

# 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. Jaime M. Balisacan

Contact Person

810 44 74 to 77

Company Telephone Number

1 2

Month

3 1

Day

Calendar Year

SEC FORM

1 7 - Q

FORM TYPE

0 5

Month

3 0

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-Q

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

1. For the quarterly period ended March 31, 2019

2. SEC Identification AS094-002365 3. BIR Tax Identification 003-868-048  
Number No.

SPC POWER CORPORATION

4. Exact name of issuer as specified in its charter

Metro Manila, Philippines

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

6. Industry Classification Code (SEC Use Only)

7<sup>th</sup> Floor, Cebu Holdings Center, Cebu Business Park, Cebu City 6000  
(Manila Office: 7<sup>th</sup> Floor, Citibank Center, 8741 Paseo de Roxas, Makati City)

7. Address of Issuer's principal office Postal Code

(63 32) 232 0375; 232 0477 / (63 2) 810 4474 to 77, 810 4450, 810 4465

8. Issuer's telephone number, including area code

N.A.

9. 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 March 31, 2019)

1,496,551,803 shares

Total Debt (as of March 31, 2019)

₱899,088,698

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:

(a) 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)-1 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 [ ☐ ]

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

Yes [ ☒ ]      No [ ☐ ]

## **PART I – FINANCIAL INFORMATION**

### **ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated interim financial statements of the Parent Company and its Subsidiaries (the “Group”) are attached herewith as follows:

- a. Consolidated Statements of Financial Position – March 31, 2019 (unaudited) and December 31, 2018 (audited).
- b. Consolidated Statements of Comprehensive Income – Three Months Ended March 31, 2019 and 2018 (unaudited).
- c. Consolidated Statements of Changes in Stockholders’ Equity – Three Months Ended March 31, 2019 and 2018 (unaudited).
- d. Consolidated Statements of Cash Flows – Three Months ended March 31, 2019 and 2018 (unaudited).
- e. Notes to the Consolidated Financial Statements.

### **ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND 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 interim consolidated financial statements and the notes thereto as well as the schedules and disclosures set forth elsewhere in this report.

#### **Financial Conditions and Results of Operations**

##### **Results of Operations**

##### Three Months Ended March 31, 2019 and 2018

The Group registered an anticipated decline in total comprehensive income to ₱320.9 million in the first quarter of 2019, 35.2% lower from ₱495.1 million in the same period last year. This was due mainly to the scheduled major overhaul of a subsidiary’s 100-MW power plant and the delayed implementation of a new contract signed in December 2018 for provision of additional ancillary services.

The lower comprehensive income in the first quarter of 2019 was anticipated and does not diminish the overall positive outlook of the Group for the succeeding quarters. Moving forward, the Group expect profit margins to increase significantly due to improved plant reliability and availability after completion of the scheduled major maintenance of a subsidiary’s 100-MW power plant. Moreover, a new contract to provide additional ancillary services from a new 28-MW power plant facility (Power Barge 104) is anticipated to be approved for implementation before end of June 2019.

The total comprehensive income in the first quarter of 2019 translates to a lower earnings per share of ₱0.21 compared to ₱0.33 in the same period last year.

Total equity share in the earnings of associates accounted for 66.6% of the Group's total comprehensive income in the first quarter of 2019. Power generation and power distribution contributed 30.9% and 2.5%, respectively.

Equity share from the earnings of the investee companies in the first quarter of 2019 decreased by 39.2% to ₱197.2 million, from ₱324.4 million in the same period last year, due mainly to scheduled major maintenance of a 100-MW power plant. It is expected that after the major maintenance, equity share in the earnings of investees will improve significantly in the succeeding quarters.

The comprehensive income contributed from the power generation segment likewise decreased by 31.0% to ₱112.3 million in the first quarter of 2019 from ₱162.6 million the year before. Net income in 2018 still included incidental income derived from preserving the Naga Power Plant prior to its return to PSALM on July 13, 2018. The expected implementation of a contract to provide additional ancillary services from a new 28-MW power plant facility before the end of June 2019 should boost performance of the power generation segment going forward.

On the other hand, the comprehensive income contributed from the distribution business segment increased by 41.4% to ₱11.4 million in January – March 2019 on the back of 9.8% growth in revenues and other income.

Consolidated gross margin (the difference between consolidated revenues and cost of services) slipped less than 1% to ₱154.7 million in the first quarter of 2019, from ₱155.6 million in the same period last year. Costs of services were contained to be aligned with the slight increase in generation revenues.

Consolidated administrative and general expenses went up by 72.1% to ₱53.8 million in January – March 2019, from ₱31.3 million in the same three months last year. The substantial increase was due mainly to added expenses (personnel, communication, transportation and travel) as a new power plant (PB 104) came on line as well as higher expenses for business development, legal fees (including late billings for legal assistance on the Naga Power Plant case), insurance (attributed to increased insured values), and repairs and improvements made on various offices.

Interest income substantially increased to ₱29.4 million, from ₱3.1 million, due to money market placements of temporary excess cash.

Other income (service income), generated separately from power generation and distribution, decreased by 30.0% to ₱25.5 million, from ₱36.4 million, due to lesser projects rendered to customers.

Other income (others) decreased by 81.6% to ₱8.1 million in the first quarter of 2019, from ₱43.9 million in the same period last year. This was due mainly to net income in 2018 that still included incidental income derived from preserving the Naga Power Plant prior to its return to PSALM on July 13, 2018.

## **Financial Condition**

### March 31, 2019 Vs. December 31, 2018

Despite the decline in income, the Group's financial position remains robust.

Total consolidated assets of the Group expanded further by 2.7% to ₱11,244.6 million as at end-March 2019 from the last audited balance of ₱10,944.6 million as at end-December 2018. The increase was attributed mainly to the continued growth in: (i) the carrying value of investments and (ii) the balance of total current assets more particularly on cash and cash equivalents.

The growth in total assets was accompanied by 2.3% decrease in total liabilities to ₱899.1 million as at end-March 2019 from ₱919.9 million as at end-December 2018.

Total stockholders' equity rose by 3.2% to ₱10,345.5 million as at end-March 2019 from ₱10,024.7 million as at end-December 2018 due to the additional comprehensive income earned in the first quarter of 2019. Book value per share grew to ₱6.91 as at end-March 2019 compared to ₱6.70 as at end-December 2018.

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

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 19.6% to ₱350.0 million as at end-March 2019 from ₱435.5 million as at end-December 2018 due mainly to collection of prior year's receivables as well as lower billings in March 2019 compared to the billings made in December 2018.

Materials and supplies inventory increased by 5.4% to ₱369.1 million as at end-March 2019 from ₱350.1 million at the beginning of the year. The increase was traced to the build up of inventories for fuel and maintenance spare parts in anticipation of higher demands for the summer months.

Prepayments and other current assets increased by 13.7% to ₱107.2 million as at end-March 2019, from ₱94.3 million as at end-2018, due mainly to more carry-over input VAT to be applied against future output VAT.

Investment in associates grew by another 3.3% to ₱6,234.1 million as at end-March 2019 from ₱6,036.9 million as at end-December 2018. The increase reflected fresh equity share in the net earnings of associates amounting to ₱197.2 million in the first quarter of 2019.

Trade and other payables decreased by 9.3% to ₱444.3 million as at end-March 2019 from ₱490.0 million as at end-December 2018 due mainly to payment of payables outstanding as of December 31, 2018.

Income tax payable increased by 104.0% to ₱65.2 million as at end-March 2019, from ₱32.0 million as at end-2018. The increase was due to provision for income tax in the first quarter of 2019 for payment in May 2019. The income tax payable for the fourth

quarter of 2018 remained outstanding as of March 31, 2019 pending actual remittance to the BIR on or before April 15, 2019.

Unappropriated retained earnings increased by 4.6% to ₱7,156.9 million as at end-March 2019 from ₱6,841.4 million at the beginning of the year. The net increase is reflective of the comprehensive income attributable to equity holders of the Parent Company in the quarter ended March 31, 2019.

### **Cash Flows**

The Group continued to support its liquidity only from internally generated cash flows.

In the quarter ended March 31, 2019, net cash inflows exceeded cash outflows resulting in 6.0% increase in cash and cash equivalents to ₱3,113.2 million from ₱2,937.0 million as of December 31, 2018.

The major applications of funds in the first quarter of 2019 and 2018 pertain to additions to property, plant and equipment amounting to ₱31.7 million and ₱22.0 million, respectively.

### **Key Performance Indicators**

The following financial indicators are used, among others, to evaluate the performance of the Group as of March 31, 2019 and December 31, 2018 and for the three months ended March 31, 2019 and 2018:

<b>Key Performance Indicators</b>	<b>2019</b>	<b>2018</b>
<b>A. For Three Months Ended March 31, 2019 and 2018:</b>		
Earnings Per Share	₱0.21	₱0.33
Share In Net Earnings of Associates	₱197,170,058	₱324,370,108
Return on Equity (total comprehensive income divided by average total equity)	3.15%	5.15%
Return on Assets (total comprehensive income divided by average total assets)	2.89%	4.49%
Cash Flows:		
Net cash flows generated from (used in) operating activities	₱197,659,312	(₱2,325,017)
Net cash flows used in investing activities	(₱22,203,616)	(₱22,107,996)
Net cash flows used in financing activities	(₱849,987)	-
Solvency ratio (total comprehensive income before depreciation and amortization divided by total liabilities)	0.39	0.56
<b>B. As of March 31, 2019 and December 31, 2018:</b>		

Cash and cash equivalents at end of period	P3,113,167,495	P2,937,042,859
Current ratio (total current assets including noncurrent assets held for sale divided by current liabilities including liabilities directly associated with noncurrent assets held for sale)	7.77	7.33
Debt ratio (total liabilities divided by total assets)	0.08	0.08
Debt-to-equity ratio (total liabilities divided by total equity)	0.09	0.09

Further descriptions of the performance indicators are shown below:

### **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 relevant period.

### **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 net income by the investor's percentage of ownership, less goodwill impairment cost, if any. Goodwill is the difference between the acquisition cost of the investment and the investor's share in the value of the net identifiable assets of the investee at the date of 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 = 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 average 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 capital are being managed.

### **Current Ratio**

Current Ratio = Total current assets including noncurrent assets held for sale divided by total current liabilities including liabilities directly associated with noncurrent assets held for sale. 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 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 = total comprehensive income before depreciation and amortizations divided by total 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.

### **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 March 31, 2019, there are no material commitments 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.

### **Known Trends**

Except as already discussed herein and in the notes to the interim 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.

## SIGNATURES

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

### SPC POWER CORPORATION

*Issuer*

*By:*

  
**MARY ANN G. DAUGDAUG**  
*Accountant*

  
**JAIME M. BALISACAN**  
*SVP – Finance and Administration*

Date: April 24, 2019

Date: April 24, 2019

**SPC POWER CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Amounts in Philippine Pesos)

	March 31, 2019 (Unaudited)	Dec. 31, 2018 (Audited)	Incr. / (Decr.)	
			Amount	Percent
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	3,113,167,495	2,937,042,859	176,124,636	6.0%
Trade and other receivables - net	349,998,131	435,464,297	(85,466,166)	-19.6%
Due from related parties	16,888,177	16,810,651	77,526	0.5%
Due from NPC/PSALM	1,175,128	1,175,128	0	0.0%
Material and supplies	369,115,814	350,071,594	19,044,220	5.4%
Prepayments and other current assets	107,181,500	94,295,423	12,886,077	13.7%
<b>Total Current Assets</b>	<b>3,957,526,245</b>	<b>3,834,859,952</b>	<b>122,666,293</b>	<b>3.2%</b>
<b>Noncurrent Assets Held for Sale</b>	<b>18,213,000</b>	<b>18,213,000</b>	<b>0</b>	<b>0.0%</b>
<b>Noncurrent Assets</b>				
Investment in associates	6,234,107,494	6,036,937,436	197,170,058	3.3%
Property, plant and equipment - net	776,027,359	781,201,721	(5,174,362)	-0.7%
Deferred income tax assets	22,044,098	27,349,369	(5,305,271)	-19.4%
Net pension asset	1,627,755	1,407,927	219,828	15.6%
Other noncurrent assets - net	235,092,619	244,615,594	(9,522,975)	-3.9%
<b>Total Noncurrent Assets</b>	<b>7,268,899,325</b>	<b>7,091,512,047</b>	<b>177,387,278</b>	<b>2.5%</b>
<b>TOTAL ASSETS</b>	<b>11,244,638,570</b>	<b>10,944,584,999</b>	<b>300,053,571</b>	<b>2.7%</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Trade and other payables	444,255,414	489,984,581	(45,729,167)	-9.3%
Due to related parties	44,812	586,700	(541,888)	-92.4%
Income tax payable	65,181,358	31,951,991	33,229,367	104.0%
Dividends payable	0	849,987	(849,987)	0.0%
<b>Total current liabilities</b>	<b>509,481,584</b>	<b>523,373,259</b>	<b>(13,891,675)</b>	<b>-2.7%</b>
<b>Liabilities directly associated with Noncurrent Assets Held for Sale</b>				
	2,234,000.00	2,234,000	0	0.0%
<b>Noncurrent Liabilities</b>				
Customers' deposits	134,156,284	132,093,513	2,062,771	1.6%
Asset retirement obligation	60,975,535	60,975,535	0	0.0%
Net pension liabilities	18,675,145	18,472,143	203,002	1.1%
Other noncurrent liability	173,566,150	182,765,769	(9,199,619)	-5.0%
<b>Total noncurrent liabilities</b>	<b>387,373,114</b>	<b>394,306,960</b>	<b>(6,933,846)</b>	<b>-1.8%</b>
<b>Total Liabilities</b>	<b>899,088,698</b>	<b>919,914,219</b>	<b>(20,825,521)</b>	<b>-2.3%</b>
(Forward)				

**SPC POWER CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Amounts in Philippine Pesos)

	<u>March 31, 2019</u> <u>(Unaudited)</u>	<u>Dec. 31, 2018</u> <u>(Audited)</u>	<u>Incr. / (Decr.)</u>	
			<u>Amount</u>	<u>Percent</u>
<b>Stockholders' Equity</b>				
Capital stock - P1 par value				
Authorized - 2,000,000,000 shares				
Issued - 1,569,491,900 shares	1,569,491,900	1,569,491,900	0	0.0%
Additional paid-in capital	86,810,752	86,810,752	0	0.0%
Retained earnings (Note 12):				
Unappropriated	7,156,939,726	6,841,355,868	315,583,858	4.6%
Appropriated	1,500,000,000	1,500,000,000	0	0.0%
Other comprehensive income:				
Remeasurement of employee benefits	5,779,181	5,779,181	0	0.0%
Net unrealized valuation gains				
on financial asset at FVOCI	4,850,000	4,850,000	0	0.0%
Share in remeasurement of employee				
benefits of associates	898,119	898,119	0	0.0%
Treasury stock at cost - 72,940,097 shares	(131,008,174)	(131,008,174)	(0)	0.0%
Equity attributable to equity holders of Parent	10,193,761,504	9,878,177,646	315,583,858	3.2%
Equity attributable to Non-controlling interests	151,788,368	146,493,134	5,295,234	3.6%
Total Stockholders' Equity	10,345,549,872	10,024,670,780	320,879,092	3.2%
<b>TOTAL LIABILITIES and EQUITY</b>	<u>11,244,638,570</u>	<u>10,944,584,999</u>	<u>300,053,571</u>	<u>2.7%</u>

See accompanying Notes to Consolidated Financial Statements.

  
**Mary Ann G. Daugdaug**  
 Accountant

  
**Jaime M. Balisacan**  
 SVP - Finance & Administration

**SPC POWER CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in Philippine Pesos)

	Three Months Ended March 31		Increase / (Decrease)	
	2019 (Unaudited)	2018 (Unaudited)	Amount	Percent
REVENUE	570,113,932	560,140,531	9,973,401	1.8%
COST OF SERVICES				
Plant operations	415,451,378	404,564,063	10,887,315	2.7%
GROSS MARGIN	154,662,554	155,576,468	(913,914)	-0.6%
GENERAL AND ADM. EXPENSES	(53,792,396)	(31,260,788)	(22,531,608)	72.1%
OTHER INCOME (CHARGES):				
Equity in net earnings of associates	197,170,058	324,370,108	(127,200,050)	-39.2%
Interest Income	29,439,598	3,140,081	26,299,517	837.5%
Interest Expense	(21,210)	(1,329,941)	1,308,731	-98.4%
Service Income	25,456,063	36,365,805	(10,909,742)	-30.0%
Foreign exchange gains (losses) - net	(612,550)	7,649,174	(8,261,724)	-108.0%
Others - net	8,063,920	43,916,784	(35,852,864)	-81.6%
INCOME BEFORE INCOME TAX	360,366,037	538,427,691	(178,061,654)	-33.1%
PROVISION FOR/(BENEFIT FROM) INCOME TAX				
Current	34,181,674	43,625,929	(9,444,255)	-21.6%
Deferred	5,305,271	(291,492)	5,596,763	-1920.0%
	39,486,945	43,334,437	(3,847,492)	-8.9%
NET INCOME	320,879,092	495,093,254	(174,214,162)	-35.2%
OTHER COMPREHENSIVE INCOME	0	0	0	0.0%
TOTAL COMPREHENSIVE INCOME	320,879,092	495,093,254	(174,214,162)	-35.2%
ATTRIBUTABLE TO:				
Equity holders of the Parent	315,583,858	491,347,338	(175,763,480)	-35.8%
Non-controlling interests	5,295,234	3,745,916	1,549,318	41.4%
	320,879,092	495,093,254	(174,214,162)	-35.2%
EARNINGS PER SHARE (Note 3):				
Basic/diluted, for income for the period attributable to equity holders of the Parent	0.21	0.33	(0.12)	-35.8%

See accompanying Notes to Consolidated Financial Statements.


  
**Mary Ann G. Daugdaug**  
 Accountant

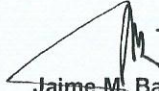
  
**Jaime M. Balisacan**  
 SVP - Finance & Administration

**SPC POWER CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THREE MONTHS ENDED MARCH 31, 2019 AND 2018**

	Equity Attributable to Equity Holders of the Parent											Non-controlling Interest	Total
	Capital Stock	Additional Paid-In Capital	Treasury Stock at Cost	Remeasurement of Employee Benefits	Share of Associates in OCI	Retained Earnings		Unrealized Valuation Losses on AFS Investment	Valuation Gains on Financial Assets at FVOCI	Total			
						Appropriated	Unappropriated						
Balances at January 1, 2019	P1,569,491,900	P86,810,752	(P131,008,174)	P5,779,181	P898,119	P1,500,000,000	P6,841,355,868	(P350,000)	P4,850,000	P9,878,177,646	P146,493,134	P10,024,670,780	
Total comprehensive income	-	-	-	-	-	-	315,583,858	-	-	315,583,858	5,295,234	320,879,092	
Cash dividends (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-	
Appropriation (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at March 31, 2019	P1,569,491,900	P86,810,752	(P131,008,174)	P1,567,084	P898,119	P1,350,000,000	P7,156,939,726	(P350,000)	P4,850,000	P10,193,761,504	P151,788,368	P10,345,549,872	
Balances at January 1, 2018	P1,569,491,900	P86,810,752	(P131,008,174)	P1,567,084	(P83,388)	P1,350,000,000	P6,338,490,394	(P350,000)	-	P9,214,918,568	P149,235,748	P9,364,154,316	
Total comprehensive income	-	-	-	-	-	-	491,347,338	-	-	491,347,338	3,745,916	495,093,254	
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	
Appropriation	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at March 31, 2018	P1,569,491,900	P86,810,752	(P131,008,174)	P1,567,084	(P83,388)	P1,350,000,000	P6,829,837,732	(P350,000)	-	P9,706,265,906	P152,981,664	P9,859,247,570	

See accompanying Notes to Consolidated Financial Statements.

  
**Mary Ann G. Daugdaug**  
 Accountant

  
**Jaime M. Balisacan**  
 SVP - Finance & Administration

**SPC POWER CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Three Months ended March 31	
	2019	2018
	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	360,366,037	538,427,691
Adjustments for:		
Equity in net losses (earnings) of associates	(197,170,058)	(324,370,108)
Depreciation and amortizations	26,940,291	20,067,365
Interest expense	21,210	1,329,941
Net changes in pension liability	(1,424,753)	0
Interest income	(29,439,598)	(3,140,081)
Others -net	6,242,893	(2,023,394)
Operating income before working capital changes	165,536,022	230,291,414
Decrease (increase) in:		
Trade and other receivables	85,375,746	46,643,446
Due from related parties	(77,526)	(151,428)
Prepayments and other current assets	(12,886,077)	3,857,361
Materials and supplies	(15,437,449)	(34,810,970)
Increase (decrease) in:		
Trade and other payables	(54,850,616)	(252,070,462)
Due to related parties	(541,888)	(497,194)
Customers' deposits	2,041,561	2,291,434
Net cash generated from operations	169,159,773	(4,446,399)
Income tax paid	(952,307)	(783,839)
Interest paid	(78,172)	(170,433)
Interest received	29,530,018	3,075,654
Net cash flows from operating activities	197,659,312	(2,325,017)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to plant, property and equipment	(31,726,591)	(22,041,496)
Other noncurrent assets	9,522,975	(66,500)
Net cash provided by (used in) investing activities	(22,203,616)	(22,107,996)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash dividends paid	(849,987)	0
Net cash provided by (used in) financing activities	(849,987)	0
<b>NET EFFECT OF EXCHANGE RATE CHANGES</b>	1,518,927	1,896,025
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	176,124,636	(22,536,988)
<b>CASH AND CASH EQUIVALENTS AT BEG. OF PERIOD</b>	2,937,042,859	1,445,250,136
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	3,113,167,495	1,422,713,148

See accompanying Notes to Financial Statements.

  
**Mary Ann G. Daugdaug**  
Accountant

  
**Jaime M. Balisacan**  
SVP - Finance & Administration

**SPC POWER CORPORATION AND SUBSIDIARIES**  
**SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**1. General**

The consolidated financial statements comprise the financial statements of the Parent Company and the following wholly owned and majority owned subsidiaries:

	Nature of Business	% of Ownership		
		Direct	Indirect	Total
SPC Island Power Corporation	Power generation	100.00%	—	100.00%
Cebu Naga Power Corporation	Power generation	100.00%	—	100.00%
SPC Malaya Power Corporation	Power generation	40.00%	38.40%	78.40%
SPC Light Company, Inc.	Holding company	40.00%	24.00%	64.00%
Bohol Light Company, Inc.	Power distribution	39.90%	13.76%	53.66%
SPC Electric Company, Inc.	Holding company	40.00%	—	40.00%

The consolidated interim financial statements of the Group were authorized for issue by the Parent Company's Board of Directors (BOD) on April 16, 2019.

**2. Accounting Policies**

The Group's consolidated interim financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). Measurements are on historical cost basis, except for financial assets at FVOCI which have been measured at fair value, and are presented in Philippine Peso, the Group's functional and presentation currency.

The accounting policies adopted in the preparation of the interim financial statements are the same as those mentioned in the audited financial statements for the year 2018.

**3. Earnings Per Share**

The following presents information necessary to calculate earnings per share attributable to equity holders of the Parent Company:

	Three Months Ended March 31	
	2019	2018
Net income attributable to equity holders of the parent	<b>₱315,583,858</b>	₱491,347,338
Weighted average number of common shares issued and outstanding	<b>1,496,551,803</b>	1,496,551,803
Basic/Diluted earnings per share	<b>₱0.21</b>	₱0.33

Computation of weighted average number of common shares issued and outstanding follows:

Number of shares issued	1,569,491,900
Less weighted average number of treasury shares	72,940,097
	<b>1,496,551,803</b>

There are no dilutive potential common stocks issued as of March 31, 2019.

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#### 4. Seasonal Aspects

The group does not have any seasonal aspect that has a material effect on its financial condition and results of operations.

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#### 5. Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income, or Cash Flows That Are Unusual Because of Their Nature, Size or Incidence.

Aside from what are already disclosed in the management's discussion and analysis of financial condition and results of operations, there are no other assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

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#### 6. Nature and Amount of Changes in Estimates of Amounts Reported in Prior Interim Periods of the Current Financial Year or Changes in Estimates of Amounts Reported in Prior Financial Years, if Those Changes Have a Material Effect in the Current Interim Period.

There are no changes in estimates of amounts in the first quarter of 2019.

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#### 7. Issuances, Repurchases & Repayments of Debts & Equity Securities.

There are no issuances, repurchases and repayments of debt and equity securities during the three months ended March 31, 2019.

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#### 8. Segment Information

For management purposes, the Group is organized into business units based on their products and services provided as follows:

- Generation - generation and supply of power and ancillary services to NPC/PSALM, NGCP, distribution utilities, WESM and other customers.
- Distribution - distribution and sale of electricity to the end-users.
- Others - includes the operations of SECI and SLCI such as to manage, operate and invest in power generating plants and related facilities.

The operating segments are consistent with those reported to the BOD, the Group's Chief Operating Decision Maker (CODM).

The Group operates and generates revenue principally only in the Philippines (i.e., one geographical location). Thus, geographical segment information is not presented.

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 operating profit or loss in the consolidated financial statements.

No inter-segment revenues were earned within the Group in the three months ended March 31, 2019 and 2018.

The following tables present revenue and income information and certain asset and liability information regarding the business segments as of March 31, 2019 and 2018:

March 31, 2019						
	Before Eliminations			Total	Adjustments and Eliminations	After Eliminations/ Consolidated
	Generation	Distribution	Others			
Revenue	₱312,755,613	₱257,358,319	₱—	₱570,113,932	₱—	₱570,113,932
Income before income tax	147,461,759	15,734,220	—	163,195,979	197,170,058	360,366,037
Net income	112,282,115	11,426,919	—	123,709,034	197,170,058	320,879,092
Total assets	7,383,118,786	749,428,005	94,739,820	8,227,286,611	3,017,351,959	11,244,638,570
Property, plant and equipment	580,264,166	195,763,193	—	776,027,359	—	776,027,359
Total liabilities	380,558,678	522,250,405	118,396	902,927,479	(3,838,781)	899,088,698
Depreciation and amortization	22,349,272	4,591,019	—	26,940,291	—	26,940,291

March 31, 2018						
	Before Eliminations			Total	Adjustments and Eliminations	After Eliminations/ Consolidated
	Generation	Distribution	Others			
Revenue	₱325,797,758	₱234,342,773	₱—	₱560,140,531	₱—	₱560,140,531
Income before income tax	202,955,404	11,102,179	—	214,057,583	324,370,108	538,427,691
Net income	162,639,598	8,083,548	—	170,723,146	324,370,108	495,093,254
Total assets	7,268,859,178	486,382,191	114,519,457	7,869,760,826	3,291,142,498	11,160,903,324
Property, plant and equipment	626,313,260	154,394,536	—	780,707,796	—	780,707,796
Total liabilities	1,037,059,920	266,602,720	110,509	1,303,773,149	(2,117,395)	1,301,655,754
Depreciation and amortization	15,184,325	4,883,040	—	20,067,365	—	20,067,365

#### Adjustments and Eliminations

Adjustments and eliminations are part of detailed reconciliations presented below:

#### *Reconciliation of Net Income*

	Three Mos. Ended March 31	
	2019	2018
Segment net income	₱123,709,034	₱170,723,146
Equity in net earnings of associates	197,170,058	324,370,108
Group net income	₱320,879,092	₱495,093,254

#### *Reconciliation of Total Assets*

	Mar. 31, 2019	Dec. 31, 2018
Segment assets	₱8,227,286,611	₱8,473,899,155
Inter-segment receivables	(7,209,741)	(356,705,798)
Investments in associates and subsidiaries	2,992,039,684	2,794,869,626
Goodwill	32,522,016	32,522,016
Group assets	₱11,244,638,570	₱10,944,584,999

#### *Reconciliation of Total Liabilities*

	Mar. 31, 2019	Dec. 31, 2018
Segment liabilities	₱902,927,481	₱1,273,249,057
Inter-segment payables	(3,838,783)	(353,334,838)
Group liabilities	₱899,088,698	₱919,914,219

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**9. Effect of Changes in the Composition of the Issuer During the Interim Period, Including Business Combinations, Acquisition or Disposal of Subsidiaries & Long-term Investments, Restructurings, and Discontinuing Operations.**

There are no changes in the composition of the registrant during the interim period.

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**10. Changes in Contingent Liabilities or Contingent Assets Since the Last Annual Balance Sheet Date.**

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

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**11. Financial Risk Management and Policies**

The Group's principal financial instruments comprise of long-term debt and cash and cash equivalents. The Group has various other financial assets and liabilities such as trade and other receivables, trade and other payables, due from/due to NPC/PSALM, other noncurrent receivable included under "Other noncurrent assets", due from/due to related parties, dividend payable, and customers' deposits which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk and credit risk.

The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk appetite.

The BOD reviews and approves policies for managing each of these risks and they are summarized below.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group's policy is to manage its interest cost using the variable-rate debts.

As of March 31, 2019 and December 31, 2018, the Group does not have a financial liability that is exposed to interest rate risk since all the outstanding short and long-term debts had been paid on October 28, 2017.

Liquidity Risk

Liquidity risk is the potential of not meeting obligations as they come due because of an inability to liquidate assets or obtain adequate funding. The Group's objective is to maintain a balance between continuity of funding and flexibility. 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 are maintained to meet maturing obligations and pay dividend declarations.

The tables below summarize the maturity profile of the Group's financial assets used to manage liquidity risk and financial liabilities at March 31, 2019 and December 31, 2018 based on contractual undiscounted payments:

March 31, 2019						
	Total	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days
<b>Financial Assets</b>						
At Amortized Cost:						
Cash and cash equivalents	P3,113,167,495	P3,113,167,495	P–	P–	P–	P–
Trade and other receivables						
NPC	1,015,262	–	–	–	–	1,015,262
Receivable from customers	298,618,786	198,276,833	23,783,752	16,799,910	16,416,483	43,341,808
Others	50,364,083	35,979,270	1,719,084	1,296,433	998,580	10,370,716
	349,998,131	234,256,103	25,502,836	18,096,343	17,415,063	54,727,786
Due from NPC/PSALM	1,175,128	–	–	–	–	1,175,128
Due from related parties	16,888,177	73,708	20,659	20,398	15,202,135	1,571,277
PSALM deferred adjustments (included in "Other noncurrent assets")	174,924,189	–	–	–	–	174,924,189
	3,656,153,120	3,347,497,306	25,523,495	18,116,741	32,617,198	232,398,380
At FVOCI:						
Investment in proprietary club shares	6,500,000	–	–	–	–	6,500,000
	3,662,653,120	3,347,497,306	25,523,495	18,116,741	32,617,198	238,898,380
<b>Financial Liabilities</b>						
Trade and other payables						
Trade	257,160,202	228,256,459	6,961,155	3,260,621	271,461	18,410,506
Accrued expenses	34,814,185	22,005,690	361,871	408,869	–	12,037,755
Nontrade	50,038,925	16,260,029	–	76,938	2,499,715	31,202,243
	342,013,312	266,522,178	7,323,026	3,746,428	2,771,176	61,650,504
Dividends payable	–	–	–	–	–	–
Due to NPC/PSALM	–	–	–	–	–	–
Due to related parties	44,812	–	22,454	22,358	–	–
Customers' deposits	134,156,284	–	–	–	–	134,156,284
Other noncurrent liability	174,924,189	–	–	–	–	174,924,189
	651,138,597	266,522,178	7,345,480	3,768,786	2,771,176	370,730,977
<b>Net Financial Assets (Liabilities)</b>	<b>P3,011,514,523</b>	<b>P3,080,975,128</b>	<b>P18,178,015</b>	<b>P14,347,955</b>	<b>P29,846,022</b>	<b>(P131,832,597)</b>

December 31, 2018						
	Total	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days
<b>Financial Assets</b>						
At Amortized Cost:						
Cash and cash equivalents	P2,937,042,859	P2,937,042,859	P–	P–	P–	P–
Trade and other receivables						
NPC	1,015,262	–	–	–	–	1,015,262
Receivable from customers	357,596,696	239,570,576	30,208,165	18,991,678	18,519,596	50,306,681
Others	76,852,359	47,747,098	2,547,077	2,503,727	632,032	23,422,405
	435,464,297	287,317,674	32,755,242	21,495,405	19,151,628	74,744,348
Due from NPC/PSALM	1,175,128	–	–	–	–	1,175,128
Due from related parties	16,810,651	15,232,502	31,180	38,840	31,877	1,476,252
PSALM deferred adjustments (included in "Other noncurrent assets")	182,765,769	–	–	–	–	182,765,769
	3,573,258,704	3,239,593,035	32,786,422	21,534,245	19,183,505	260,161,497
At FVOCI:						
Investment in proprietary club shares	6,500,000	–	–	–	–	6,500,000
	3,579,758,704	3,239,593,035	32,786,422	21,534,245	19,183,505	266,661,497
<b>Financial Liabilities</b>						
Trade and other payables						
Trade	298,599,019	263,197,727	11,362,210	4,609,145	2,251,126	17,178,811
Accrued expenses	33,064,242	20,372,907	380,710	334,210	381,615	11,594,800
Nontrade	55,907,137	24,308,487	1,153	627,980	788,805	30,180,712
	387,570,398	307,879,121	11,744,073	5,571,335	3,421,546	58,954,323
Dividends payable	849,987	849,987	–	–	–	–
Due to NPC/PSALM	–	–	–	–	–	–
Due to related parties	586,700	22,552	67,106	–	–	497,042
Customers' deposits	132,093,513	–	–	–	–	132,093,513
Other noncurrent liability	182,765,769	–	–	–	–	182,765,769
	703,866,367	308,751,660	11,811,179	5,571,335	3,421,546	374,310,647
<b>Net Financial Assets (Liabilities)</b>	<b>P2,875,892,337</b>	<b>P2,930,841,375</b>	<b>P20,975,243</b>	<b>P15,962,910</b>	<b>P15,761,959</b>	<b>(P107,649,150)</b>

### Foreign Currency Risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Fair value foreign currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group follows a policy to manage its currency risk by closely monitoring its cash flow position and exposures in US dollar currency.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, 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). Bankers Association of the Philippines (BAP) closing rates used are ₱52.50 and ₱52.58 on March 31, 2019 and December 31, 2018, respectively. There is no other impact on the Group's equity other than those already affecting the profit and loss.

	Increase (decrease) in US dollar rate	Effect on income before income tax
<b>March 31, 2019</b>	<b>+1</b>	<b>(₱1,469,219)</b>
	<b>-1</b>	<b>1,469,219</b>
<b>December 31, 2018</b>	<b>+1</b>	<b>(₱1,631,443)</b>
	<b>-1</b>	<b>1,631,443</b>

### Foreign-Currency-denominated Monetary Assets and Liabilities

The foreign-currency-denominated monetary assets and monetary liabilities and their Philippine Peso equivalents follow:

	U.S. Dollar		Peso Equivalent	
	2019	2018	2019	2018
Cash and cash equivalents	\$2,798,513	\$3,113,782	₱146,921,914	₱163,722,675
Trade and other payables:				
Trade	-	(11,000)	-	(578,380)
Net foreign currency-denominated monetary assets	\$2,798,513	\$3,102,782	₱146,921,914	₱163,144,295

As a result of the translation of these foreign currency-denominated assets and liabilities, the Group reported a net unrealized foreign exchange gain of ₱1.6 million and ₱2.4 million in 2019 and 2018, respectively.

### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting to a financial loss.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit procedures. In addition, receivable balances are monitored on an ongoing basis with the result that exposure to bad debts is not significant.

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, due from NPC/PSALM, due from related parties and noncurrent receivable, the Group's exposure to credit risk arises from default of the counterparty.

The Group's credit risk from cash and cash equivalents is mitigated by Philippine Deposit Insurance Corporation's (PDIC) insurance coverage on the cash in bank. While the Group does not hold collateral as security, its credit risk from trade and other receivables is mitigated by the customers' deposits which are collected to guarantee any uncollected bills from the customers upon termination of the service contract.

The Group's maximum exposure equals to the carrying amount of the aforementioned instruments, excluding cash on hand, and is offset by the PDIC insurance coverage and customers' deposits. The offset relates to balances where there is a legally enforceable right of offset in the event of counterparty default and where, as a result, there is a net exposure for credit risk management purposes. However, as there is no intention to settle these balances on a net basis under normal circumstances, they do not qualify for net presentation for accounting purposes.

March 31, 2019			
	Maximum exposure	Offset	Exposure to credit risk
At Amortized Cost:			
Cash and cash equivalents (excluding cash on hand)	₱3,109,961,472	(₱8,422,632)	₱3,101,538,840
Trade and other receivables	349,998,131	(87,000,075)	262,998,056
Due from related parties	16,888,177	—	16,888,177
Due from NPC/PSALM	1,175,128	—	1,175,128
PSALM deferred adjustments (included in "Other noncurrent assets")	174,924,189	—	174,924,189
	₱3,652,947,097	(₱95,422,707)	₱3,557,524,390

December 31, 2018			
	Maximum exposure	Offset	Exposure to credit risk
At Amortized Cost:			
Cash and cash equivalents (excluding cash on hand)	₱2,928,731,599	(₱8,067,264)	₱2,920,664,335
Trade and other receivables	435,464,297	(87,000,075)	348,464,222
Due from related parties	16,810,651	—	16,810,651
Due from NPC/PSALM	1,175,128	—	1,175,128
PSALM deferred adjustments (included in "Other noncurrent assets")	182,765,769	—	182,765,769
	₱3,564,947,444	(₱95,067,339)	₱3,469,880,105

As of March 31, 2019 and December 31, 2018, the Group's significant concentration of credit risk pertains to its trade and other receivables, due from NPC/PSALM, PSALM deferred adjustments, and noncurrent receivable amounting to ₱526.1 million and ₱619.4 million, respectively, and impaired financial assets, determined based on probability of collection, are adequately covered with allowance.

The following tables set out the aging analysis per class of financial assets, including those that were past due but not impaired, as of March 31, 2019 and December 31, 2018:

March 31, 2019							
		Neither Past	Past Due but Not Impaired				
	Total	Due nor Impaired	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Impaired
<b>At Amortized Cost</b>							
Cash and cash equivalents (excluding cash on hand)	₱3,109,961,472	₱3,109,961,472	₱—	₱—	₱—	₱—	₱—
Trade and other receivables:							
NPC/PSALM	1,015,262	—	—	—	—	1,015,262	—
Receivable from customers	334,927,911	198,276,833	23,783,752	16,799,910	16,416,483	43,341,808	36,309,125
Others	50,364,083	35,979,270	1,719,084	1,296,433	998,580	10,370,716	—
	386,307,256	234,256,103	25,502,836	18,096,343	17,415,063	54,727,786	36,309,125
Due from NPC/PSALM	1,175,128	—	—	—	—	1,175,128	—
Due from related parties	16,888,177	73,708	20,659	20,398	15,202,135	1,571,277	—
Noncurrent receivable (included in “Other noncurrent assets”)	174,924,189	—	—	—	—	174,924,189	—
	₱3,689,256,222	₱3,344,291,283	₱25,523,495	₱18,116,741	₱32,617,198	₱232,398,380	₱36,309,125

December 31, 2018							
	Total	Neither Past Due nor Impaired	Past Due but Not Impaired				Impaired
			1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	
<b>At Amortized Cost</b>							
Cash and cash equivalents (excluding cash on hand)	₱2,928,731,599	₱2,928,731,599	₱—	₱—	₱—	₱—	₱—
Trade and other receivables:							
NPC/PSALM	1,015,262	—	—	—	—	1,015,262	—
Receivable from customers	393,905,821	239,570,576	30,208,165	18,991,678	18,519,596	50,306,681	36,309,125
Others	76,852,339	47,747,098	2,547,077	2,503,727	632,032	23,422,405	—
	471,773,422	287,317,674	32,755,242	21,495,405	19,151,628	74,744,348	36,309,125
Due from NPC/PSALM	1,175,128	—	—	—	—	1,175,128	—
Due from related parties	16,810,651	15,232,502	31,180	38,840	31,877	1,476,252	—
Noncurrent receivable (included in "Other noncurrent assets")	182,765,769	182,765,769	—	—	—	—	—
	₱3,601,256,569	₱3,414,047,544	₱32,786,422	₱21,534,245	₱19,183,505	₱77,395,728	₱36,309,125

Financial assets classified as neither past due nor impaired are assessed by the Group to be highly probable of collection, taking into consideration the parties involved and its collection experience.

The tables below summarize the credit quality of the Group's neither past due nor impaired financial assets as of March 31, 2019 and December 31, 2018:

March 31, 2019						
	Total	Neither Past Due nor Impaired			Past Due	Individually Impaired
		High Grade	Standard	Substandard		
<b>At Amortized Cost</b>						
Cash and cash equivalents (excluding cash on hand)	₱3,109,961,472	₱3,109,961,472	₱—	₱—	₱—	₱—
Trade and other receivables:						
NPC/PSALM	1,015,262	—	—	—	1,015,262	—
Receivable from customers	334,927,911	145,117,395	50,266,832	2,892,607	100,341,952	36,309,125
Others	50,364,083	35,618,597	360,672	—	14,384,814	—
	386,307,256	180,735,992	50,627,504	2,892,607	115,742,028	36,309,125
Due from NPC/PSALM	1,175,128	—	—	—	1,175,128	—
Due from related parties	16,888,177	56,008	17,700	—	16,814,469	—
Noncurrent receivable (included in "Other noncurrent assets")	174,924,189	—	—	—	174,924,189	—
	₱3,689,256,222	₱3,290,753,472	₱50,645,204	₱2,892,607	₱308,655,814	₱36,309,125

December 31, 2018						
	Total	Neither Past Due nor Impaired			Past Due	Individually Impaired
		High Grade	Standard	Substandard		
<b>At Amortized Cost</b>						
Cash and cash equivalents (excluding cash on hand)	₱2,928,731,599	₱2,928,731,599	₱—	₱—	₱—	₱—
Trade and other receivables:						
NPC/PSALM	1,015,262	—	—	—	1,015,262	—
Receivable from customers	393,905,821	174,573,682	61,232,735	3,764,159	118,026,120	36,309,125
Others	76,852,339	46,446,430	1,300,668	—	29,105,241	—
	471,773,422	221,020,112	62,533,403	3,764,159	148,146,623	36,309,125
Due from NPC/PSALM	1,175,128	—	—	—	1,175,128	—
Due from related parties	16,810,651	30,367	15,202,135	—	1,578,149	—
Noncurrent receivable (included in "Other noncurrent assets")	182,765,769	182,765,769	—	—	—	—
	₱3,601,256,569	₱3,332,547,847	₱77,735,538	₱3,764,159	₱150,899,900	₱36,309,125

The Group grades its financial assets as follows:

- *Cash and Cash Equivalents:* These are assessed as high grade since these are deposited in reputable banks which have good bank standing, thus credit risk is minimal.
- *Receivable/Due from NPC/PSALM, NGCP and Distribution Utilities:* These are assessed as high grade since these receivables arose from the contract provisions of the ROMM Agreement, Operation and Maintenance Service Contracts (OMSC), Ancillary Services Procurement Agreements (ASPA), Power Supply Contracts (PSCs), and/or collectible from government institution.
- *Receivable from Customers of BLCI:* Receivables from commercial customers are classified as high grade; receivables from residential customers as standard; and

receivables from the government, hospitals and radio stations as substandard. Classification is based on the collection history with these customers.

- *Due from Related Parties:* These are assessed as standard, although recoverability of these receivables is certain, as these are given secondary priority as to settlement by the related parties compared to third party obligations.
- *Other Receivables:* Grading of financial assets is determined individually based on the Group's collection experience with the counterparty.

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**12. Existence of Material Contingencies and any Other Events or Transactions that are Material to an Understanding of the Current Interim Period.**

- a. In January 2019, the Parent Company lost in its bid to acquire a power generation company. Consequently, on April 4, 2019, the Parent Company's BOD approved the following: (i) reversal of a portion of its 2018 appropriation amounting to ₱1.0 billion and (ii) declaration of interim cash dividends equivalent to ₱0.40 per share or for a total of ₱598.6 million to all stockholders of record as of April 23, 2019 payable on April 30, 2019.
- b. Except as already discussed in the Management's Discussion and Analysis of Financial Conditions and Results of Operations as well as in the schedules and disclosures set forth in this Selected Notes to Interim Consolidated Financial Statements, there are no other material contingencies and any other events or transactions that are material to an understanding of the current interim period.