island Power Corporation effective November 2007; Western Panay Hydropower Corp. since 1997; SPC Malaya Power Corporation in September 2011 and KV Holdings, Inc. on December 13, 2010. In March 2009, he was appointed as Managing Director of SPC Island Power Corporation until August 31, 2010 but remained as a Director up to the present. He is the Chairman of Fenix Management and Capital, Inc. and President of Ivoclar Vivadent, Inc. And Alpina Realty, Inc. He serves as Trustee of the Angeles University Foundation, Inc. His prior positions include directorships at National Steel Corp.; Refractories Corporation of the Philippines, Inc.; Pryce Corp.; Pryce Gases, Inc.; Philippine National Oil Corp.; Newtech Pulp, Inc. And Victorias Milling Company, Inc. Dr. Fenix is a business leader, having been President in 1998 and 1999, and currently the Honorary President of the Philippine Chamber of Commerce and Industry (PCCI) and President of the PCCI Human Resources Development Foundation, Inc. He graduated with a Bachelor's Degree in Mathematics (cum laude) from the Ateneo de Manila University and Master's and Doctorate degrees in Industrial Management from the Sloan School of Management of the Massachusetts Institute of Technology.

Roberto F. de Ocampo, Filipino, 70 years old, has been an Independent Director of the Parent Company and Chairman of the Board Audit Committee since November 25, 2002. He was the secretary of Finance (1994-1998) during the presidency of Fidel V. Ramos. As Secretary of Finance, he was concurrently a member of the Board of Governors of the World Bank Monetary Fund. He also served as Chairman and CEO of the Development Bank of the Philippines (1989 – 1994) and Chairman of the APEC Finance Ministers (1997). He was named “Asian Finance Minister of the Year” by the Euromoney and Asianmoney magazines in 1996 and 1997, respectively. He was conferred the Legion of Honor, the highest honor conferred on Filipino civilians, by the Republic of the Philippines in 1998 for his outstanding contributions to the country. He is currently the President of PAMI Global Bond Fund, Inc.; Philam Bond Fund, Inc.; Philam Dollar Bond Fund, Inc.; Philam Fund, Inc.; Philam Managed Income Fund, Inc.; and Philam Strategic Growth Fund, Inc. He is also the Chairman and/or Board Member of several companies in the Philippines and abroad including, among others, DFNN International; Bankard, Inc.; EEI Corporation; Rizal Commercial and Banking Corporation; Globe Telecom; Corporate Governance Institute of the Philippines; Philippine Cancer Society; Asian Institute of Management; Makati Business Club; Foundation for Economic Freedom; Philippine Quality & Productivity Movement, Inc.; Investment & Capital Corporation of the Philippines; Asian Aerospace, Inc.; and Pacific Gaming Investments Pte. Limited. Dr. de Ocampo received his MBA from the University of Michigan, a post-graduate diploma from the London School of Economics and has been conferred three Doctorates (Honoris Causa).

Enrique L. Benedicto, Filipino, 75 years old, was appointed as Independent Director of the Parent Company on September 16, 2008 and continue to serve as such up to the present. He is a recipient of the Entrepreneur of the Year award (Grand Chamber Award) given by the Cebu Chamber of Commerce on June 28, 2013. He is also the Honorary Consul of the Royal Consulate of Belgium from 1996 up to the present. He is Chairman of the following companies: Enrison Holdings, Inc.; Enrison land, Inc.; Mabuhay Filcement, Inc.; Benedict Ventures, Inc.; and Berben Wood Industries, Inc. He is likewise the Vice Chairman of Bernardo Benedicto Foundation, Inc. Previously, he was either the Chairman or President of the following: Consular Corps of the Philippines, Cebu Chapter; Philippine Foundation, Inc.; Cebu Jaycee Foundation; and Cebu Jaycee Senate. He was also a Vice Chairman of the Cebu Investment Promotion Center and Trustee of the Cebu Chamber of Commerce & Industry, Inc. Mr.

Benedicto is a recipient of the following prestigious awards: “Officer in the Order of Leopold II” award conferred by His Majesty Baudowin King of the Belgians; Most Outstanding Cebuano Citizen presented during the 54th Cebu City’s Charter day celebration; Great Cebuano Award conferred by the Province of Cebu, Mandaue Chamber of Commerce and Industry, Inc., Kapisanan Ng Mga Broadcaster ng Pilipinas (KBP), and Sugbuanong Kumintaristang Nagpakabana (SUKNA); Most Outstanding Alumnus conferred by the University of San Jose-Recoletos; Recognition Award for Outstanding Achievements by the Cebu City Government; and Recognition Award as a Member of the Board of Trustees for Ten Consecutive Years of the Cebu Investment Promotions Center. Mr. Benedicto has a Bachelor of Science in Commerce degree from the University of San Jose Recoletos.

Ramon Y. Sy, Filipino, 85 years old, was a Director of the Parent Company from November 12, 1998 to November 25, 2002 and reelected from February 15, 2006 up to the present. He used to be the President of the Bankers Association of the Philippines and President and Chief Executive Officer of the United Coconut Planters Bank from October 2007 to November 15, 2011. He is presently the Vice Chairman and Director of Asia United Bank. He is also the Chairman of Ramsy Corporation, Travelman, Inc., Xcell Property Ventures, Inc. And Apex Mining Co., Inc. and a Trustee of the St. Luke’s Medical Center and St. Luke’s Medical School. He is presently a director of Philippine Equity, Maxicare Health Care Corporation, Asian Alliance Holding and Development Corp., Asian Alliance Investment Corporation and Monte Oro Resources and Energy, Inc. He was previously the President and Chief Executive Officer of International Exchange Bank; Chairman and Chief Executive Officer of United Coconut Planters Bank and various companies associated with the coconut industry including CIIF Management Company, Inc.; Chairman of Asean Fund Limited; President of Megalink, Inc; Director of ANSCOR Insurance Brokerage Corporation and San Miguel Corporation; Country Manager of Bank of America; and President of BA-Finance Corporation. He earned his MBA degree at the University of the Philippines and his Bachelor of Science in Commerce degree at the Far Eastern University. He was also an independent Director of the Company.

Guillermo P. Dabbay, Jr., Filipino, 57 years old, has been a Director of the Parent Company since May 30, 2012. He is also the Corporate Secretary, Director and General Counsel for KEPCO Philippines Corporation and KEPCO SPC Power Corporation. He is also the Corporate Secretary and General Counsel for KEPCO Ilijan Corporation. He was elected to the parent Company’s Board on May 30, 2012. He is also a director of Mactan Electric Corporation. He is also the Corporate Secretary of KEPCO Philippine Holdings, Inc. and KEPCO International Philippines, Inc. He was a Senior Associate with Angara Abello Concepcion Regala & Cruz Law Offices. He earned his Bachelor of Arts in Political Science Degree (with distinction) at the University of the Philippines and Bachelor of Laws, also at the University of the Philippines.

Go, Jae-Han, Korean, 57 years old, was elected to the Parent Company’s Board on March 30, 2016 to replace Mr. Lyu, Hyang-Reol who was recalled to the KEPCO Headquarters in Korea for new assignments. He joined Korea Electric Power Corporation in 1986 and was General Manager of KEPCO Branch Office in New York. He was then the General Manager and Director General for Overseas Project Management Department of KEPCO Korea. He was also the Vice President, Head of Overseas Project Strategy Department, Vice President, Head of Nuclear Project Export Promotion Department and Vice President, Head of Overseas Project Management Department. He is now the President and CEO of KEPCO Philippines Corporation. He graduated with a degree in Business Administration from Soongsil University in Seoul, South Korea and completed his MBA at Korea University also in Seoul, South Korea.

Choi, Bong-Joo, Korean, 56 years old, was elected to the Parent Company’s Board on October 8, 2015 and served as such until his recall to the KEPCO Headquarters in Korea for new assignments effective April 3, 2017. He joined Korea Electric Power Corporation in 1979 as Assistant Manager. He was

then the Manager of Overseas Division tasked in the development of overseas IPP projects and management of Malaya TPP projects. He was also the General Manager of KEPCO Overseas Division handling the billing and calculation of electricity tariff bills and management of the Philippine projects and operation companies. He graduated at Chung-Ang University in Seoul, Korea with a degree in Accounting. He completed his masteral degree in international business also at Chung-Ang University in Seoul, South Korea.

Kim, Jin-Seong, Korean, 48 years old, was elected to the Parent Company's Board on April 3, 2017 to replace Mr. Choi, Bong-Joo who was recalled to the KEPCO Headquarters in Korea for new assignments. Mr. Kim is presently the Director General, Southeast Asia Project Management Team of Korea Electric Power Corporation (KEPCO) in Korea. He joined Electric Power Corporation in 1993. He was also the Senior Manager of KEPCO New York Office in 2006 and Senior Manager, UAE Nuclear Project Department in 2009. He was also a Director General, International Cooperations Department of KEPCO and its Euro-America Project Management Team in 2014. He graduated in 1994 with a degree in Bachelor of Science in Business Administration at the Korea University, Korea and took his IB-MBA at Helsinki School of Economics in Finland.

Ahn, Soon-Chan, Korean, 47 years old, was elected to the Parent Company's Board on March 30, 2016. He joined Korea Electric Power Corporation in 1997. He was the Manager of KEPCO Overseas Project Department and Project Development in KEPCO Philippines. He was also a Senior Manager of the Overseas Project Development Department and General Manager of KEPCO's Gyeongnam District Division. He is currently the General Manager of Planning Department of KEPCO Ilijan Power Corporation. He graduated with a degree in Business Administration at Konkuk University in Korea.

Alfredo S. Ballesteros, Filipino, 78 years old, was the Senior Vice President and Compliance Officer of the Parent Company from 1996 up to his demise on February 12, 2017. He was likewise the Corporate Secretary up to December 3, 2014. He was elected as Director on March 30, 2015. He was also the Senior Vice President of Salcon Philippines, Inc. and a Director of Bohol Water Utilities, Inc.; and SPC Light Company, Inc. He was the Corporate Secretary of the following corporations: Salcon Philippines, Inc.; Salcon International, Inc.; SPC Island Power Corp.; SPC Property and Development Corp.; SPEC Properties, Inc.; Bohol Light Company, Inc.; Bohol Water Utilities, Inc.; Western Panay Hydropower Corp.; SPC Electric Co., Inc.; SPC Light Co., Inc.; KV Holdings, Inc. and SPC Malaya Power Corporation. He was formerly a Senior Vice President of National Steel Corporation and served in National Steel Corporation under various capacities: Vice President for Treasury, Raw Material Procurement and Expansion Projects; Division Manager for Finance; Manager for Personnel Administration; Manager for Systems and Audit; Superintendent for Works Accounting; and Plant Accountant. Previously, he held the positions of Manager for Works Accounting and Supervisor – Systems and Procedures with Iligan Integrated Steel Mills, Inc.; and was a Junior Auditor of SyCip Gorres Velayo & Co. He obtained his Bachelor of Science in Commerce degree (Salutatorian) from La Salle College, Bacolod City.

Maria Luz L. Caminero, Filipino, 54 years old, was appointed Sr. Vice President for Legal Affairs/Business Planning and Development of the Parent Company on November 18, 2013. Atty. Caminero was also appointed as Corporate Secretary and Compliance Officer of the Parent Company effective December 3, 2014. She has practiced law for twenty-five (25) years. Her present practice focuses on energy law, particularly in the power industry in the Philippines. From 2003-October 2013, she was the Vice-President and General Counsel of the Power Sector Assets and Liabilities Management Corporation (PSALM). During her ten-year stint in PSALM, she was designated as Acting President from April-June 2010 and thereafter appointed as OIC from June-September 15 of the same year. Prior to her work at PSALM, she was the Chief Corporate Attorney for National Power Corporation (NPC) in the Tax Counseling Corporate Affairs and Government Relations Department

and Litigation Department, Office of the General Counsel. She also served as legal adviser to the Office of the NPC President during the terms of two NPC presidents. In the transition period in anticipation of the implementation of the EPIRA, she was capbadged and assigned to TRANSCO to work on transmission business transactions. Atty Caminero worked for NPC from 1995 -2003, although eventually detailed to work for PSALM in 2001-2003. Atty. Caminero also worked with the Judiciary for a period of six years. She was the Head Lawyer (Court Attorney V) of the Office of Associate Justice Florida Ruth P. Romero, Supreme Court from 1991-1995. Earlier, she worked in the Office of Associate Justice Fidel P. Purisima, Court of Appeals, as Court Attorney V from 1989 -1991. As an underbar, she worked with the Office of Senator Santanina T. Rasul in the latter part of 1988 -1989.

Cesar O. Villegas, Filipino, 55 years old, was appointed Vice President for Business Development and Commercial Operation on December 3, 2014. Prior to this, he was the Senior Manager for Business Development and the Technical Assistant to the President. Before joining SPC Power Corporation on February 2, 2010, he was a Technical Manager of Ultrawaters, Inc. (a water treatment company); Electrical Engineer at Rudell & Associates; Project Manager at Pangea Green Energy Phils. Inc.; Operations Manager and Operations Shift Manager at Enron Power Philippines; Planning & Scheduling Chief, Instrumentations Engineer and Control Switchboard Engineer with National Power Corporation; and Plant Electrical Engineer at Coco-Chemicals Philippines. He obtained his Bachelor of Science in Electrical Engineering degree from the Mapua Institute of Technology. He is a Registered Electrical Engineer.

Reynante C. del Rosario, Filipino, 60 years old, was appointed Chief Financial Officer of the Parent Company on August 6, 2013. Before joining the SPC Group, Mr. Del Rosario worked with Good Year Philippines, Inc. starting as Accounts Payable Clerk in May 2, 1978 and thereafter rose from the ranks occupying various positions in Finance including as Finance Director and Treasurer, a position he held for nine years up to June 30, 2013. He graduated from University of the East with a degree in Bachelor of Science in Business Administration.

Jaime M. Balisacan, Filipino, 62 years old, has been Vice President for Finance of the Parent Company since August 16, 1997. He also renders financial services to certain subsidiaries in the SPC Group. Before joining the SPC Group, he was the Controller of Toledo Power Company from July 1994 to August 1997. He also worked as Financial Services Director/Specialist with Atlas Consolidated Mining and Development Corporation (ACMDC) from March 1989 to June 1994. He also served ACMDC in other capacities as Inventory Control Superintendent – Materials Management Division, Group Head/Inventory Accountant, Accounting Supervisor and Audit Clerk – Comptrollers Division. Mr. Balisacan is a Certified Public Accountant. He graduated from the Divine Word College of Laoag, Laoag City with a degree in Bachelor of Science in Commerce, Major in Accounting.

The disclosed business experience of the above Directors and Officers is for at least the last five years, unless otherwise indicated in their profiles.

Family Relationships

None of the foregoing directors and officers are related to each other by consanguinity or affinity.

Involvement in Certain Legal Proceedings

None of the Directors and Officers were involved in the past five years in any insolvency or bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction, permanently enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities, or

banking activities, nor found in action by any court or administrative body to have violated a securities or commodity law.

Qualification and Election of Directors

The Parent Company has 11 directors. Under the Corporation Code, each director must be a stockholder of record at the time of election. The directors are elected by a plurality of votes at the annual meeting of the Parent Company each year. At each election of directors, every stockholder has the right to vote, in person or by proxy, the number of shares owned by such stockholder for as many persons as there are directors to be elected or to cumulate such stockholder's votes by giving one candidate as many votes as the number of such directors multiplied by the number of such stockholder's share, or by distributing such votes on the same principle to any number of candidates. Directors so elected hold office until the expiration of their respective terms and until the election and qualification of their respective successors.

Dependence on Certain Key Personnel

Dennis T. Villareal, the Parent Company's President and Chief Executive Officer, has contributed significantly to the overall success of the Group. The loss of his services could, therefore, have an adverse impact on the future performance of the Group.

There is no significant employee or personnel who is not an executive officer but is expected to make a significant contribution to the business of the Parent Company.

Compensation of Directors and Executive Officers

1. Terms and Conditions of Employment Contract, Compensation Plan:

Except for the Chairman/Treasurer, the President and the Executive Director, the Parent Company's other Senior Officers are also regular employees and are similarly remunerated with a compensation package equivalent to thirteen (13) months salary per annum. They also receive whatever year-end gratuity pay the Board extends to the managerial, supervisory, and technical employees of the Parent Company. These terms and conditions are included in the employment contract between the Parent Company and its Senior Officers.

The members of the Board of Directors are elected for a term of one year. They receive annual remuneration in Director's Fees, in addition to compensation on a per meeting participation. Moreover, members of the Board of Directors who perform executive functions are paid additional remuneration.

The aggregate compensation paid or incurred during the last two years and estimated to be paid in the ensuing year to the Parent Company's Chairman/Treasurer, President and CEO, Executive Director and most highly compensated Senior Officers are as follows:

<u>Name & Principal Position</u>	<u>Year</u>	<u>Salary (Pesos)</u>	<u>Bonus (Pesos)</u>	<u>Total</u>
Chairman/Treasurer, President/CEO, Executive Director and five (5) most highly compensated Senior Officers	Projected 2017	29,978,186	3,186,796	33,164,982
	Actual 2016	28,854,729	3,035,044	31,889,773
	Actual 2015	29,872,432	3,003,670	32,876,102
All Directors and Senior Officers As a Group Unnamed	Projected 2017	35,413,480	3,186,796	38,600,276
	Actual 2016	34,290,023	3,035,044	37,325,067
	Actual 2015	35,910,667	3,003,670	38,914,337

The highest ranked Senior Officers included in the foregoing compensation table are the following:

Mr. Alfredo L. Henares, Chairman and Treasurer
Mr. Dennis T. Villareal, President and CEO.
Dr. Alberto P. Fenix, Executive Director.
Mr. Alfredo S. Ballesteros, SVP and Director.
Atty. Maria Luz L. Caminero, SVP, Corporate Secretary and Compliance Officer
Mr. Reynante C. del Rosario, Chief Financial Officer
Mr. Cesar O. Villegas, VP – Business Dev. and Commercial Operations
Mr. Jaime M. Balisacan, VP - Finance.

2. Other than what is provided under applicable labor laws, there are no compensatory plans or arrangements with executive officers entitling them to receive any sum of money as a result of their resignation, retirement or any other termination of employment, or from a change in control of the Parent Company, or a change in the executive officers' responsibilities following a change in control of the Parent Company. There are no warrants or options outstanding in favor of directors and officers of the Parent Company.

Persons Known to the Registrant to be Directly or Indirectly the Record or Beneficial Owner of More Than 5% of Any Class of the Registrant's Voting Securities

As of March 31, 2017, the following stockholders beneficially own more than 5% of the Parent Company's common shares:

Title of Class	Name and Address of Record Owner and Relationship with the Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number Of Shares	Percent of Class
Common	KEPCO Philippines Holdings, Inc. ¹ 18 th Floor, Citibank Center 8741 Paseo de Roxas, Makati City (Stockholder) ³	KEPCO Philippines Corp. Mr. Go, Jae-Han President & CEO	Korean	568,098,822	37.96%
Common	Intrepid Holdings, Inc. ² 7 th Floor, Citibank Center 8741 Paseo de Roxas, Makati City (Stockholder) ³	Intrepid Holdings, Inc. Mr. Dennis T. Villareal President	Filipino	321,905,611	21.52%
Common	JAD Holdings, Inc. ² 7 th Floor, Citibank Center 8741 Paseo de Roxas, Makati City (Stockholder) ³	JAD Holdings, Inc. Mr. Dennis T. Villareal President	Filipino	293,201,397	19.59%

¹ Mr. Go, Jae-Han shall exercise the voting power of KEPCO Philippines Holdings, Inc.

² Mr. Dennis T. Villareal shall exercise the voting power for JAD Holdings, Inc. and Intrepid Holdings, Inc.

³ The above record owners are purely stockholders.

Security Ownership of Management

The following Directors/Management personnel own shares in the Company as of March 31, 2017

Title of Class	Name of Beneficial Owner	Citizenship	Number of Shares and Nature of Ownership	Percent of Ownership
Common	Dennis T. Villareal	Filipino	6,425,501(d)	0.43
Common	Alfredo L. Henares	Filipino	1 (d)	n.m.
Common	Alberto P. Fenix, Jr.	Filipino	855,933 (d)	0.05
Common	Ramon Y. Sy.	Filipino	2 (d)	n.m.
Common	Roberto F. de Ocampo	Filipino	1 (d)	n.m.
Common	Enrique L. Benedicto	Filipino	1 (d)	n.m.
Common	Guillermo P. Dabbay, Jr.	Filipino	1 (d)	n.m.
Common	Go, Jae-Han	Korean	1 (d)	n.m.
Common	Choi, Bong-Joo	Korean	1 (d)	n.m.
Common	Ahn, Soonchan	Korean	1 (d)	n.m.
Common	Alfredo S. Ballesteros	Filipino	793, 492 (d)	0.05
Common	Reynante C. del Rosario	Filipino	137, 098	0.01
Common	Jaime M. Balisacan	Filipino	51,000 (d)	n.m.
Common	Maria Luz L. Caminero	Filipino	137, 098	0.01
Common	Cesar O. Villegas	Filipino	685, 492	0.04
Directors and Management personnel as a Group			9, 085, 623	0.61

d-direct

n.m.- not material

The above company directors and officers shall hold office for one (1) year until their successors are duly elected and qualified. Such other officers may, from time to time, be appointed by the Board of Directors and shall hold office for such period as the Board of Directors may determine.

Voting Trust Holder/s

The Parent Company is not aware of any existing voting trust agreement involving Parent Company shares.

Change in Control

As of December 31, 2004, the Parent Company is 39.3% owned by Salcon Holdings Philippines, Inc. (SHPI).

On December 14, 2005, SHPI, ATC Engineering SDN BHD (ATC) and Boustead Singapore Limited entered in a Share Purchase Agreement with KEPSCO Philippines Corporation (KEPHILCO), JAD Holdings, Inc. (JAD) and Intrepid Holdings, Inc. (INTREPID) whereby 654,995,108 shares of the Parent Company will be sold at ₱1.80 per share. KEPHILCO will purchase 588,102,367 shares owned by SHPI and ATC while JAD and INTREPID will purchase the remaining offered shares including other shares offered by other shareholders. As a result of the tender offer which expired on February 2, 2006, the Parent Company became 53.77% owned by the existing shareholders represented by JAD and INTREPID while 40% of the shares of stocks were owned by KEPHILCO.

On September 20, 2011, the two major shareholders of the Parent Company, namely, the Dennis T. Villareal Group (“DTV Group”) and KEPSCO Philippines Holdings, Inc. (“KPHI”) decided to consolidate a portion of their respective stockholdings in the Parent Company in a joint venture company known as KV Holdings, Inc. (“KVHI”), 60% of the capital of which is owned by the DTV Group and 40% by KPHI. For this purpose, KPHI and Rayfield Holdings, Inc. (“RHI”) (one of the companies in the DTV Group) entered into a Sale and Purchase Agreement with KVHI for the sale by RHI and KPHI of 3% and 2%, respectively, of the outstanding Parent Company shares they own to KVHI. The sale was done on September 28, 2011 via a special block sale on the Philippine Stock Exchange (“PSE”) at the agreed price of ₱2.57 per share as approved by the PSE. At the same time, JAD Holdings, Inc. (“JHI”) and Intrepid Holdings, Inc. (“IHI”) (the two other companies in the DTV Group) signed a Sale and Purchase Agreement with RHI for the sale by RHI to JHI and IHI of the balance of its shares representing 2.12% of the Parent Company’s outstanding capital stock. This was done so that all of the Parent Company shares held by the DTV Group (aside from those held by Mr. Villareal and his family) will be consolidated in the two DTV Group of companies, JHI and IHI. This sale was done via a special block sale on the Philippines Stock Exchange (“PSE”) at the agreed price of ₱2.57 per share as approved by the PSE.

On December 7, 2012, JAD Holdings, Inc., one of the principal stockholders of the Parent Company, with stockholdings equivalent to 24.83% of total issued and outstanding shares of 1,495,521,903 shares at the time of such sale, sold 82,000,000 shares to Boxboard Containers Corporation and Cancorp, Inc. at ₱4.75 per share through a cross sale on the PSE, bringing JAD Holdings, Inc.’s share down to 289,336,647 equivalent to 19.33% of the issued and outstanding shares of the Parent Company.

On June 27, 2014, JAD Holdings, Inc. (represented by Dennis T. Villareal), along with some officers of SPC and certain individuals, bought the Parent Company’s shares being offered by Shanghai Shangnan Thermal Power Co., Ltd. totaling 13,709,845 shares. The share of JAD Holdings, Inc. in this transaction was 3,864,750 shares, bringing up its total stockholdings in the Parent Company to 293,201,397 equivalent to 19.59% of the issued and outstanding shares of the Parent Company.

As of December 31, 2016, the percentage of the Parent Company’s outstanding shares owned directly by the DTV Group (JHI, IHI, and the Villareal family) is 42.20%, while KPHI directly owns 37.96%, and KVHI, 4.99%.

IV. EXHIBITS & SCHEDULES

Exhibits

Exhibit 1- Consolidated Financial Statements of the Parent Company and its Subsidiaries (audited) which comprise the consolidated statements of financial position as at December 31, 2016 and 2015; and consolidated statements of comprehensive income; consolidated statements of changes in stockholders' equity; consolidated statements of cash flows for each of the three years in the period ended December 31, 2016 and a summary of significant accounting policies and other explanatory notes.

Exhibit 2- Financial Statements of the Parent Company (audited) which comprise the Parent Company statements of financial position as at December 31, 2016 and 2015; and Parent Company statements of comprehensive income; Parent Company statements of changes in stockholders' equity; Parent Company statements of cash flows for each of the three years in the period ended December 31, 2016; and a summary of significant accounting policies and other explanatory notes.

Reports on SEC Form 17-C

The following reports on SEC Form 17-C were filed with SEC/PSE from April 1, 2016 to March 31, 2017:


	Nature/Subject Matter of Disclosure	Date Filed (with SEC)
1.	Submission of Report on the case filed by Sergio Osmeña III against SPC Power Corporation and Therma Power Visayas, Inc. on the "right to top" (RTT).	April 12, 2016
2.	Submission of Report on the List of Top 100 SPC Power Corporation Stockholders as of March 31, 2016.	April 18, 2016
3.	Submission of Report on the Holding of SPC Power Corporation's Annual Stockholders' Meeting on May 31, 2016 in Cebu City.	April 20, 2016
4.	Submission of Report on the List of SPC Power Corporation Stockholders and their Stockholdings as of May 13, 2016 record date.	May 18, 2016
5.	Submission of report on the Highlights of the Corporation's Annual Stockholders Meeting held on May 31, 2016: Approval of the Minutes of the Annual Stockholders meeting of May 29, 2015; Presentation of the Report of Management; Approval of Directors Fees for calendar year ended December 31, 2015; Ratification of past actions taken by the Board of Directors and Officers since the last stockholders meeting of December 31, 2015; Election of the Board of Directors: Dennis T. Villareal Alfredo L. Henares	May 31, 2016


<p>Alberto P. Fenix, Jr. Ramon Y. Sy Alfredo S. Ballesteros Go, Jae-Han Choi, Bong-Joo Ahn, Soon-Chan Guillermo P. Dabbay, Jr. Roberto F. de Ocampo - (independent director) Enrique L. Benedicto - (independent director) Appointment of Sycip Gorres Velayo & Co. as external auditors for the CY 2016; Election of Board Committee Members and Officers for CY 2015:</p> <p><u>Executive Committee:</u></p> <p>Dennis T. Villareal - Chairman Alfredo L. Henares - Member Alberto P. Fenix, Jr. - Member Go, Jae-Han - Member Ahn, Soon-Chan - Member</p> <p><u>Audit Committee</u></p> <p>Roberto F. de Ocampo - Chairman Alfredo L. Henares - Member Ahn, Soon-Chan - Member</p> <p><u>Nomination Committee</u></p> <p>Dennis T. Villareal - Chairman Roberto F. de Ocampo - Member Ahn, Soon-Chan - Member Alfredo L. Henares - Member (non-voting)</p> <p><u>Compensation Committee</u></p> <p>Dennis T. Villareal - Chairman Enrique L. Benedicto - Member Ahn, Soon-Chan - Member</p> <p><u>Officers:</u></p> <p>Alfredo L. Henares - Chairman of the Board and Treasurer Dennis T. Villareal - President and CEO Alberto P. Fenix, Jr. - Executive Director Alfredo S. Ballesteros - Senior Vice President for Finance and Administration Maria Luz L. Caminero – Senior Vice President for Legal and Regulatory Affairs/Corporate Secretary and Compliance Officer. Cesar O. Villegas - Vice President for Business Development</p>	
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	and Commercial Operations. Reynante C. del Rosario – Chief Financial Officer Jaime M. Balisacan - Vice President for Finance Romulo A. Capuras - Vice President for Operations.	
6.	Submission of Report on the retirement of Mr. Romulo A. Capuras from the Company	June 2, 2016
7..	Submission of Report on the Amendment, Accession and Assumption Agreement between and among Power Sector Assets and Liabilities Management Corporation (PSALM), SPC Power Corporation (SPC) and SPC Island Power Corporation (SIPC) assigning all the rights and obligations of SIPC to SPC pertaining to Power Barge 104.	June 17, 2016
8..	Submission of Report on the List of Top 100 SPC Power Corporation Stockholders as of June 30, 2016.	July 15, 2016
9.	Submission of Report on Intrepid Holding, Inc.'s sale of its 29,931,036 SPC shares to LDI Power Holdings, Inc.	September 13, 2016
10.	Submission of Report on the Amendment to the Second Article of the Corporation's Articles of Incorporation	September 13, 2016
11.	Submission of Report on the List of Top 100 SPC Power Corporation Stockholders as of September 30, 2016.	October 13, 2016
12.	Submission of Report on the List of Top 100 SPC Power Corporation Stockholders as of December 31, 2016.	January 11, 2017
13.	Submission of Report on the Certification of Independent Director – Mr. Enrique L. Benedicto.	January 12, 2017
14.	Submission of Report on the Certification of Attendance of SPC Power Corporation Directors for Calendar Year 2016.	January 12, 2017
15.	Submission of Report on the Commission's (SEC) approval of the amendment of the Corporation's Articles of Incorporation re Second Article of the Primary Purpose for which the Corporation is formed	January 19, 2017
16.	Submission of Report on the Certification of Independent Director – Dr. Roberto F. de Ocampo	January 19, 2017
17.	Submission of Report of the demise of Mr. Alfredo S. Ballesteros, Director and Senior Vice President for Finance and Administration of the Corporation.	February 13, 2017
18.	Submission of Report on the designation of Mr. Reynante C. del Rosario as the newly designated contact person of the Corporation in the Company Information Cover Sheet of the SEC for the annual financial statement report.	March 6, 2017

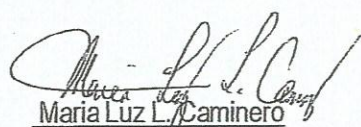
SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on April 11, 2017.


Dennis T. Villareal
Principal Executive Officer


Reynante C. Del Rosario
Chief Financial Officer


Alfredo L. Henares
Principal Financial Officer


Maria Luz L. Caminero
Corporate Secretary

SUBScribed AND SWORN to before me this APR 10 2017 day of April 2017, affiants exhibiting to me their Passports/Residence Certificates, as follows:

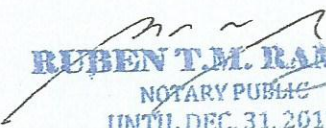
<u>Names</u>	<u>Passport / Res. Cert. No.</u>	<u>Date of Issue</u>	<u>Place of Issue</u>
Dennis T. Villareal	EC0806090	April 10, 2014	DFA Manila
Alfredo L. Henares	EC6872847	February 29, 2016	DFA NCR East
Reynante Del Rosario	EB6594317	October 18, 2012	DFA Manila
Maria Luz L. Caminero	EC6691715	February 15, 2016	DFA Manila

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Book No. 549 ;

Series of 2017.


RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2017
2734 M. AURORA ST., MAKATI CITY
IBP NO. 1052369/11-22-2016 APPT. NO M-23
ROLL NO. 28947 / MCLE - 4 NO. 006324 / 06-19-12
PTR NO. MKT 5909552 / 01-03-17