

COVER SHEET

A S 0 9 4 0 0 2 3 6 5
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. Alfredo S. Ballesteros
Contact Person

810 44 74 to 77
Company Telephone Number

1 2 3 1
Month Day
Calendar Year

SEC FORM
1 7 - Q
FORM TYPE

0 5 2 9
Month 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.

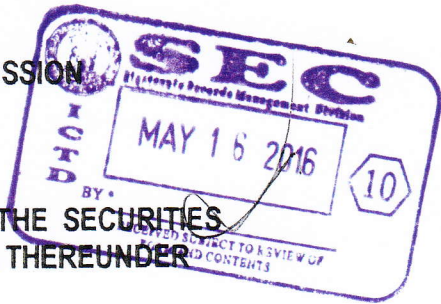
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STAMPS

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, 2016
2. SEC Identification Number AS094-002365 3. BIR Tax Identification No. 003-868-048

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 [REDACTED] (SEC Use Only)

7th Floor, Cebu Holdings Center, Cebu Business Park, Cebu City 6000
(Manila Office: 7th 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, 2016)

1,496,551,803 shares

Total Debt (as of March 31, 2016)

₱1,988,125,425

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, 2016 (unaudited) and December 31, 2015 (audited).
- b. Consolidated Statements of Comprehensive Income – Three Months Ended March 31, 2016 and 2015 (unaudited).
- c. Consolidated Statements of Changes in Stockholders' Equity – Three Months Ended March 31, 2016 and 2015 (unaudited).
- d. Consolidated Statements of Cash Flows – Three Months ended March 31, 2016 and 2015 (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, 2016 and 2015

The Group ended the first quarter of 2016 strong to register a consolidated comprehensive income of P557.0 million, 54.9% higher than the P359.7 million generated in the same period last year. The momentum was propelled mainly by significant increase in energy sales across all business segments amid the very warm temperatures which kept electricity demand substantially higher throughout the first quarter of 2016 as compared to the same quarter in 2015.

The consolidated comprehensive income translates to P0.37 in earnings per share in the three months ended March 31, 2016 as compared to P0.24 in the same period last year.

Equity share in the earnings of associates which accounted for 71.3% of the Group's total comprehensive income, grew by a robust 39.2% to P396.9 million in the first quarter of 2016 from P285.1 million in the same quarter of 2015. The growth was mainly on account of substantial increase in energy sales complemented by a turnaround in unrealized foreign exchange differences to net gain in the first quarter of 2016 as compared to net loss in the same period in 2015. Unrealized foreign exchange

differences arose from the revaluation of foreign currency-denominated borrowings at balance sheet dates. Netting out the unrealized foreign exchange differences, the consolidated equity share in the earnings of associates in the first quarter of 2016 amounted to P357.8 million, still 24.4% higher than last year.

The comprehensive income contributed by the generation business segment (26.0% of the total) increased by 137.2% to P145.1 million in the first quarter of 2016 from P61.2 million last year. The increase was likewise attributed to higher sales through bilateral contracts, ancillary services and WESM.

Income contribution from the power distribution business likewise improved to P14.9 million in the first quarter of 2016, up by 11.4% from the level in the same quarter last year.

Revenues increased across all segments by 24.9% to P709.2 million in the first quarter of 2016 from P567.6 million in the same period last year.

Consolidated cost of services, which covered the bulk of the Group's total operating expenses, also went up (at a slower pace) by 14.4% to P460.5 million in the first quarter of 2016 from P402.4 million in the first quarter of 2015. Accounting for a major part of the increase were the higher volume and higher pass-through cost of fuel and purchased power.

As revenues grew faster than cost of services, consolidated gross margin (the difference between revenues and cost of services) increased by 50.6% to P248.7 million in January – March 2016 from P165.2 million in the same three months last year.

Consolidated administrative and general expenses substantially went down by 36.4% to P37.1 million in January – March 2016 from P58.4 million in the same period last year. The decrease was mainly the offshoot of lower expenses for taxes, business development and professional fees.

Consolidated income before income tax rose to P600.4 million in the first quarter of 2016 compared to P393.2 million in the same quarter of 2015, thus provision for income tax increased to P43.4 million vis-à-vis 2015 of P33.5 million.

Financial Condition

March 31, 2016 Vs. Dec. 31, 2015

Total consolidated assets of the Group expanded further by P621.9 million to P10,137.1 million as at end-March 2016 from the last audited balance of P9,515.2 million as at end-December 2015. The 6.5% increase in total assets was attributed mainly to the continued growth in the carrying value of investments as well as the higher net cash flows generated from operating activities in the first quarter of 2016.

Consolidated liabilities also increased by P513.9 million to P1,988.1 million as at end-March 2016 from P1,474.3 million as at end-December 2015. The increase was due mainly to the P0.30 per share cash dividends amounting to P449.0 million declared by the Parent Company's Board of Directors on March 30, 2016 payable on April 28, 2016 to all stockholders of record as of April 18, 2016.

Total stockholders' equity stood at P8,148.9 million as at end-March 2016, slightly higher from P8,040.9 million as at end-December 2015. The total comprehensive income in the first quarter of 2016 amounting to P557.0 million was substantially offset by cash

dividends declared amounting to P449.0 million. Book value per share was P5.45 as at end-March 2016 compared to P5.37 as at end-December 2015.

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

Cash and cash equivalents increased by 15.5% to P2,241.8 million as at end-March 2016 from P1,940.5 million as at end-December 2015. Please see the section below for Cash Flows showing the major sources and applications of cash and cash equivalents.

Despite higher sales, the Group's trade and other receivables decreased by 15.2% to P453.2 million as at end-March 2016 from P534.6 million as at end-December 2015. This was due to improved collection of accounts.

Materials and supplies inventory decreased by 5.0% to P270.7 million as at end-March 2016 from P285.1 million at the beginning of the quarter. The decrease was traced to higher consumption as well as the lower cost of fuel inventory purchased in March 2016.

Prepayments and other current assets jumped by 46.7% to P48.0 million as at end-March 2016 from P32.7 million at the beginning of the year due mainly to carry-over of unused input tax for offsetting against future output tax.

Investment in associates continued to increase by 7.9% to P5,427.0 million as at end-March 2016 from P5,030.1 million as at end-December 2015. The increase reflected fresh equity share in the net earnings of KSPC and MECO amounting to P350.0 million and P46.9 million, respectively, in the first quarter of 2016.

Property, plant and equipment increased only slightly to P450.9 million from P447.5 million. The increase is net of new additions amounting to P23.0 million and depreciation amounting to P19.6 million in the first quarter of 2016.

As at end-March 2016, total other noncurrent assets remained steady at P1,175.5 million. The balance of this account is inclusive of P1,143.2 million that was paid by the Parent Company to PSALM for the acquisition of the 153.1 MW Naga Power Plant Complex (NPPC). Please see Note 12 of the interim consolidated financial statements.

The dividends payable of P449.0 million as at end-March 2016 refers to the cash dividends declared by the Parent Company's Board of Directors on March 30, 2016 for payment on April 28, 2016.

Due to NPC/PSALM increased by 10.6% to P185.2 million as at end-March 2016 from P167.4 million at the beginning of the year. The increase was due to additional consumption of NPPC inventories which were acquired as a consequence of the Asset Purchase Agreement (APA) executed between the Parent Company and PSALM for the acquisition of NPPC (see Note 12).

Income tax payable increased by 129.8% to P77.9 million from P33.9 million. The increase was due to provision for additional income tax in the first quarter of 2016 for payment in May 2016. The income tax payable for the fourth quarter of 2015 remained outstanding as of March 31, 2016 pending actual remittance to the BIR on April 15, 2016.

Unappropriated retained earnings increased by 2.1% to P4,866.9 million from P4,765.8 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, 2016 amounting to P550.1 million, reduced by cash dividends declared amounting to P448.9 million.

Cash Flows

Cash and cash equivalents increased by 15.5% to P2,241.8 million as at end-March 2016 from P1,940.5 million as at end-December 2015.

The major source of additional cash and cash equivalents was from the Group's operating activities. In the three months ended March 31, 2016, cash inflows generated from operating activities amounted to P328.6 million, substantially higher compared to the P90.0 million generated in the same period last year. The increase was largely on account of higher cash profit and improved efficiency in the collection of receivables.

Net cash flows used in investing and financing activities amounted to P23.4 million and P44.2 million (mostly for additions to property, plant and equipment) in the three months ended March 31, 2016 and 2015, respectively.

Key Performance Indicators

The following financial indicators are used, among others, to evaluate the performance of the Parent Company and its Subsidiaries as of March 31, 2016 and December 31, 2015 and for the three months ended March 31, 2016 and 2015:

Key Performance Indicators	2016	2015
A. For Three Months Ended Mar. 31, 2016 and 2015:		
Earnings Per Share	0.37	0.24
Share In Net Earnings of Associates	P396,923,495	P285,130,867
Return on Equity	6.88%	5.29%
Return on Assets	5.67%	4.04%
Cash Flows:		
Net cash flows generated from operating activities	P328,539,269	P90,041,345
Net cash flows used in investing activities	(P23,398,724)	(P40,032,570)
Net cash flows used in financing activities	-	(P4,201,216)
B. As of Mar. 31, 2016 and Dec. 31, 2015:		
Balance of cash and cash equivalents at end of period	P2,241,790,129	P1,940,459,937
Current ratio	2.52	4.04
Debt ratio	0.20	0.16
Debt-to-equity ratio	0.24	0.18
Solvency ratio	5.10	6.45

Earnings Per Share

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 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 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 capital 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.

The decrease in current ratio to 2.52 as at end-March 2016 from 4.04 as at end-December 2015 was due to dividends declared on March 30, 2016 amounting to P449.0 million (P0.30 per share) for payment on April 28, 2016.

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 = total Assets 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 Company with unconsolidated entities or other persons created during the reporting period.

Material Commitments for Capital Expenditures

As of March 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.

Known Trends

Except as already discussed herein and 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.

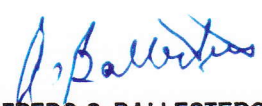
SIGNATURES

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:


REYNANTE C. DEL ROSARIO
Chief Financial Officer


ALFREDO S. BALLESTEROS
SVP for Finance and Administration

Date: April 26, 2016

Date: April 26, 2016

SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Philippine Pesos)

	March 31, 2016 (Unaudited)	Dec. 31, 2015 (Audited)	Incr. / (Decr.)	
			Amount	Percent
ASSETS				
Current Assets				
Cash and cash equivalents	2,241,790,129	1,940,459,937	301,330,192	15.5%
Trade and other receivables - net	453,156,340	534,577,971	(81,421,631)	-15.2%
Due from NPC/PSALM	1,460,264	2,089,392	(629,128)	-30.1%
Due from related parties	1,408,654	1,406,811	1,843	0.1%
Materials and supplies	270,744,570	285,080,853	(14,336,283)	-5.0%
Prepayments and other current assets	47,964,267	32,705,938	15,258,329	46.7%
		0		
Total Current Assets	3,016,524,224	2,796,320,902	220,203,322	7.9%
Noncurrent Assets				
Investment in associates	5,427,005,925	5,030,082,432	396,923,493	7.9%
Property, plant and equipment - net	450,900,665	447,544,906	3,355,759	0.7%
Deferred income tax assets	34,600,027	33,258,237	1,341,790	4.0%
Goodwill	32,522,016	32,522,016	0	0.0%
Other noncurrent assets - net	1,175,522,198	1,175,438,977	83,221	0.0%
Total Noncurrent Assets	7,120,550,831	6,718,846,568	401,704,263	6.0%
TOTAL ASSETS	10,137,075,055	9,515,167,470	621,907,585	6.5%
LIABILITIES & STOCKHOLDERS' EQUITY				
Current Liabilities				
Trade and other payables	385,217,087	386,703,683	(1,486,596)	-0.4%
Dividends payable	448,430,756	1,290	448,429,466	100%
Due to NPC/PSALM	185,176,681	167,425,320	17,751,361	10.6%
Current portion of long-term debt	102,432,719	103,760,265	(1,327,546)	-1.3%
Due to related parties	241,205	63,270	177,935	281.2%
Income tax payable	77,870,107	33,885,039	43,985,068	129.8%
Total current liabilities	1,199,368,555	691,838,867	507,529,688	73.4%
Noncurrent Liabilities				
Long-term debt - net of current portion	576,161,497	575,436,669	724,828	0.1%
Customers' deposits	94,331,619	90,405,145	3,926,474	4.3%
Asset retirement obligation	108,031,524	106,607,414	1,424,110	1.3%
Pension liability	10,232,230	9,981,652	250,578	0.0%
Total noncurrent liabilities	788,756,870	782,430,880	6,325,990	0.8%
Total Liabilities	1,988,125,425	1,474,269,747	513,855,678	34.9%

(Forward)


SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Philippine Pesos)

	March 31, 2016 (Unaudited)	Dec. 31, 2015 (Audited)	Incr. / (Decr.)	
			Amount	Percent
Stockholders' Equity				
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%
Additional paid-in capital	86,810,752	86,810,752	0	0%
Treasury stock at cost - 72,940,097 shares	(131,008,174)	(131,008,174)	0	-0%
Retained earnings:				
Appropriated	1,250,000,000	1,250,000,000	0	0%
Unappropriated	4,866,901,510	4,765,808,415	101,093,095	2.1%
Other component of equity:				
Net unrealized valuation losses				
on available for sale investment	(350,000)	(350,000)	0	-0.0%
Share in OCI of associates	(552,266)	(552,266)	0	-0.0%
Remeasurement of employee benefits	99,615	99,615		
Equity attributable to equity holders of Parent	7,641,393,337	7,540,300,242	101,093,095	1.3%
Equity attributable to Non-controlling Interests	507,556,293	500,597,481	6,958,812	1.4%
Total Stockholders' Equity	8,148,949,630	8,040,897,723	108,051,907	1.3%
TOTAL LIABILITIES and EQUITY	10,137,075,055	9,515,167,470	621,907,585	6.5%

See accompanying Notes to Consolidated Financial Statements.


Reynante C. del Rosario
Chief Financial Officer


Alfredo S. Ballesteros
Senior Vice President - Finance and Administration

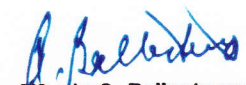
SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Philippine Pesos)

	Three Months Ended March 31		Increase / (Decrease)	
	2016 (Unaudited)	2015 (Unaudited)	Amount	Percent
REVENUE	709,210,536	567,599,849	141,610,687	24.9%
COST OF SERVICES				
Plant operations	460,484,841	402,396,637	58,088,204	14.4%
CONTRIBUTION MARGIN	248,725,695	165,203,212	83,522,483	50.6%
GENERAL AND ADM. EXPENSES	(37,141,766)	(58,382,361)	21,240,595	-36.4%
INTEREST INCOME	5,055,769	1,829,704	3,226,065	176.3%
INTEREST EXPENSE	(7,907,948)	(6,170,131)	(1,737,817)	28.2%
FOREIGN EXCHANGE GAINS (LOSSES) - Net	(3,493,975)	(262,157)	(3,231,818)	1232.8%
OTHER INCOME (CHARGES):				
Equity in net earnings (losses) of associates	396,923,495	285,130,867	111,792,628	39.2%
Others - net	(1,792,243)	5,860,297	(7,652,540)	-130.6%
INCOME BEFORE INCOME TAX	600,369,027	393,209,431	207,159,596	52.7%
PROVISION FOR/(BENEFIT FROM) INCOME TAX				
Current	44,693,371	34,235,785	10,457,586	30.5%
Deferred	(1,341,789)	(717,743)	(624,046)	86.9%
	43,351,582	33,518,042	9,833,540	29.3%
NET INCOME	557,017,445	359,691,389	197,326,056	54.9%
OTHER COMPREHENSIVE INCOME	0	0	0	0.0%
TOTAL COMPREHENSIVE INCOME	557,017,445	359,691,389	197,326,056	54.9%
ATTRIBUTABLE TO:				
Equity holders of the Parent	550,058,633	354,522,870	195,535,763	55.2%
Non-controlling interests	6,958,812	5,168,519	1,790,293	34.6%
	557,017,445	359,691,389	197,326,056	54.9%
EARNINGS PER SHARE:				
Basic/diluted, for income for the period attributable to equity holders of the Parent	0.37	0.24	0.13	-12.5%

See accompanying Notes to Consolidated Financial Statements.



Reynante C. del Rosario
Chief Financial Officer



Alfredo S. Ballesteros
Senior Vice President - Finance and Administration

CC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTERS ENDED MARCH 31, 2016 AND 2015

	Equity Attributable to Equity Holders of the Parent									
	Share in		Share in		Share in		Share in		Share in	
	Capital Stock	Additional Paid-in Capital	Treasury Stock at Cost	Remeasurement of Employee Benefits	Remeasurement of Employee Benefits of Associates	Retained Earnings	Net Unrealized Valuation Losses on AFS Investment	Total	Non-controlling interest	Total
January 1, 2016	₱1,569,491,900	₱86,810,752	(₱131,008,174)	₱99,615	(₱552,266)	₱1,250,000,000	(₱350,000)	₱7,540,300,242	₱500,597,481	₱8,040,897,723
Comprehensive income	-	-	-	-	-	₱4,765,808,415	-	550,058,633	6,958,812	557,017,445
Dividends	-	-	-	-	-	(448,965,541)	-	(448,965,541)	-	(448,965,541)
Share repurchase	-	-	-	-	-	-	-	-	-	-
March 31, 2016	₱1,569,491,900	₱86,810,752	(₱131,008,174)	₱99,615	(₱552,266)	₱1,250,000,000	(₱350,000)	₱7,641,393,337	₱507,556,293	₱8,148,949,630
January 1, 2015	₱1,569,491,900	₱86,810,752	(₱131,008,174)	₱1,074,492	₱-	₱3,839,421,474	(₱350,000)	₱6,215,440,444	₱480,593,208	₱6,696,033,652
Comprehensive income	-	-	-	-	-	354,522,870	-	354,522,870	5,168,519	359,691,389
Dividends	-	-	-	-	-	(149,655,178)	-	(149,655,178)	-	(149,655,178)
Share repurchase	-	-	-	-	-	-	-	-	-	-
March 31, 2015	₱1,569,491,900	₱86,810,752	(₱131,008,174)	₱1,074,492	₱-	₱4,044,289,166	(₱350,000)	₱6,420,308,136	₱485,761,727	₱6,906,069,863

Accompanying Notes to Consolidated Financial Statements.



Reynante C. Del Rosario
Chief Financial Officer



Alfredo S. Ballesteros
Senior Vice President – Finance and Administration

C POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTERS ENDED MARCH 31, 2016 AND 2015

	Equity Attributable to Equity Holders of the Parent									
	Share in		Share in		Share in		Share in		Share in	
	Capital Stock	Additional Paid-in Capital	Treasury Stock at Cost	Remeasurement of Employee Benefits	Remeasurement of Employee Benefits of Associates	Retained Earnings	Net Unrealized Valuation Losses on AFS Investment	Total	Non-controlling interest	Total
January 1, 2016	₱1,569,491,900	₱86,810,752	(₱131,008,174)	₱99,615	(₱552,266)	₱1,250,000,000	₱4,765,808,415	₱7,540,300,242	₱500,597,481	₱8,040,897,723
Comprehensive income	-	-	-	-	-	-	550,058,633	550,058,633	6,958,812	557,017,445
Dividends	-	-	-	-	-	-	(448,965,541)	(448,965,541)	-	(448,965,541)
March 31, 2016	₱1,569,491,900	₱86,810,752	(₱131,008,174)	₱99,615	(₱552,266)	₱1,250,000,000	₱4,866,901,510	₱7,641,393,337	₱507,556,293	₱8,148,949,630
January 1, 2015	₱1,569,491,900	₱86,810,752	(₱131,008,174)	₱1,074,492	-	₱850,000,000	₱3,839,421,474	₱6,215,440,444	₱480,593,208	₱5,696,033,652
Comprehensive income	-	-	-	-	-	-	354,522,870	354,522,870	5,168,519	359,691,389
Dividends	-	-	-	-	-	-	(149,655,178)	(149,655,178)	-	(149,655,178)
March 31, 2015	₱1,569,491,900	₱86,810,752	(₱131,008,174)	₱1,074,492	-	₱850,000,000	₱4,044,289,166	₱6,420,308,136	₱485,761,727	₱6,906,069,863

Accompanying Notes to Consolidated Financial Statements.



Reynante C. Del Rosario
 Chief Financial Officer

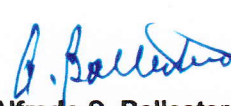

Alfredo S. Ballesteros
 Senior Vice President – Finance and Administration

SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31	
	2016	2015
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	600,369,027	393,209,431
Adjustments for:		
Depreciation and amortizations	20,320,123	31,390,723
Unrealized foreign exchange losses (gains) - net	2,733,811	(143,990)
Equity in net losses (earnings) of associates	(396,923,495)	(285,130,867)
Interest expense	7,907,948	6,170,131
Interest income	(5,055,769)	(1,829,704)
Pension expense	250,278	459,440
Operating income before working capital changes	229,601,923	144,125,164
Decrease (increase) in:		
Trade and other receivables	81,421,631	38,929,066
Due from NPC/PSALM	629,128	0
Due from related parties	(1,843)	(12,548)
Prepayments and other current assets	(15,258,329)	(10,834,604)
Materials and supplies	14,336,283	(27,930,873)
Increase (decrease) in:		
Trade and other payables	(1,943,449)	(40,749,524)
Due to NPC/PSALM	17,751,361	(3,678,756)
Due to related parties	177,935	(7,515,392)
Customers' deposits	3,926,474	4,105,814
Net cash generated from operations	330,641,114	96,438,347
Income tax paid	(708,303)	(1,266,774)
Interest paid	(6,569,808)	(7,101,010)
Interest received	5,055,769	1,829,704
Contributions to the pension plan	120,497	141,078
Net cash flows from operating activities	328,539,269	90,041,345
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	0	0
Additions to plant, property and equipment	(22,972,872)	(30,051,147)
Decrease (increase) in:		
Other noncurrent assets	(425,852)	(9,981,423)
Net cash provided by (used in) investing activities	(23,398,724)	(40,032,570)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term debt	0	0
Cash dividends paid	0	(4,201,216)
Net cash provided by (used in) financing activities	0	(4,201,216)
NET EFFECT OF EXCHANGE RATE CHANGES	(3,810,353)	121,646
NET INCREASE IN CASH AND CASH EQUIVALENTS	301,330,192	45,929,205
CASH AND CASH EQUIVALENTS AT BEG. OF PERIOD	1,940,459,937	1,315,765,500
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,241,790,129	1,361,694,705

See accompanying Notes to Financial Statements.


Reynante C. del Rosario
 Chief Financial Officer


Alfredo S. Ballesteros
 SVP - Finance and 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 Board of Directors (BOD) on April 20, 2016.

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 available-for-sale (AFS) investments 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 2015.

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	
	2016	2015
Net income attributable to equity holders of the parent	₱550,058,633	₱354,522,870
Weighted average number of common shares issued and outstanding	1,496,551,803	1,496,551,803
Basic/Diluted earnings per share	₱0.37	₱0.24

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
	1,496,551,803

There are no dilutive potential common stocks issued as of March 31, 2016.

4. Seasonal Aspects

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

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.

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 2016.

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, 2016.

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, 2016 and 2015.

The following tables present revenue and income information and certain asset and liability information regarding the business segments as of March 31, 2016 and 2015:

March 31, 2016						
	Before Eliminations			Total	Adjustments and Eliminations	After Eliminations/ Consolidated
	Generation	Distribution	Others			
Revenue	P491,658,295	P217,552,241	P-	P709,210,536	P-	P709,210,536
Income before income tax	184,130,132	19,185,660	129,740	203,445,532	396,923,495	600,369,027
Net income	145,063,365	14,900,845	129,740	160,093,950	396,923,495	557,017,445
Total assets	7,306,152,644	477,906,449	125,144,353	7,909,203,446	2,227,871,609	10,137,075,055
Property, plant and equipment	297,468,786	153,431,879	-	450,900,665	-	450,900,665
Total liabilities	1,813,218,065	241,015,516	109,281	2,054,342,862	(66,217,437)	1,988,125,425
Depreciation and amortization	15,385,158	4,334,965	-	20,320,123	-	20,320,123

March 31, 2015						
	Before Eliminations			Total	Adjustments and Eliminations	After Eliminations/ Consolidated
	Generation	Distribution	Others			
Revenue	P387,624,244	P179,975,605	P-	P567,599,849	P-	P567,599,849
Income before income tax	89,070,167	18,980,518	27,879	108,078,564	285,130,867	393,209,431
Net income	61,153,659	13,378,984	27,879	74,560,522	285,130,867	359,691,389
Total assets	6,851,671,001	419,227,707	75,077,156	7,345,975,864	1,734,864,977	9,080,840,841
Property, plant and equipment	646,800,288	144,167,404	-	790,967,692	-	790,967,692
Total liabilities	1,997,647,909	184,637,238	104,695	2,182,389,842	(7,618,863)	2,174,770,979
Depreciation and amortization	20,054,496	4,829,156	-	24,883,652	-	24,883,652

Adjustments and Eliminations

Adjustments and eliminations are part of detailed reconciliations presented below:

Reconciliation of Net Income

	Three Mos. Ended March 31	
	2016	2015
Segment net income	P160,093,950	P74,560,522
Equity in net earnings of associates	396,923,495	285,130,867
Dividend income	-	-
Group net income	P557,017,445	P359,691,389

Reconciliation of Total Assets

	Mar. 31, 2016	Mar. 31, 2015
Segment assets	P7,909,203,441	P7,345,975,864
Inter-segment receivables	(69,588,392)	(10,989,814)
Investments in associates and subsidiaries	2,264,937,985	1,713,332,776
Goodwill	32,522,016	32,522,016
Group assets	P10,137,075,055	P9,080,840,842

Reconciliation of Total Liabilities

	Mar. 31, 2016	Mar. 31, 2015
Segment liabilities	P2,054,342,862	P2,182,389,841
Inter-segment payables	(66,217,437)	(7,618,863)

Group liabilities	P1,988,125,425	P2,174,770,978
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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.

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.

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, due from/due to related parties and customers' deposits, which arise directly from its operations.

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

The following table sets out the maturity profile and the interest rate of the Group's financial liabilities that are exposed to interest rate risk:

Parent Company	Interest rates	Term	Total	Peso Equivalent
Long-term debt:				
Foreign currency denominated debt				
2016	3.19%	2-7 years	US\$670,167	P30,874,578
2015	3.19%	2-7 years	US\$1,340,333	P59,939,707
Philippine Peso currency denominated debt				
2016	4.01%	2-7 years		P650,000,000
2015	4.01%	2-7 years		P650,000,000

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax (through the impact on variable rate borrowings). There is no other impact on the Group's equity other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax
2016	+500	(P764,246)
	-500	764,246
2015	+500	(P763,977)
	-500	763,977

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 and liabilities at March 31, 2016 and December 31, 2015 based on contractual undiscounted payments:

	March 31, 2016					
	Total	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days
Financial Assets						
Loans and receivables:						
Cash and cash equivalents	P2,241,790,129	P2,241,790,129	P-	P-	P-	P-
Trade and other receivables:						
NPC	-	-	-	-	-	-
Receivable from customers	397,347,123	226,131,998	26,123,336	18,095,011	19,142,838	107,853,940
Others	69,240,517	1,239,056	1,739,023	1,357,641	6,144,737	58,760,060
	466,587,640	227,371,054	27,862,359	19,452,652	25,287,575	166,614,000
Due from NPC/PSALM	1,460,264	-	-	-	-	1,460,264
Due from related parties	1,408,654	73,980	11,044	13,130	141,084	1,169,416
Noncurrent receivable (included in "Other noncurrent assets")	1,143,240,000	-	-	-	-	1,143,240,000
	3,854,486,687	2,469,235,163	27,873,403	19,465,782	25,428,659	1,312,483,680
AFS:						
Quoted equity security	1,300,000	1,300,000	-	-	-	-
	3,855,786,687	2,470,535,163	27,873,403	19,465,782	25,428,659	1,312,483,680
Financial Liabilities						
Trade and other payables:						
Trade	P261,095,020	P106,321,309	P101,055,162	P20,384,394	P27,975,806	P4,257,849
Accrued expenses	50,230,479	6,963,455	17,298,898	2,743,576	2,465,829	20,758,721
Non-trade	18,158,376	5,734,449	7,340,151	-	970,467	4,113,909
	329,484,475	119,619,213	125,694,211	23,628,470	31,412,102	29,130,479
Dividends payable	448,430,756	448,429,384	1,236	-	136	-
Due to NPC/PSALM	185,176,681	17,781,215	167,395,466	-	-	-
Due to related parties	241,205	-	-	-	-	241,205
Long-term debt	678,594,215	-	-	-	-	678,594,215
Customers' deposits	94,331,619	2,985,340	964,552	398,092	598,981	89,384,154
	1,736,258,951	588,815,552	294,055,465	24,026,562	32,011,219	797,350,053
Net Financial Assets (Liabilities)	P2,119,527,736	P1,881,719,511	(P266,182,062)	(P4,560,780)	(P6,582,560)	P515,133,627

December 31, 2015						
	Total	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days
Financial Assets						
Loans and receivables:						
Cash and cash equivalents	₱1,940,459,937	₱1,940,459,937	—	—	—	—
Trade and other receivables:						
NPC	42,753,130	42,753,130	—	—	—	—
Receivable from customers	421,882,840	312,841,135	23,345,819	14,298,319	18,980,000	52,416,967
Others	83,373,300	58,900,198	6,830,555	16,152,015	143,300	1,347,232
	548,009,270	414,494,463	30,176,374	30,450,334	19,123,300	53,764,199
Due from NPC/PSALM	2,089,392	—	—	2,089,392	—	—
Due from related parties	1,406,811	312,586	40,416	1,053,709	—	—
Noncurrent receivable (included in "Other noncurrent assets")	1,143,240,000	—	—	—	—	1,143,240,000
	3,635,205,410	2,355,267,086	30,216,790	33,594,035	19,123,300	1,197,004,199
AFS:						
Quoted equity security	1,300,000	1,300,000	—	—	—	—
	3,636,505,410	2,356,567,086	30,216,790	33,594,035	19,123,300	1,197,004,199
Financial Liabilities						
Trade and other payables:						
Trade	₱262,638,594	₱224,754,082	₱35,524,179	₱838,624	₱97,023	₱1,424,586
Accrued expenses	49,298,279	42,044,511	3,821,783	—	—	3,631,985
Non-trade	50,284,365	47,841,293	2,443,072	—	—	—
	362,221,238	314,639,886	41,589,034	838,624	97,023	5,056,571
Dividends payable	1,290	1,290	—	—	—	—
Due to NPC/PSALM	167,425,320	167,425,320	—	—	—	—
Due to related parties	63,270	63,270	—	—	—	—
Long-term debt	762,795,277	—	—	—	—	762,795,277
Customers' deposits	90,405,145	—	—	—	—	90,405,145
	1,382,311,540	482,129,766	41,589,034	838,624	97,023	858,257,093
Net Financial Assets (Liabilities)	₱2,253,593,870	₱1,874,437,320	(₱11,372,244)	₱32,755,411	₱19,026,277	₱338,747,106

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 exposure in U.S. 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). Philippine Dealing System (PDS) closing rates used are ₱46.070 and ₱47.060 on March 31, 2016 and December 31, 2015, 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
2016	+1	(₱1,601,075)
	-1	1,601,075
2015	+1	₱1,147,547
	-1	(1,147,547)

Foreign Currency-denominated Monetary Assets and Liabilities

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

	U.S. Dollar		Peso Equivalent	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2016	Dec. 31, 2015
Cash and cash equivalents	\$4,440,476	US\$3,454,080	₱204,572,708	₱162,549,012
Trade and other payables:				
Trade	295,000	(345,437)	13,590,650	(16,256,278)
Non-trade	—	—	—	—
Long-term debt	670,167	(670,167)	30,874,578	(31,538,043)
Net foreign-currency-denominated monetary assets	US\$3,475,309	US\$2,438,476	₱160,107,479	₱114,754,691

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, dividends receivable, 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 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, 2016		
	Maximum exposure	Offset	Exposure to credit risk
Loans and receivables:			
Cash and cash equivalents (excluding cash on hand)	₱2,240,985,214	(₱8,950,076)	₱2,232,135,138
Trade and other receivables	453,156,340	(30,309,806)	422,846,534
Due from related parties	1,408,654	—	1,408,654
Due from NPC/PSALM	1,460,264	—	1,460,264
Noncurrent receivable (included in "Other noncurrent assets")	1,143,240,000	—	1,143,240,000
	3,840,260,472	(39,159,882)	3,801,090,590
AFS financial asset	1,300,000	—	1,300,000
	₱3,841,550,472	(₱39,159,882)	₱3,802,390,590

December 31, 2015			
	Maximum exposure	Offset	Exposure to credit risk
Loans and receivables:			
Cash and cash equivalents (excluding cash on hand)	₱1,940,104,667	(₱8,126,491)	₱1,931,978,176
Trade and other receivables	534,577,971	(26,670,814)	507,907,157
Due from related parties	1,406,811	–	1,406,811
Due from NPC/PSALM	2,089,392	–	2,089,392
Noncurrent receivable (included in "Other noncurrent assets")	1,143,240,000	–	1,143,240,000
	3,621,418,841	(34,797,305)	3,586,621,536
AFS financial asset	1,300,000	–	1,300,000
	₱3,622,718,841	(₱34,797,305)	₱3,587,921,536

As of March 31, 2016 and December 31, 2015, the Group's significant concentration of credit risk pertains to its trade and other receivables and due from NPC/PSALM amounting to ₱454.6 million and ₱536.7 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 of the Group's past due but not impaired financial assets as of March 31, 2016 and December 31, 2015:

March 31, 2016							
	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	
Loans and Receivables							
Cash and cash equivalents (excluding cash on hand)	P2,240,985,214	P2,240,985,214	P-	P-	P-	P-	P-
Trade and other receivables:							
NPC/PSALM		-	-	-	-		-
Receivable from customers	397,347,123	226,131,998	26,123,336	18,095,011	19,142,838	94,422,640	13,431,300
Others	69,240,517	1,239,056	1,739,023	1,357,641	6,144,737	58,760,060	-
	466,587,640	227,371,054	27,862,359	19,452,652	25,287,575	153,182,700	13,431,300
Due from NPC/PSALM	1,460,264					1,460,264	-
Due from related parties	1,408,654	73,980	11,044	13,130	141,084	1,169,416	-
Noncurrent receivable (included in "Other noncurrent assets")	1,143,240,000	-	-	-	-	1,143,240,000	-
	3,853,681,772	2,468,430,248	27,873,403	19,465,782	25,428,659	1,299,052,380	13,431,300
AFS Financial Asset							
Quoted equity security	1,300,000	1,300,000	-	-	-	-	-
	P3,854,981,772	P2,469,730,248	P27,873,403	P19,465,782	P25,428,659	P1,299,052,380	P13,431,300

December 31, 2015							
	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	
Loans and Receivables							
Cash and cash equivalents (excluding cash on hand)	₱1,940,104,667	₱1,940,104,667	₱–	₱–	₱–	₱–	₱–
Trade and other receivables:							
NPC/PSALM	42,753,130	–	–	–	–	42,753,130	–
Receivable from customers	421,882,840	313,472,436	23,345,819	14,298,919	18,980,000	38,354,366	13,431,300
Others	83,373,300	58,921,505	6,830,555	896,971	289,117	16,435,152	–
	548,009,270	372,393,941	30,176,374	15,195,890	19,269,117	97,542,648	13,431,300
Due from NPC/PSALM	2,089,392	–	–	–	–	2,089,392	–
Due from related parties	1,406,811	312,686	40,416	152,622	451,237	449,850	–
Noncurrent receivable (included in “Other noncurrent assets”)	1,143,240,000	1,143,240,000	–	–	–	–	–
	3,634,850,140	3,456,051,294	30,216,790	15,348,512	19,720,354	100,081,890	13,431,300
AFS Financial Asset							
Quoted equity security	1,300,000	1,300,000	–	–	–	–	–
	₱3,636,150,140	₱3,457,351,294	₱30,216,790	₱15,348,512	₱19,720,354	₱100,081,890	₱13,431,300

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, 2016 and December 31, 2015:

	March 31, 2016					
	Total	Neither Past Due nor Impaired			Past Due	Individually Impaired
		High Grade	Standard	Substandard		
Loans and Receivables						
Cash and cash equivalents (excluding cash on hand)	P2,240,985,214	P2,240,985,214	P-	P-	P-	P-
Trade and other receivables:						
NPC/PSALM		-	-	-		-
Receivable from customers	397,347,123	226,131,998	-	-	157,783,825	13,431,300
Others	69,240,517	776,368	462,688	-	68,001,461	-
	466,587,640	226,908,366	462,688	-	225,785,286	13,431,300
Due from NPC/PSALM	1,460,264	-	-	-	1,460,264	-
Due from related parties	1,408,654	-	73,980	-	1,334,674	-
Noncurrent receivable (included in "Other noncurrent assets")	1,143,240,000	-	-	-	1,143,240,000	-
	3,853,681,772	2,467,893,580	536,668	-	1,371,820,224	13,431,300
AFS Financial Asset						
Quoted equity security	1,300,000	1,300,000	-	-	-	-
	P3,854,981,772	P2,469,193,580	P536,668	P-	P1,371,820,224	P13,431,300

	December 31, 2015					
	Total	Neither Past Due nor Impaired			Past Due	Individually Impaired
		High Grade	Standard	Substandard		
Loans and Receivables						
Cash and cash equivalents (excluding cash on hand)	P1,940,104,667	P1,940,104,667	P-	P-	P-	P-
Trade and other receivables:						
NPC/PSALM	42,753,130	-	-	-	42,753,130	-
Receivable from customers	421,882,340	203,953,838	107,644,972	1,873,626	94,979,104	13,431,300
Others	83,373,300	6,895,222	52,026,284	-	24,451,794	-
	548,009,270	210,849,060	159,671,256	1,873,626	162,184,028	13,431,300
Due from NPC/PSALM	2,089,392	-	-	-	2,089,392	-
Due from related parties	1,406,811	37,228	275,463	-	1,094,120	-
Noncurrent receivable (included in "Other noncurrent assets")	1,143,240,000	1,143,240,000	-	-	-	-
	3,634,850,140	3,294,230,955	159,946,719	1,873,626	165,367,540	13,431,300
AFS Financial Asset						
Quoted equity security	1,300,000	1,300,000	-	-	-	-
	P3,636,150,140	P3,295,530,955	P159,946,719	P1,873,626	P165,367,540	P13,431,300

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, OMSC, Ancillary Services Procurement Agreement, and Power Supply Contracts (PSCs).
- *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.

Fair Value of Financial Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables, and Trade and Other Payables. The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their value due to the relatively short-term maturity of these financial instruments.

AFS Investments. Market values have been used to determine the fair value of listed AFS investments.

Noncurrent receivable (included in "Other noncurrent assets"). The fair value of noncurrent receivable is based on the net present value of cash flows using the prevailing market rate of interest. As of March 31, 2016 and December 31, 2015, the carrying value of the noncurrent receivable approximates its fair value.

Long-term Debt. The fair value of borrowings with floating interest rate is based on the discounted net present value of cash flows using an effective discount rate of 4.53% and 4.53% as of March 31, 2016 and December 31, 2015, respectively.

The estimated fair values of the categories of the Company's financial instruments approximate their carrying values as of March 31, 2016 and December 31, 2015.

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

a. Acquisition of the 153.1 MW Naga Power Plant Complex (NPPC)

Prior to the expiration of the OMSC on September 25, 2014, the Parent Company purchased the NPPC after exercising its "right-to-top" (RTT) the winning bid, which right was pursuant to the LLA with PSALM that was executed when the LBGTs were acquired by the Parent Company in 2010. Pursuant to the APA executed by the Parent Company and PSALM covering the purchase of the assets consisting of the thermal and diesel power plants (CTPP 1 and CTPP 2, and CDPP 1), the Parent Company paid PSALM a total of ₱463.3 million. The Parent Company and PSALM also entered into an LLA, as an ancillary contract to the APA, covering the land where the purchased assets are located, and paid in full the total lease rentals amounting to ₱712.5 million. Following the issuance of Notice of Award on July 28, 2014 and after completing all the conditions for Closing, PSALM turned over the NPPC to the Parent Company on September 25, 2014, coinciding with the termination of the OMSC.

More than one year after PSALM awarded the NPPC to the Parent Company, the Supreme Court (SC) declared the APA and the LLA for the sale of the NPPC to be null and void per decision promulgated on September 28, 2015.

On December 1, 2015, the Parent Company filed its Motion for Reconsideration of the SC Decision dated September 28, 2015. In said Motion for Reconsideration, the Parent Company stressed that, as

the owner of the LBGT and the lease on the land on which the LBGT stands, it has an interest in the whole of the Complex and not just within the leased premises. This is due to the fact that the Parent Company's payment for the LBGT necessarily includes payment for the RTT, the LBGT and the land subject of the LBGT-LLA which forms part of the Complex, and SPC shares in the use, upkeep and maintenance of the Co-Use Facilities within the Complex, thus, showing that the Parent Company's interest extends to the whole of the Complex.

On December 9, 2015, the SC resolved to deny the Motion for Reconsideration. Thus, a Motion for Leave to File and Admit the Attached Urgent Motion for Second Reconsideration and/or Referral to the En Banc was filed by the Parent Company on February 2, 2016. However, on April 6, 2016, the Supreme Court issued a Notice where it resolved among others to deny the said Motion For Leave and noted without action, the attached Urgent Motion for Second Reconsideration and /or Referral En Banc, in view of the denial of the Motion for Leave. Accordingly, an amount equivalent to ₱1.143 billion (i.e., amount paid by the Group to PSALM in 2014) was recognized as other noncurrent receivable as of December 31, 2015 and March 31, 2016, with the effect of discounting deemed to be insignificant. Since the SC decisions do not specify details on how the nullified transaction will be settled between the Parent Company and PSALM, the ultimate disposition of the recorded assets and liabilities remain uncertain as of March 31, 2016. The Group believes that how the matter will be settled could be finalized over 2 years. Any adjustments arising from the settlement of this matter will be reflected in the financial statements as they are determined.

b. Others

Except as already discussed in the Management's Discussion and Analysis of Financial Conditions and Results of Operations as well as 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.