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**SECURITIES AND EXCHANGE COMMISSION**

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Company Information

SEC Registration No. AS94002365

Company Name SPC POWER CORPORATION

Industry Classification Generation, Collection And Distribution Of Electricity

Company Type Stock Corporation

Document Information

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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

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FORM TYPE

0 5

Month

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Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

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Cashier

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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 September 30, 2019
 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 (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 |
|---|---|
| <u>Common Shares (as of September 30, 2019)</u> | <u>1,496,551,803 shares</u> |
| <u>Total Debt (as of September 30, 2019)</u> | <u>P938,545,107</u> |
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 – September 30, 2019 (unaudited) and December 31, 2018 (audited).
- b. Consolidated Statements of Comprehensive Income – Three Months Ended September 30, 2019 and 2018 (unaudited).
- c. Consolidated Statements of Comprehensive Income – Nine Months Ended September 30, 2019 and 2018 (unaudited).
- d. Consolidated Statements of Changes in Stockholders’ Equity – Nine Months Ended September 30, 2019 and 2018 (unaudited).
- e. Consolidated Statements of Cash Flows – Nine Months ended September 30, 2019 and 2018 (unaudited).
- f. 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 September 30, 2019 and 2018

The consolidated bottom line in the third quarter of 2019 dropped 12.4% to P538.6 million, from P615.0 million, due mainly to non-recurrence of 2018 non-core income from disposal of excess inventories and tax refund amounting to P101.3 million and P28.9 million, respectively, before income tax. These non-recurring income items were shown as part of “Other Income (Charges) – Others” in the consolidated statements of comprehensive income. Taking out non-recurring items, consolidated net income in the third quarter of 2019 would

have increased by 6% year-on-year given the higher equity share in the earnings of investee companies, higher income contributed by the power distribution business segment, and higher interest income from short-term investments.

The bulk or 81.5% of the consolidated net income came from equity share in the earnings of investees which grew by 4.9% to P438.8 million in July – September 2019, from P418.2 million in the same three months last year. The growth was propelled mainly by higher overall gross margins, higher other income from engineering services rendered to bulk customers, and higher interest income from short-term investments.

The distribution business unit also increased its contribution to the consolidated net income to P31.0 million in July – September 2019, from P18.7 million in the same three months last year, due mainly to 3.8% increase in the volume of electricity sold.

However, the generation business segment's contribution to the consolidated net income was down to P68.5 million in the third quarter of 2019, from P177.6 million including non-recurring income of P101.3 million (before income tax) in the same period last year.

Consolidated revenues decreased by 6.9% to P615.5 million in the third quarter of 2019, from P661.1 million in the same period last year. Gross margin, however, slightly improved by 1.6% to P127.0 million as the 8.9% drop in the cost of services outpaced the contraction in revenue. The previously anticipated additional revenues from the provision of additional ancillary services by a new generating asset was not realized until the fourth quarter of the current year.

Nine Months Ended September 30, 2019 and 2018

In spite of better gross margins in the second and third quarters of 2019, the Group recorded a 7.6% year-on-year decline in its nine-month consolidated net income to P1,462.0 million. This reflected the aforesaid non-recurrence of a large non-core income that the Group had in the third quarter of 2018. Excluding the impact of the non-recurring income, the consolidated net income in the first nine months of 2019 and 2018 would have been comparable, also reflecting substantial recovery of earning slump in the first quarter of 2019 due to major maintenance of power generating units. Moreover, the anticipated additional revenues from the provision of additional ancillary services by a new generating asset was not realized until the fourth quarter of the current year.

With lower results, earnings per share slid to P0.96 in the nine months to September 2019 as compared to P1.04 in the same nine-month span last year. Return on equity was computed at 13.99% versus 16.07% the year before.

Equity share in the earnings of investee companies continued to account for a lion's share of the Group's net income in the first nine months of the year, accounting for P1,039.5 million or 71.1% of the total, followed by power generation and power distribution business units at 25.5% and 3.3%, respectively. However, the current year's equity share was slightly lower by 3.4% as compared to last year's P1,076.5 million due mainly to unrecovered cost of major overhaul conducted in the first quarter of 2019.

The distribution business unit increased its contribution to the consolidated net income to P48.9 million in the first nine months of 2019, from P36.3 million in the same period last year, due mainly to higher average selling price and 3.1% increase in the volume of electricity sold.

However, the generation business segment's contribution to the consolidated net income was down by P96.1 million to P372.4 million in the first nine months of 2019, from P468.5 million including non-recurring income of P101.3 million (before income tax) in the same period last year.

Consolidated revenues in the first nine months of 2019 increased by 17.8% year-on-year to P2,084.3 million. This was due mainly to increase in the volume of energy sold, higher pass-through fuel prices, higher WESM prices in the third quarter of 2019, and full impact of PB 104 which started commercial operation in August 2018.

Consolidated cost of services likewise increased by 15.5% to P1,547.2 million in the first nine months of 2019, from P1,339.4 million in the same period last year, due mainly to higher prices and costs arising from higher volume of transactions.

As revenues grew faster than costs, gross margin rose by 24.9% to P537.1 million in the first nine months of 2019 from last year's comparative figure of P429.9 million.

Consolidated administrative and general expenses rose by 39.2% to P173.5 million in the first nine months of 2019, from P124.6 million in the same period last year, due mainly to higher expenses for business development, taxes and licenses, personnel, and other expenses associated with the full commercial operation of PB 104.

Interest income substantially added up to P82.9 million from P23.5 million due to income from funds set aside for business expansion and temporarily placed under short-term investments.

Other income (others) substantially decreased to P18.5 million in the first nine months of 2019, from P228.0 million the year before which still included non-recurring income as mentioned earlier.

Financial Condition

September 30, 2019 Vs. December 31, 2018

The Group ended the first nine months of 2019 with consolidated assets reaching P11,816.2 million, 8.0% higher compared to the last audited balance of P10,944.6 million as at end-December 2018. The increase in total assets was attributed mainly to additional net cash inflows generated from operating and investing activities amounting to P443.8 million as well as increase in inventories and investments amounting to P24.6 million and P452.3 million, respectively.

Total liabilities also increased but at a much slower pace by 2.0% to P938.5 million as at end-September 2019, from P919.9 million as at end-December

2018, due mainly to higher ending balance of trade and other payables. Current ratio improved to 7.65 as at end-September 2019 from 7.33 as at end-December 2018 while total debt as a percentage of equity decreased further to 8.63% from 9.18%.

Stockholders' equity likewise grew by 8.5% to ₱10,877.6 million, from ₱10,024.7 million as at end-December 2018. The growth came from the total comprehensive income in the first nine months of 2019 amounting to ₱1,462.0 million less cash dividends declared amounting to ₱609.0 million. Book value per share increased to ₱7.27 as at end-September 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.

Details of changes in the balance of cash and cash equivalents are discussed in the section for Cash Flows below.

Materials and supplies inventory increased by 7.0% to ₱374.7 million as at end-September 2019 from ₱350.1 million at the beginning of the year. The increase was traced mainly to the build up of inventories for fuel and maintenance spare parts for the operation of the distribution business unit and PB 104.

Prepayments and other current assets increased by 5.3% to ₱99.3 million as at end-September 2019 due mainly to more input tax carried over for offsetting against future output tax.

Investment in associates increased by 7.5% to ₱6,489.3 million as of September 30, 2019 from ₱6,036.9 million as of December 31, 2018. The increase reflected the net effect of the following: (i) addition to investment due to fresh equity share in the net earnings of investee companies amounting to ₱1,039.5 million in the first nine months of 2019 and (ii) decrease in investments due to cash dividends received from the investee companies amounting to ₱587.1million.

Other noncurrent assets decreased by 10.9% to ₱218.0 million as at end-September 2019 from ₱244.6 million as at end-December 2018. This was due mainly to the nine-month amortization of ERC-approved Deferred Accounting Adjustments (DAA) which were incurred by PSALM/NPC in supplying energy during the previous years, thus it should be recovered/refunded by PSALM/NPC to its customers through the distribution business segment of the Group by initially charging the customers as part of the generation charge over a period of seven years from January 1, 2018.

Trade and other payables increased by 9.2% to ₱535.2 million as at end-September 2019, from ₱490.0 million as at end-December 2018, due mainly to high volume purchases of fuel intended for PB 104 and maintenance spares and supplies intended for power distribution which are payable after September 30, 2019.

Customers' deposits grew by 7.2% to ₱141.6 million as at end-September 2019 from ₱132.1 million as at end-December 2018 due mainly to additional bill and material deposits received from customers in the first nine months of 2019.

Other noncurrent liabilities decreased by 15.1% to P155.2 million as at end-September 2019 from P182.8 million as at end-December 2018. This refers to the noncurrent portion of ERC-approved Deferred Accounting Adjustments (DAA) which were incurred by PSALM/NPC in supplying energy during the previous years, thus it should be recovered/refunded by PSALM/NPC to its customers through the distribution business segment of the Group by regularly remitting to PSALM the amount it collected from the customers over a period of seven years from January 1, 2018.

Unappropriated retained earnings increased by 26.9% to P8,679.6 million from P6,841.4 million at the beginning of the year. The net increase is reflective of the following: (i) increase due to comprehensive income attributable to equity holders of the Parent Company in the first nine months of 2019 amounting to P1,436.9 million; (ii) decrease due to cash dividends amounting to P598.6 million that was declared by the Parent Company's Board of Directors on April 4, 2019; and (iii) increase due to reversal of a 2018 appropriation of retained earnings amounting to P1.0 billion for the acquisition of a 100% ownership interest in a power generation company. In January 2019, the Parent Company lost in its bid to acquire the power generation company. Consequently, on April 4, 2019, the Parent Company's Board of Directors approved the reversal of the said 2018 appropriation.

Appropriated retained earnings declined by P1.0 billion to P500.0 million, from P1,500.0 million at the beginning of the year, due to reversal mentioned in the preceding paragraph.

Cash Flows

Cash and cash equivalents increased by 15.1% to P3,380.8 million as at end-September 2019 from the end-December 2018 level of P2,937.0 million. Net cash inflows generated from operating and investing activities exceeded net cash flows used for financing activities during the first nine months of 2019.

Major sources of cash and cash equivalents in the first nine months of 2019 were from operating activities and cash dividends received from investee companies amounting to P523.8 million and P587.1 million, respectively.

The major applications of funds in the first nine months of 2019 were: (i) payment of cash dividends amounting to P609.9 million, and (ii) new additions to property, plant and equipment amounting to P82.6 million.

Key Performance Indicators

The following financial indicators are used, among others, to evaluate the performance of the Group as of September 30, 2019 and December 31, 2018 and for the nine months ended September 30, 2019 and 2018:

Key Performance Indicators	2019	2018
A. For Nine Months Ended September 30, 2019 and 2018:		
Earnings Per Share	0.96	1.04
Share in Net Earnings of Associates	P1,039,480,498	P1,076,484,176
Return on Equity (total comprehensive income divided by average total equity)	13.99%	16.07%
Return on Assets (total comprehensive income divided by average total assets)	12.85%	14.37%
Cash Flows:		
Net cash flows generated from operating activities	P523,836,973	P176,756,194
Net cash flows generated from investing activities	P531,142,855	P2,194,491,706
Net cash flows used in financing activities	(P609,897,208)	(P612,522,721)
Solvency ratio (total comprehensive income before depreciation and amortization divided by total liabilities)	1.64	2.03
B. As of September 30, 2019, and December 31, 2018:		
Balance of cash and cash equivalents at end of period	P3,380,838,848	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)	7.65	7.33
Debt ratio (total liabilities divided by total assets)	0.08	0.08
Debt-to-equity ratio (total liabilities divided by total equity)	8.63%	9.18%

The formulas used to compute the performance indicators are further discussed below:

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 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.

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.

Current Ratio

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

Debt Ratio

Debt ratio = total liabilities divided by total 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.

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 September 30, 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: November 11, 2019

Date: November 11, 2019

SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Philippine Pesos)

	Sept. 30, 2019 (Unaudited)	Dec. 31, 2018 (Audited)	Incr. / (Decr.)	
			Amount	Percent
ASSETS				
Current Assets				
Cash and cash equivalents	3,380,838,848	2,937,042,859	443,795,989	15.1%
Trade and other receivables - net	441,906,624	435,464,297	6,442,327	1.5%
Due from related parties	1,603,260	16,810,651	(15,207,391)	-90.5%
Due from NPC/PSALM	0	1,175,128	(1,175,128)	-100.0%
Material and supplies	374,708,497	350,071,594	24,636,903	7.0%
Prepayments and other current assets	99,293,837	94,295,423	4,998,414	5.3%
Total Current Assets	4,298,351,066	3,834,859,952	463,491,114	12.1%
Noncurrent Assets Held for Sale	0	18,213,000	(18,213,000)	-100.0%
Noncurrent Assets				
Investment in associates	6,489,274,836	6,036,937,436	452,337,400	7.5%
Property, plant and equipment - net	786,166,922	781,201,721	4,965,201	0.6%
Deferred income tax assets	22,113,566	27,349,369	(5,235,803)	-19.1%
Net pension asset	2,313,556	1,407,927	905,629	64.3%
Other noncurrent assets - net	217,967,203	244,615,594	(26,648,391)	-10.9%
Total Noncurrent Assets	7,517,836,083	7,091,512,047	426,324,036	6.0%
TOTAL ASSETS	11,816,187,149	10,944,584,999	871,602,150	8.0%
LIABILITIES & STOCKHOLDERS' EQUITY				
Current Liabilities				
Trade and other payables	535,205,643	489,984,581	45,221,062	9.2%
Due to related parties	150,873	586,700	(435,827)	-74.3%
Income tax payable	26,341,534	31,951,991	(5,610,457)	-17.6%
Dividends payable	0	849,987	(849,987)	-100.0%
Total current liabilities	561,698,050	523,373,259	38,324,791	7.3%
Liabilities directly associated with Noncurrent Assets Held for Sale	0	2,234,000	(2,234,000)	-100.0%
Noncurrent Liabilities				
Customers' deposits	141,623,464	132,093,513	9,529,951	7.2%
Asset retirement obligation	60,975,535	60,975,535	0	0.0%
Net pension liabilities	19,081,147	18,472,143	609,004	3.3%
Other noncurrent liability	155,166,911	182,765,769	(27,598,858)	-15.1%
Total noncurrent liabilities	376,847,057	394,306,960	(17,459,903)	-4.4%
Total Liabilities	938,545,107	919,914,219	18,630,888	2.0%

(Forward)

SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Philippine Pesos)

	Sept. 30, 2019 (Unaudited)	Dec. 31, 2018 (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	0.0%
Additional paid-in capital	86,810,752	86,810,752	0	0.0%
Retained earnings (Note 12):				
Unappropriated	8,679,647,977	6,841,355,868	1,838,292,109	26.9%
Appropriated	500,000,000	1,500,000,000	(1,000,000,000)	-66.7%
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	10,716,469,755	9,878,177,646	838,292,109	8.5%
Equity attributable to Non-controlling interests	161,172,287	146,493,134	14,679,153	10.0%
Total Stockholders' Equity	10,877,642,042	10,024,670,780	852,971,262	8.5%
TOTAL LIABILITIES and EQUITY	11,816,187,149	10,944,584,999	871,602,150	8.0%

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 Sept. 30		Increase / (Decrease)	
	2019	2018		
	(Unaudited)	(Unaudited)	Amount	Percent
REVENUE	615,502,167	661,137,113	(45,634,946)	-6.9%
COST OF SERVICES				
Plant operations	488,512,865	536,163,088	(47,650,223)	-8.9%
GROSS MARGIN	126,989,302	124,974,025	2,015,277	1.6%
GENERAL AND ADM. EXPENSES	(49,024,852)	(50,584,036)	1,559,184	-3.1%
OTHER INCOME (CHARGES):				
Equity in net earnings of associates	438,756,322	418,223,008	20,533,314	4.9%
Interest Income	27,028,898	14,044,404	12,984,494	92.5%
Interest Expense	(22,962)	(1,335,259)	1,312,297	-98.3%
Service Income	18,182,902	18,182,902	0	0.0%
Foreign exchange gains (losses) - net	718,917	1,937,123	(1,218,206)	-62.9%
Others - net	3,072,156	140,983,862	(137,911,706)	-97.8%
INCOME BEFORE INCOME TAX	565,700,683	666,426,029	(100,725,346)	-15.1%
PROVISION FOR/(BENEFIT FROM) INCOME TAX				
Current	27,129,889	51,881,193	(24,751,304)	-47.7%
Deferred	(7,202)	(406,128)	398,926	-98.2%
	27,122,687	51,475,065	(24,352,378)	-47.3%
NET INCOME	538,577,996	614,950,964	(76,372,968)	-12.4%
OTHER COMPREHENSIVE INCOME	0	0	0	0.0%
TOTAL COMPREHENSIVE INCOME	538,577,996	614,950,964	(76,372,968)	-12.4%
ATTRIBUTABLE TO:				
Equity holders of the Parent	522,287,491	606,090,084	(83,802,593)	-13.8%
Non-controlling interests	16,290,505	8,860,880	7,429,625	83.8%
	538,577,996	614,950,964	(76,372,968)	-12.4%
EARNINGS PER SHARE (Note 3):				
Basic/diluted, for income for the period attributable to equity holders of the Parent	0.35	0.40	(0.06)	-13.8%

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 COMPREHENSIVE INCOME

(Amounts in Philippine Pesos)

	Nine Months Ended Sept. 30		Increase / (Decrease)	
	2019 (Unaudited)	2018 (Unaudited)	Amount	Percent
REVENUE	2,084,309,877	1,769,309,005	315,000,872	17.8%
COST OF SERVICES				
Plant operations	1,547,216,516	1,339,401,402	207,815,114	15.5%
GROSS MARGIN	537,093,361	429,907,603	107,185,758	24.9%
GENERAL AND ADM. EXPENSES	(173,487,046)	(124,649,896)	(48,837,150)	39.2%
OTHER INCOME (CHARGES):				
Equity in net earnings of associates	1,039,480,498	1,076,484,176	(37,003,678)	-3.4%
Interest Income	82,905,673	23,483,514	59,422,159	253.0%
Interest Expense	(66,033)	(3,997,893)	3,931,860	-98.3%
Service Income	80,004,770	72,731,609	7,273,161	10.0%
Foreign exchange gains (losses) - net	(2,023,308)	13,115,817	(15,139,125)	-115.4%
Others - net	18,537,636	228,020,525	(209,482,889)	-91.9%
INCOME BEFORE INCOME TAX	1,582,445,551	1,715,095,455	(132,649,904)	-7.7%
PROVISION FOR/(BENEFIT FROM) INCOME TAX				
Current	115,191,264	133,701,157	(18,509,893)	-13.8%
Deferred	5,235,804	(1,080,888)	6,316,692	-584.4%
	120,427,068	132,620,269	(12,193,201)	-9.2%
NET INCOME	1,462,018,483	1,582,475,186	(120,456,703)	-7.6%
OTHER COMPREHENSIVE INCOME	0	0	0	0.0%
TOTAL COMPREHENSIVE INCOME	1,462,018,483	1,582,475,186	(120,456,703)	-7.6%
ATTRIBUTABLE TO:				
Equity holders of the Parent	1,436,912,830	1,562,835,285	(125,922,455)	-8.1%
Non-controlling interests	25,105,653	19,639,901	5,465,752	27.8%
	1,462,018,483	1,582,475,186	(120,456,703)	-7.6%
EARNINGS PER SHARE (Note 3):				
Basic/diluted, for income for the period attributable to equity holders of the Parent	0.96	1.04	(0.08)	-8.1%

See accompanying Notes to Consolidated Financial Statements.


Mary Ann G. Daugdaug
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Jaime M. Balisacan
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SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

	Equity Attributable to Equity Holders of the Parent									
	Retained Earnings									
	Capital Stock	Additional Paid-In Capital	Treasury Stock at Cost	Remeasurement of Employee Benefits	Share of Associates in OCI	Unappropriated	Unrealized Losses on AFS Investment	Net Unrealized Valuation Gains on Financial Assets at FVOCI	Total	Non-controlling Interest
Balances at January 1, 2019	P1,569,491,900	P86,810,752	(P131,008,174)	P5,779,181	P898,119	P6,841,355,868	P-	P4,850,000	P9,878,177,546	P146,493,134
Total comprehensive income	-	-	-	-	-	1,436,912,830	-	-	1,436,912,830	25,105,653
Cash dividends (Note 12)	-	-	-	-	-	(598,620,721)	-	-	(598,620,721)	(10,426,500)
Reversal of appropriations	-	-	-	-	-	1,000,000,000	-	-	-	-
Balances at September 30, 2019	P1,569,491,900	P86,810,752	(P131,008,174)	P5,779,181	P898,119	P8,679,647,977	P-	P4,850,000	P10,716,469,755	P161,172,287
Balances at January 1, 2018	P1,569,491,900	P86,810,752	(P131,008,174)	P1,567,084	(P83,388)	P6,338,490,394	(P350,000)	-	P9,214,918,568	P149,235,748
Total comprehensive income	-	-	-	-	-	1,562,835,285	-	-	1,562,835,285	19,639,901
Cash dividends	-	-	-	-	-	(598,620,721)	-	-	(598,620,721)	(13,902,002)
Reversal of appropriations	-	-	-	-	-	-	-	-	-	-
Balances at September 30, 2018	P1,569,491,900	P86,810,752	(P131,008,174)	P1,567,084	(P83,388)	P7,302,704,958	(P350,000)	-	P10,179,133,132	P154,973,647

See accompanying Notes to Consolidated Financial Statements.


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SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months ended Sept. 30	
	2019	2018
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	1,582,445,551	1,715,095,455
Adjustments for:		
Equity in net losses (earnings) of associates	(1,039,480,498)	(1,076,484,176)
Depreciation and amortizations	81,412,436	64,116,860
Interest expense	66,033	3,997,293
Interest income	(82,905,673)	(23,483,514)
Others -net	3,595,181	(4,689,124)
Operating income before working capital changes	545,133,030	678,552,794
Decrease (increase) in:		
Trade and other receivables	(6,586,953)	13,466,425
Due from NPC/PSALM	1,175,128	0
Due from related parties	15,207,391	(6,402,129)
Prepayments and other current assets	4,601,586	62,662,828
Materials and supplies	(24,636,903)	237,488,029
Increase (decrease) in:		
Trade and other payables	17,701,159	(199,419,805)
Due to NPC/PSALM	0	(511,650,588)
Due to related parties	(435,827)	(541,648)
Customers' deposits	9,508,741	11,064,046
Net cash generated from operations	561,667,352	285,219,952
Income tax paid	(120,801,721)	(131,754,813)
Interest paid	(78,957)	(272,658)
Interest received	83,050,299	23,563,713
Net cash flows from operating activities	523,836,973	176,756,194
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	587,143,098	1,115,375,739
Additions to plant, property and equipment	(82,648,634)	(65,786,162)
Proceeds from disposal of plant, property and equipment	0	1,517,857
Decrease (increase) in:		
Other noncurrent assets	26,648,391	1,143,384,272
Net cash provided by (used in) investing activities	531,142,855	2,194,491,706
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(609,897,208)	(612,522,721)
Net cash provided by (used in) financing activities	(609,897,208)	(612,522,721)
NET EFFECT OF EXCHANGE RATE CHANGES	(1,286,631)	3,834,680
NET INCREASE IN CASH AND CASH EQUIVALENTS	443,795,989	1,762,559,859
CASH AND CASH EQUIVALENTS AT BEG. OF PERIOD	2,937,042,859	1,445,250,136
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,380,838,848	3,207,809,995

See accompanying Notes to Financial Statements.


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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%

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:

	Nine Months Ended Sept. 30	
	2019	2018
Net income attributable to equity holders of the parent	₱1,436,912,830	₱1,562,835,285
Weighted average number of common shares issued and outstanding	1,496,551,803	1,496,551,803
Basic/Diluted earnings per share	₱0.96	₱1.04

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
	<u>1,496,551,803</u>

There are no dilutive potential common stocks issued as of September 30, 2019.

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 nine months ended September 30, 2019.

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

There are no issuances, repurchases and repayments of debt and equity securities during the nine months ended September 30, 2019.

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 nine months ended September 30, 2019 and 2018.

The following tables present revenue and income information and certain asset and liability information regarding the business segments as of September 30, 2019 and 2018:

September 30, 2019						
	Before Eliminations			Total	Adjustments and Eliminations	After Eliminations/ Consolidated
	Generation	Distribution	Others			
Revenue	₱1,193,053,130	₱891,256,747	₱—	₱2,084,309,877	₱—	₱2,084,309,877
Income before income tax	1,071,638,682	64,463,913	6,079,057	1,142,181,652	440,263,899	1,582,445,551
Net income	966,759,537	48,915,990	6,079,057	1,021,754,584	440,263,899	1,462,018,483
Total assets	7,659,383,097	780,717,766	100,713,245	8,540,814,108	3,275,373,041	11,816,187,149
Property, plant and equipment	591,071,629	195,095,293	—	786,166,922	—	786,166,922
Total liabilities	400,966,288	538,551,097	12,764	939,530,149	(985,042)	938,545,107
Depreciation and amortization	67,291,140	14,121,296	—	81,412,436	—	81,412,436

September 30, 2018						
	Before Eliminations			Total	Adjustments and Eliminations	After Eliminations/ Consolidated
	Generation	Distribution	Others			
Revenue	₱963,530,571	₱805,778,434	₱—	₱1,769,309,005	₱—	₱1,769,309,005
Income before income tax	1,714,247,069	48,250,322	7,587,627	1,770,085,018	(54,989,563)	1,715,095,455
Net income	1,593,547,771	36,329,351	7,587,627	1,637,464,749	(54,989,563)	1,582,475,186
Total assets	7,561,813,170	535,419,537	122,016,021	8,219,248,728	2,927,630,767	11,146,879,495
Property, plant and equipment	603,576,982	176,530,680	—	780,107,662	—	780,107,662
Total liabilities	497,726,461	317,394,264	19,445	815,140,170	(2,367,454)	812,772,716
Depreciation and amortization	50,426,117	13,690,743	—	64,116,860	—	64,116,860

Adjustments and Eliminations

Adjustments and eliminations are part of detailed reconciliations presented below:

Reconciliation of Net Income

	Nine Mos. Ended Sept. 30	
	2019	2018
Segment net income	₱1,023,496,081	₱1,639,786,746
Equity in net earnings of associates	1,039,480,498	1,076,484,176
Dividend Income	(600,958,096)	(1,133,795,736)
Group net income	₱1,462,018,483	₱1,582,475,186

Reconciliation of Total Assets

	Sept. 30, 2019	Dec. 31, 2018
Segment assets	₱8,540,814,108	₱8,473,899,155
Inter-segment receivables	(4,356,000)	(356,705,798)
Investments in associates and subsidiaries	3,247,207,025	2,794,869,626
Goodwill	32,522,016	32,522,016
Group assets	₱11,816,187,149	₱10,944,584,999

Reconciliation of Total Liabilities

	Sept. 30, 2019	Dec. 31, 2018
Segment liabilities	₱ 939,530,149	₱ 1,273,249,057
Inter-segment payables	(985,042)	(353,334,838)
Group liabilities	₱ 938,545,107	₱ 919,914,219

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, 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 September 30, 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 September 30, 2019 and December 31, 2018 based on contractual undiscounted payments:

September 30, 2019						
	Total	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days
Financial Assets						
At Amortized Cost:						
Cash and cash equivalents	P3,380,838,848	P3,380,838,848	P—	P—	P—	P—
Trade and other receivables						
NPC	1,015,262	—	—	—	—	1,015,262
Receivable from customers	356,612,740	246,456,878	25,228,392	17,866,454	16,891,749	50,169,267
Others	84,278,622	44,749,031	2,816,442	1,498,059	3,171,724	32,043,366
	441,906,624	291,205,909	28,044,834	19,364,513	20,063,473	83,227,895
Due from NPC/PSALM	—	—	—	—	—	—
Due from related parties	1,603,260	141,741	15,429	19,337	95,634	1,331,119
PSALM deferred adjustments (included in "Other noncurrent assets")	155,166,911	—	—	—	—	155,166,911
	3,979,515,643	3,672,186,498	28,060,263	19,383,850	20,159,107	239,725,925
At FVOCI:						
Investment in proprietary club shares	6,500,000	—	—	—	—	6,500,000
	3,986,015,643	3,672,186,498	28,060,263	19,383,850	20,159,107	246,225,925
Financial Liabilities						
Trade and other payables						
Trade	326,923,657	299,554,933	12,301,948	4,160,570	3,582,867	7,323,339
Accrued expenses	35,398,946	21,830,287	408,869	427,141	361,871	12,370,778
Nontrade	63,352,335	26,859,750	—	3,253,277	495,283	32,744,025
	425,674,938	348,244,970	12,710,817	7,840,988	4,440,021	52,438,142
Dividends payable	—	—	—	—	—	—
Due to related parties	150,873	42,000	—	—	108,873	—
Customers' deposits	141,623,464	—	—	—	—	141,623,464
Other noncurrent liability	155,166,911	—	—	—	—	155,166,911
	722,616,186	348,286,970	12,710,817	7,840,988	4,548,894	349,228,517
Net Financial Assets (Liabilities)	P3,263,399,457	P3,323,899,528	P15,349,446	P11,542,862	P15,610,213	(P103,002,592)

December 31, 2018						
	Total	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days
Financial Assets						
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
Financial Liabilities						
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 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
Net Financial Assets (Liabilities)	P2,875,892,337	P2,930,841,375	P20,975,243	P15,962,910	P15,761,959	(P107,649,150)

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 ₱51.83 and ₱52.58 on September 30, 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
September 30, 2019	+1	(₱1,522,996)
	-1	1,522,996
December 31, 2018	+1	(₱1,631,443)
	-1	1,631,443

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	\$2,938,445	\$3,113,782	₱152,299,597	₱163,722,675
Trade and other payables:				
Trade	-	(11,000)	-	(578,380)
Net foreign currency-denominated monetary assets	\$2,938,445	\$3,102,782	₱152,299,597	₱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 loss and gain of ₱1.3 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.

September 30, 2019			
	Maximum exposure	Offset	Exposure to credit risk
At Amortized Cost:			
Cash and cash equivalents (excluding cash on hand)	₱3,380,471,998	(₱8,420,814)	₱3,372,051,184
Trade and other receivables	441,906,624	(87,000,075)	354,906,549
Due from related parties	1,603,260	—	1,603,260
Due from NPC/PSALM	—	—	—
PSALM deferred adjustments (included in "Other noncurrent assets")	155,166,911	—	155,166,911
	₱3,979,148,793	(₱95,420,889)	₱3,883,727,904

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 September 30, 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 ₱597.1 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 September 30, 2019 and December 31, 2018:

September 30, 2019							
	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	
At Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	₱3,380,471,998	₱3,380,471,998	₱—	₱—	₱—	₱—	₱—
Trade and other receivables:							
NPC/PSALM	1,015,262	—	—	—	—	1,015,262	—
Receivable from customers	392,921,865	246,456,878	25,228,392	17,866,454	16,891,749	50,169,267	36,309,125
Others	84,278,622	44,749,031	2,816,442	1,498,059	3,171,724	32,043,366	—
	478,215,749	291,205,909	28,044,834	19,364,513	20,063,473	83,227,895	36,309,125
Due from NPC/PSALM	—	—	—	—	—	—	—
Due from related parties	1,603,260	141,741	15,429	19,337	95,634	1,331,119	—
Noncurrent receivable (included in "Other noncurrent assets")	155,166,911	—	—	—	—	155,166,911	—
	₱4,015,457,918	₱3,671,819,648	₱28,060,263	₱19,383,850	₱20,159,107	₱239,725,925	₱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	
At Amortized Cost							
Cash and cash equivalents (excluding cash on hand)	P2,928,731,599	P2,928,731,599	P—	P—	P—	P—	P—
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	—	—	—	—	—
	P3,601,256,569	P3,414,047,544	P32,786,422	P21,534,245	P19,183,505	P77,395,728	P36,309,125

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 September 30, 2019 and December 31, 2018:

September 30, 2019						
	Total	Neither Past Due nor Impaired			Past Due	Individually Impaired
		High Grade	Standard	Substandard		
At Amortized Cost						
Cash and cash equivalents (excluding cash on hand)	P3,380,471,998	P3,380,471,998	P—	P—	P—	P—
Trade and other receivables:						
NPC/PSALM	1,015,262	—	—	—	1,015,262	—
Receivable from customers	392,921,865	187,974,938	55,222,745	3,259,195	110,155,862	36,309,125
Others	84,278,622	44,354,368	394,663	—	39,529,591	—
	478,215,749	232,329,306	55,617,408	3,259,195	150,700,715	36,309,125
Due from NPC/PSALM	—	—	—	—	—	—
Due from related parties	1,603,260	110,754	30,987	—	1,461,519	—
Noncurrent receivable (included in "Other noncurrent assets")	155,166,911	—	—	—	155,166,911	—
	P4,015,457,918	P3,612,912,058	P55,648,395	P3,259,195	P307,329,145	P36,309,125

December 31, 2018						
	Total	Neither Past Due nor Impaired			Past Due	Individually Impaired
		High Grade	Standard	Substandard		
At Amortized Cost						
Cash and cash equivalents (excluding cash on hand)	P2,928,731,599	P2,928,731,599	P—	P—	P—	P—
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	—	—	—	—
	P3,601,256,569	P3,332,547,847	P77,735,538	P3,764,159	P150,899,900	P36,309,125

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.

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.