

Nontrade payables include accrual for deferred output tax of ₱14.1 million and ₱26.4 million as of December 31, 2018 and 2017, respectively, and various accounts with nontrade suppliers and contractors.

Accrued expenses includes accrued interest on bank loans, withholding taxes and terminal leave pay of certain employees who were rehired following the termination of the ROMM Agreement on March 25, 2012 (see Note 20).

15. Asset Retirement Obligation

As discussed in Notes 2 and 3, the Parent Company has a contractual obligation under the LLA with PSALM to dismantle installed assets and restore the leased premises to their original condition at the end of the lease term. In this regard, the Parent Company established an obligation to recognize its estimated liability for asset retirement.

	2018	2017
At January 1	₱22,637,104	₱21,788,601
Accretion of interest	881,545	848,503
Changes in ARO (see Note 12)	(21,284,649)	-
Transfer of ARO to liability directly associated with NCA held for sale	(2,234,000)	-
At December 31	₱-	₱22,637,104

Changes in ARO in 2018 represent mainly the reversal of the Parent Company's ARO as a result of remeasuring it being part of the disposal group held for sale (see Note 12).

16. Long-term Debts

On October 28, 2014, the Parent Company availed of a six-year-term ₱650.0 million loan from a local bank maturing on October 28, 2020.

The loan proceeds were used to pay-off the ₱650.0 million short-term debt availed by the Parent Company in May 2014 that was used to finance the acquisition of the Naga Power Plant on September 2014 (see Note 26). The outstanding loan balance was prepaid on October 28, 2017. Interest expense from this loan amounted to ₱19.2 million and ₱26.0 million in 2017 and 2016, respectively.

In October 2009, the Parent Company availed of a seven-year-term loan amounting to US\$4.0 million from a local bank to partly finance the acquisition of the Panay and Bohol Diesel Power Plants by SIPC. The loan was fully paid on October 28, 2016. Interest expense from this loan amounted to ₱0.6 million in 2016.



17. Equity

Capital Stock

There were no changes in the Parent Company's authorized, issued and outstanding common shares as of December 31, 2018 and 2017:

Issued shares	1,569,491,900
Treasury shares	(72,940,097)
Issued and outstanding shares	1,496,551,803

On various dates in 2002 and 2012, the Parent Company registered with SEC its 1,569,491,900 common shares that were offered to the public at an issue price of ₱1.80 per share. Gross proceeds from this issuance of new shares amounted to ₱2.8 billion. As of December 31, 2018, the Parent Company has 717 stockholders including 82 depository participants counted as one stockholder each.

As of December 31, 2018 and 2017, the Parent Company complied with the Minimum Public Ownership requirement of the PSE for listed entities.

Dividends

On April 4, 2019, the BOD of the Parent Company approved the declaration of interim cash dividends equivalent to ₱0.40 per share or for a total of ₱598.6 million to all stockholders of records as of April 23, 2019 payable on April 30, 2019.

On November 28, 2018, the BOD approved the declaration of cash dividends equivalent to ₱0.40 per share or for a total of ₱598.6 million to all stockholders of record as of December 12, 2018 payable on December 19, 2018.

On May 28, 2018, the BOD approved the declaration of cash dividends equivalent to ₱0.40 per share or for a total of ₱598.6 million to all stockholders of record as of June 11, 2018 payable on June 27, 2018.

On November 20, 2017, the BOD approved the declaration of cash dividends equivalent to ₱0.40 per share or for a total of ₱598.6 million to all stockholders of record as of December 6, 2017 payable on December 14, 2017.

On May 30, 2017, the BOD approved the declaration of cash dividends equivalent to ₱0.40 per share or for a total of ₱598.6 million to all stockholders of record as of June 14, 2017 payable on June 30, 2017.

On March 30, 2016, the BOD approved the declaration of cash dividends equivalent to ₱0.30 per share or for a total of ₱449.0 million to all stockholders of record as of April 18, 2016 payable on April 28, 2016.

On December 9, 2016, the BOD approved the declaration of cash dividends equivalent to ₱0.29 per share or for a total of ₱429.0 million to all stockholders of record as of December 26, 2016 payable on December 29, 2016.



Retained Earnings

Retained earnings are also restricted for dividend declaration to the extent of the acquisition price of the treasury shares amounting to ₱131.0 million as of December 31, 2018 and 2017.

To comply with the requirements of Section 43 of the Corporation Code, the Parent Company plans to address excess retained earnings by declaring dividends in 2019. On April 4, 2019, the BOD of the Parent Company approved the 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.

Appropriation

On December 3, 2014, the Board of Directors (BOD) of the Parent Company approved a total appropriation to ₱850.0 million for the construction of a new CFBC Coal-Fired Power Plant with a capacity of 2x100 MW upon acquisition of the Naga Power Plant Complex (see Note 26).

On November 24, 2015, the BOD approved additional appropriation of ₱400.0 million from the unappropriated retained earnings of the Parent Company in compliance with the negative covenants provided in its loan agreement with a local bank executed on October 27, 2014.

On March 30, 2016, the Board of Directors (BOD) of the Parent Company approved the reversal of appropriation amounting to ₱850.0 million and the appropriation of retained earnings by the same amount for the construction of a CFBC coal-fired thermal power plant with a capacity of at least 300 MW in the province of Cebu or Visayas region within the years 2016–2020.

On November 20, 2017, the BOD of the Parent Company approved the following: (i) reversal of retained earnings appropriated on November 24, 2015 amounting to ₱400.0 million due to the full prepayment of the related long-term debt on October 28, 2017 (see Note 16) and the reinstatement of the same amount as unappropriated retained earnings; (ii) retention of previously approved appropriation of retained earnings amounting to ₱850.0 for the construction of a CFBC coal-fired thermal power plant with a capacity of at least 300 MW in the province of Cebu or Visayas within the years 2018-2020; and (iii) appropriation of ₱500.0 million out of the unappropriated retained earnings of the Parent Company for the construction of two run-of-river hydro-electric power plant projects in Palawan with a capacity of 15.8 MW to commence within the years 2018-2019.

On November 28, 2018, the BOD of the Parent Company approved the following: (i) reversal of ₱850.0 million appropriation for the construction of a CFBC coal-fired thermal power plant with a capacity of at least 300 MW due to the adverse Supreme Court decision that led to the return of the Naga Power Plant Complex to PSALM pursuant to a Memorandum of Agreement and Certificate of Turnover executed between the Parent Company and PSALM on July 9, 2018 and July 13, 2018, respectively (see Note 31); (ii) reversal of ₱500.0 million appropriation for two run-of-river hydro-electric power plant projects in Palawan due to unsuccessful conclusion of final studies/negotiations; and (iii) appropriation of ₱1.5 billion out of the unappropriated retained earnings of the Parent Company for the acquisition of a 100% ownership interest in a power generation company and for I Bohol Power Project that will serve the long-term power requirements of three distribution utilities in Bohol within the years 2024–2033.

However, 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 BOD approved the reversal of a portion of its 2018 appropriation amounting to ₱1.0 billion.



Earnings per Share

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

	2018	2017	2016
Net income	P1,951,016,504	P1,807,227,712	P742,090,849
Weighted average number of common shares issued and outstanding	1,496,551,803	1,496,551,803	1,496,551,803
Basic/Diluted earnings per share	P1.30	P1.21	P0.50

There are no potentially dilutive common stocks issued as of December 31, 2018, 2017 and 2016.

Capital Management

The Parent Company considers its total equity, excluding other comprehensive income, as its core capital and is not subject to any externally imposed capital requirements. As of December 31, 2018 and 2017, the Parent Company's equity amounted to P6,276.5 million and P5,522.8 million, respectively.

18. Plant Operations

This account consists of:

	2018	2017	2016
Depreciation (see Note 21)	P10,766,277	P-	P-
Fuel, lubricants and chemicals (see Note 8)	10,413,648	-	159,542,440
Personnel costs (see Note 20)	7,109,384	-	21,377,833
Repairs and maintenance	3,035,718	-	7,959,776
Spares, materials and supplies (see Note 8)	2,774,851	-	8,045,807
Purchased power	806,698	-	4,502,329
Taxes and licenses	61,382	-	166,151
Others (see Note 25)	1,768,705	-	3,718,499
	P36,736,663	P-	P205,312,835

In 2018 and 2017, the income from operation of the NPPC, net of directly related costs and expenses, were recognized as "Other income" in the parent company statement of comprehensive income (see Notes 3 and 26).

19. General and Administrative Expenses

This account consists of:

	2018	2017	2016
Personnel costs (see Note 20)	P33,266,113	P41,868,350	P32,809,807
Business development	21,893,463	13,327,094	56,444,451
Provisions (see Notes 6 and 12)	16,642,302	1,400,000	6,900,000
Shared expenses	13,257,495	13,539,434	12,603,473
Directors' fees	11,360,826	11,374,126	11,305,111
Professional fees	10,552,117	7,756,962	8,622,652
Transportation and travel	9,587,449	4,754,578	4,395,121

(Forward)



	2018	2017	2016
Corporate social responsibility	P8,762,866	P1,309,173	P888,421
Insurance	8,075,139	5,746,150	1,626,361
Repairs and maintenance	6,528,864	3,560,033	3,721,460
Rentals (see Notes 5, 21 and 25)	6,163,371	6,478,511	6,149,496
Communications	3,044,938	2,370,304	2,478,424
Entertainment, amusement and recreation	2,271,945	1,147,736	1,169,873
Depreciation and amortization (see Note 21)	2,254,126	1,789,035	1,609,214
Association dues	1,874,423	1,857,594	2,071,873
Power and water	1,224,342	965,634	906,644
Office supplies	1,161,853	1,296,573	1,145,146
Taxes and licenses	326,665	1,361,540	8,682,564
Freight and handling	160,611	167,547	163,356
Brokerage	152,634	146,063	183,293
Others	5,262,385	4,228,307	5,108,651
	P163,823,927	P126,444,744	P168,985,391

20. Personnel Costs

This account consists of:

	2018	2017	2016
Salaries and wages	P27,295,465	P21,288,182	P37,949,613
Pension (see Note 14)	1,595,819	1,422,180	1,302,851
Other employee benefits	11,484,213	19,157,988	14,935,176
	P40,375,497	P41,868,350	P54,187,640

21. Depreciation and Amortization

This account consists of:

	2018	2017	2016
Depreciation of property, plant and equipment			
Plant operations (see Note 18)	P10,766,277	P—	P—
General and administrative (see Note 19)	1,645,875	1,180,784	1,000,963
	12,412,152	1,180,784	1,000,963
Amortization of land lease			
Rental (see Note 25):			
General and administrative (see Note 19)	121,293	121,293	121,293
	121,293	121,293	121,293
Amortization of software costs:			
General and administrative (see Note 19)	608,251	608,251	608,251
	P13,141,696	P1,910,328	P1,730,507



22. Income Tax

	2018	2017	2016
Current	P57,226,550	P41,372,309	P44,561,088
Deferred	6,791,130	(254,551)	(245,010)
	P64,017,680	P41,117,758	P44,316,078

The reconciliation between the amounts of provision for income tax computed at the statutory tax rate to provision for income tax in the Parent Company statements of comprehensive income for the years ended December 31, 2018, 2017 and 2016 follows:

	2018	2017	2016
Provision for income tax computed at 30%	P604,510,255	P554,503,641	P235,922,078
Adjustments to income tax resulting from:			
Nontaxable dividend income	(539,215,136)	(526,428,416)	(215,870,708)
Impact of OSD	12,363,564	16,119,055	29,361,213
Interest income already subjected to final tax	(12,357,353)	(3,185,267)	(5,055,778)
Others	(1,283,650)	108,745	(40,727)
	P64,017,680	P41,117,758	P44,316,078

The Parent Company's deferred income tax assets relate to the asset retirement obligation amounting to nil and P6.8 million as of December 31, 2018 and 2017, respectively.

On July 7, 2008, R.A. 9504, which amended the provisions of the 1997 Tax Code, became effective. It includes provisions relating to the availment of the OSD. Corporations, except for nonresident foreign corporations, may now elect to claim standard deduction in an amount not exceeding 40% of their gross income. A corporation must signify in its returns its intention to avail of the OSD. If no indication is made, it shall be considered as having availed of the itemized deductions. The availment of the OSD shall be irrevocable for the taxable year for which the return is made. On November 26, 2008, the BIR issued Revenue Regulations 16-2008 for the implementing guidelines of the law.

In 2018, 2017 and 2016, the Parent Company availed of the OSD in the computation of its taxable income.

23. Pension Plan

Under the existing regulatory framework, Republic Act No. 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The Parent Company has a funded, noncontributory defined benefit plan covering all regular and permanent employees. Benefits are based on the employee's final plan salary and years of service. The plan meets the minimum retirement benefit specified under the law.



The following tables summarize the components of pension expense recognized in the parent company statements of comprehensive income and amounts recognized in the parent company statements of financial position.

The components of pension expense recognized under "General and administrative" in the parent company statements of comprehensive income follow:

	2018	2017
Current service cost	P1,450,758	P1,394,719
Net interest cost on benefit obligation	145,061	27,461
	P1,595,819	P1,422,180

Remeasurement effects recognized under "Other comprehensive income" in the parent company statements of comprehensive income amounted to P4.2 million, P0.9 million and nil in 2018, 2017 and 2016, respectively.

Changes in the present value of the defined benefit obligation follow:

	2018	2017
At January 1	P15,084,550	P11,879,726
Current service cost	1,450,758	1,394,719
Interest cost	859,819	291,053
Actuarial loss (gain) due to:		
Experience adjustments	-	2,147,339
Changes in demographic assumptions	-	(2,442,587)
Changes in financial assumptions	-	1,814,300
At December 31	P17,395,127	P15,084,550

Changes in the fair value of plan assets are as follows:

	2018	2017
At January 1	P12,539,614	P10,758,874
Contributions to the retirement fund	1,336,585	917,640
Interest income included in net interest cost	714,758	263,592
Gains on return on plan assets	4,212,097	599,508
At December 31	P18,803,054	P12,539,614

Changes in the amounts recognized in the parent company statements of financial position for pension liability (asset) follows:

	2018	2017
At January 1	P2,544,936	P1,120,852
Pension expense for the year	1,595,819	1,422,180
Remeasurement loss (gain) on employee benefits	(4,212,097)	919,544
Contribution to the retirement fund	(1,336,585)	(917,640)
At December 31	(P1,407,927)	P2,544,936



The fair value of plan assets by each class as at December 31 follows:

	2018	2017
Cash and cash equivalents	₱2,531,315	₱1,473,531
Investments in government securities	13,840,069	9,663,536
Investment in bonds	1,500,000	-
Investment in listed preferred shares	760,743	775,968
Accrued interest income	182,019	105,018
Others	11,310	526,634
Total assets	18,825,456	12,544,687
Total liabilities	22,402	5,073
Fair value of plan assets	₱18,803,054	₱12,539,614

All equity instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

The Parent Company does not expect to contribute to the retirement fund in 2019.

The principal assumptions used in determining pension obligation for the Parent Company's plan as of December 31 are shown below:

	2018	2017
Discount rate	5.70%	5.70%
Future salary increase rate	6.00%	6.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of the defined benefit obligation of the most recent actuarial valuation report, as of the end of the reporting period, assuming all other assumptions were held constant:

	Increase (Decrease)	Present Value Change of Defined Benefit Obligation	
		2018	2017
Discount rate	+100 basis points	(₱489,775)	(₱550,751)
	-100 basis points	556,391	618,660
Salary increase rate	+100 basis points	784,221	680,054
	-100 basis points	(713,880)	(619,056)



The weighted average duration of the benefit payments is approximately 11.50 years and 12.26 years as of December 31, 2018 and 2017, respectively. The expected benefit payment assumes that all actuarial assumptions will materialize. Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

Plan Year	2018	2017
Less than one year	₱8,963,955	₱8,880,677
One year to less than five years	5,705,505	4,860,194
Five years to less than 10 years	4,775,954	4,027,486
10 years to less than 15 years	6,175,769	7,471,579
15 years to less than 20 years	834,890	588,075
20 years and above	10,439,634	11,067,698
	₱36,895,707	₱36,895,709

24. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments comprise of long-term debt and cash and cash equivalents. The Parent Company 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 noncurrent receivable included as part of "Other noncurrent assets" in the parent company statements of financial position.

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

The Parent Company's senior management oversees the management of these risks. The Parent Company's senior management ensures that the Parent Company'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 Parent Company'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 Parent Company's exposure to risk of changes in market interest rates relates primarily to the Parent Company's long-term debt obligations with floating interest rates. The Parent Company's policy is to manage its interest cost using the variable-rate debts.

As of December 31, 2018 and 2017, the Parent Company 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 as of October 28, 2017 (see Note 16).



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 Parent Company's objective is to maintain a balance between continuity of funding and flexibility. The Parent Company 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 Parent Company's financial assets and liabilities at December 31 based on contractual undiscounted payments:

	2018			
	Total	Current	1 to 30 Days	Over 30 Days
Financial Assets				
At Amortized Cost:				
Cash and cash equivalents	P2,201,388,093	P2,201,388,093	P-	P-
Trade and other receivables	41,627,464	3,417,392	2,306,985	35,903,087
Due from related parties	368,530,669	365,469,704	268,422	2,792,543
Due from NPC/PSALM	1,175,128	-	-	1,175,128
	2,612,721,354	2,570,275,189	2,575,407	39,870,758
At FVOCI:				
Investment in proprietary club shares	6,500,000	-	-	6,500,000
	2,619,221,354	2,570,275,189	2,575,407	46,370,758
Financial Liabilities				
Other financial liabilities:				
Trade and other payables*				
Trade	27,684,826	12,084,745	2,336,766	13,263,315
Non-trade	5,975,683	454,870	1,153	5,519,660
Accrued expenses	9,842,554	906,808	380,710	8,555,036
	43,503,063	13,446,423	2,718,629	27,338,011
Due to related parties	3,119,068	532,271	258,488	2,328,309
	46,622,131	13,978,694	2,977,117	29,666,320
Net Financial Assets (Liabilities)	P2,572,599,223	P2,556,296,495	(P401,710)	P16,704,438

*Excluding Statutory Payables

	2017			
	Total	Current	1 to 30 Days	Over 30 Days
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	P1,047,835,364	P1,047,835,364	P-	P-
Trade and other receivables	108,107,798	59,042,740	8,065,986	40,999,072
Due from related parties	2,757,502	469,336	52,988	2,235,178
Due from NPC/PSALM	1,175,128	-	-	1,175,128
	1,159,875,792	1,107,347,440	8,118,974	44,409,378
AFS financial asset:				
Investment in proprietary club shares	1,300,000	1,300,000	-	-
	1,161,175,792	1,108,647,440	8,118,974	44,409,378
Financial Liabilities				
Other financial liabilities:				
Trade and other payables*				
Trade	232,908,105	131,773,640	91,711,010	9,423,455
Non-trade	7,519,376	727,161	-	6,792,215
Accrued expenses	18,944,517	12,027,346	423,819	6,493,352
	259,371,998	144,528,147	92,134,829	22,709,022
Due to NPC/PSALM	511,650,588	-	-	511,650,588
Due to related parties	1,972,940	534,854	263,382	1,174,704
	772,995,526	145,063,001	92,398,211	535,534,314
Net Financial Assets (Liabilities)	P388,180,266	P963,584,439	(P84,279,237)	(P491,124,936)

*Excluding Statutory Payables



Foreign Currency Risk

Cash flow 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 Parent Company follows a policy to manage its currency risk by closely monitoring its cash flow position and by providing forecast on 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 Parent Company's income before income tax (due to changes in the fair value of monetary assets and liabilities). Bankers Association of the Philippines (BAP)/Philippine Dealing System (PDS) closing rates used are ₱52.58 and ₱49.93 on December 31, 2018 and 2017, respectively. There is no other impact on the Parent Company's equity other than those already affecting the profit and loss.

	Increase (Decrease) in US Dollar Rate	Effect on Income Before Income Tax
2018	+1	₱1,430,514
	-1	(1,430,514)
2017	+1	₱1,522,864
	-1	(1,522,864)

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	
	2018	2017	2018	2017
Cash and cash equivalents	\$2,731,643	\$3,115,082	₱143,629,804	₱155,536,034
Trade and other payables	(11,000)	(5,000)	(578,380)	(249,650)
Net foreign currency-denominated monetary asset	\$2,720,643	\$3,110,082	₱143,051,424	₱155,286,384

As a result of the translation of these foreign currency-denominated assets and liabilities, the Parent Company reported a net unrealized foreign exchange gain of ₱1.5 million and ₱0.2 million in 2018 and 2016, respectively and a net unrealized foreign exchange loss of ₱1.0 million 2017.

Credit Risk

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

The Parent Company trades only with recognized, creditworthy third parties. It is the Parent Company'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 the Parent Company's credit risk arising from the financial assets which comprise cash and cash equivalents, trade and other receivables, dividends receivable, due from NPC/PSALM, due from related parties and the noncurrent receivable, the Parent Company exposure to credit risk arises from default of the counterparty.



The Parent Company's credit risk from cash and cash equivalents is mitigated by the Philippine Deposit Insurance Corporation's (PDIC) insurance coverage on the cash in bank. The Parent Company's maximum exposure equals to the carrying amount of its financial assets, excluding cash on hand, and is offset by the PDIC insurance coverage. 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.

	2018		
	Maximum exposure	Offset	Exposure to credit risk
At Amortized Cost			
Cash and cash equivalents (excluding cash on hand)	₱2,201,269,600	(₱3,500,000)	₱2,197,769,600
Trade and other receivables	41,627,464	-	41,627,464
Due from related parties	368,530,669	-	368,530,669
Due from NPC/PSALM	1,175,128	-	1,175,128
	₱2,612,602,861	(₱3,500,000)	₱2,609,102,861
	2017		
	Maximum exposure	Offset	Exposure to credit risk
Loans and Receivables			
Cash and cash equivalents (excluding cash on hand)	₱1,047,728,905	(₱3,379,930)	₱1,044,348,975
Trade and other receivables	108,107,798	-	108,107,798
Due from related parties	2,757,502	-	2,757,502
Due from NPC/PSALM	1,175,128	-	1,175,128
Noncurrent receivable (included in "Other noncurrent assets")	1,143,240,000	-	1,143,240,000
	₱2,303,009,333	(₱3,379,930)	₱2,299,629,403

As of December 31, 2018 and 2017, the Parent Company's significant concentration of credit risk pertains to its trade and other receivables amounting to ₱41.6 million and ₱108.1 million, respectively, and impaired financial assets, determined based on probability of collection, have been adequately covered with allowance.

Applicable for the year ended December 31, 2018

The following are the details of the Parent Company's assessment of credit quality and the related ECLs as at December 31, 2018:

General Approach

- *Cash and cash equivalents* - As of December 31, 2018, the ECL relating to the cash and cash equivalents of the Parent Company is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.
- *Due from NPC/PSALM and related parties* - As of December 31, 2018, there were no individually impaired accounts. No ECL is recognized for these receivables since there were no history of default payments. This assessment is undertaken each financial year through examining the financial position of the parties and the markets in which the parties operate.



Simplified Approach

- *Trade and Other Receivables* - The Parent Company applied the simplified approach under PFRS 9, using a 'provision matrix'. As of December 31, 2018, the allowance for impairment losses as a result from performing collective and specific impairment test amounted to P75,422. Management evaluated that the Parent Company's trade receivables are of high grade and of good credit quality.

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	P-	P-	P1,400,000	P2,375,422	P3,775,422
Loss allowance	-	-	(1,400,000)	(2,375,422)	(3,775,422)
Carrying amount	P-	P-	P-	P-	P-

The following tables set out the aging analysis of the Parent Company's past due but not impaired financial assets as of 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)	P2,201,269,600	P2,201,269,600	P-	P-	P-	P-	P-
Trade and other receivables							
Contractors and suppliers	4,687,500	-	-	-	-	4,687,500	-
Others	40,221,168	3,417,392	1,838,985	2,251,153	375,764	28,562,452	3,775,422
	44,908,668	3,417,392	1,838,985	2,251,153	375,764	33,249,952	3,775,422
Due from related parties	369,530,669	365,469,704	269,422	68,500	148,259	2,575,784	-
Due from NPC/PSALM	1,175,128	-	-	-	-	1,175,128	-
	P2,615,994,065	P2,570,156,696	P2,107,407	P2,319,653	P524,023	P37,000,864	P3,775,422

2017							
	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)	P1,047,728,905	P1,047,728,905	P-	P-	P-	P-	P-
Trade and other receivables							
Contractors and suppliers	4,711,000	-	-	-	-	4,711,000	-
Others	104,796,798	59,042,740	8,063,986	4,130,827	6,144,244	26,013,001	1,400,000
	109,507,798	59,042,740	8,063,986	4,130,827	6,144,244	30,724,001	1,400,000
Due from related parties	2,757,502	469,336	52,988	486,337	365,372	1,383,469	-
Due from NPC/PSALM	1,175,128	-	-	-	-	1,175,128	-
Noncurrent receivable (included in "Other noncurrent assets")	1,143,240,000	-	-	-	-	1,143,240,000	-
	P2,304,409,333	P1,107,240,981	P8,118,974	P4,617,164	P6,509,616	P1,175,522,598	P1,400,000

Financial assets classified as neither past due nor impaired are assessed by the Parent Company 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 Parent Company's neither past due nor impaired financial assets as of December 31:

	2018					
	Neither Past Due nor Impaired			Past Due	Individually Impaired	
	High Grade	Standard	Substandard			
At Amortized Cost						
Cash and cash equivalents (excluding cash on hand)	P2,201,269,600	P2,201,269,600	P-	P-	P-	P-
Trade and other receivables						
Contractors and suppliers	4,687,500	-	-	4,687,500	-	-
Others	40,221,168	-	3,417,392	33,028,354	3,775,422	-
	44,908,668	-	3,417,392	37,715,854	3,775,422	-
Due from related parties	368,330,669	-	365,469,704	3,060,965	-	-
Due from NPC/PSALM	1,175,128	-	-	1,175,128	-	-
	P2,615,894,065	P2,201,269,600	P368,887,096	P41,951,947	P3,775,422	-

	2017					
	Neither Past Due nor Impaired			Past Due	Individually Impaired	
	High Grade	Standard	Substandard			
Loans and Receivables						
Cash and cash equivalents (excluding cash on hand)	P1,047,728,905	P1,047,728,905	P-	P-	P-	P-
Trade and other receivables						
Contractors and suppliers	4,711,300	-	-	4,711,300	-	-
Others	104,796,798	-	59,042,740	44,354,058	1,400,000	-
	109,507,798	-	59,042,740	49,065,058	1,400,000	-
Due from related parties	2,757,502	-	469,316	2,288,166	-	-
Due from NPC/PSALM	1,175,128	-	-	1,175,128	-	-
Noncurrent receivable (included in "Other noncurrent assets")	1,143,240,000	-	-	1,143,240,000	-	-
	P2,304,409,333	P1,047,728,905	P59,512,076	P1,195,768,352	P1,400,000	-

The Parent Company 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 Agreements (ASPA), Power Supply Contracts (PSCs), and/or collectible from government institution.
- *Receivable from Contractors, Suppliers and Others.* Grading of financial assets is determined individually based on the Parent Company's collection experience with the counterparty.
- *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.

Fair Value of Financial Assets and Financial 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.
- *Investment in Proprietary Club Shares.* 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 December 31, 2017 and 2016, the carrying value of the noncurrent receivable approximates its fair value.

As of December 31, 2018 and 2017, the carrying values of the Parent Company's financial instruments approximate its fair values due to their relatively short-term maturity.

As of December 31, 2018 and 2017, the Parent Company considers its investment in proprietary club shares with fair values of ₱6.5 million and ₱1.3 million under Level 1 classification, respectively (see Note 2).

During the reporting period ended December 31, 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

25. Other Matters

Electricity Power Industry Reform Act (EPIRA) of 2001

On June 8, 2001 the EPIRA was signed into law and took effect on June 26, 2001. The law provides, among others, for the privatization of the assets of NPC, the creation of PSALM to accept transfers of all assets and assume all outstanding obligations of NPC, and the restructuring of the electric power industry sector as a whole. The law also provides for the mandate and framework to introduce competition in the electricity market and penalize anti-competitive behaviour. The IRR of the EPIRA was approved by the Joint Congressional Power Commission on February 27, 2002.

The EPIRA and its covering IRR provide for significant changes in the power industry including the following: (i) Competition in the retail supply of electricity; (ii) Open access to the transmission and distribution systems; (iii) Establishment of a Wholesale Electricity Spot Market (WESM); (iv) Unbundling of the generation, transmission and distribution rates; and (v) Removal of existing cross-subsidies provided by industrial and commercial users to residential customers.

An important milestone in the Philippine power industry was reached when the WESM began commercial operations on June 23, 2006. In the Visayas region, WESM started operations on December 26, 2010. The establishment of the WESM is one of the preconditions to retail competition and open access required by the EPIRA.



Ancillary Services Procurement Agreement (ASPA)

On May 26, 2015, the Parent Company entered into an Ancillary Services Procurement Agreement (ASPA) with the National Grid Corporation of the Philippines (NGCP) that took effect on September 26, 2015 after getting the provisional approval of the ERC. The Parent Company and NGCP executed the ASPA for the supply of dispatchable reserve and reactive power support from its Cebu Diesel Power Plant located in the City of Naga, Cebu for a period of five (5) years under a non-firm arrangement. The ASPA was pre-terminated on July 13, 2018 due to the return of the Cebu Diesel Power Plant to PSALM (see Note 26).

On December 18, 2018, the Parent Company entered into an ASPA with NGCP for the supply of dispatchable reserve and reactive power support from the former's 4x7 MW Power Barge (PB) 104 located in Tapal Wharf, Ubay, Bohol under firm and non-firm arrangements. The term of this agreement is for a period of five (5) years commencing upon receipt of a final approval, or in the absence thereof, a provisional approval by the ERC of the application filed on February 14, 2019. As of April 4, 2019, the agreement is not yet approved by the ERC.

Land Lease Agreements (LLA)

The Parent Company entered into LLAs with PSALM (as Lessor) in furtherance of and as an ancillary contract to the respective Asset Purchase Agreement (APA) entered with PSALM, governing the sale of the PSALM assets as follows:

- *LBGTs.* On January 29, 2010, the Parent Company executed the LLA with a term of 10 years from Closing Date, which may be renewed or extended for another period of 10 years or the remaining corporate life of PSALM, whichever is shorter, upon the mutual written agreement of the parties. The rentals which were paid in full on Closing Date amounted to ₱1.2 million.
- *153.1 MW Naga Power Plant (consisting of CTPP 1, CTPP 2 and CDPP 1) (see Note 26).* On September 25, 2014, the Parent Company executed the LLA with a term of 25 years from Closing Date, which may be renewed or extended for another period of 25 years or the remaining corporate life of PSALM, whichever is shorter, upon the mutual written agreement of the parties. The rentals which were paid in full in 2014 amounted to ₱712.5 million including withholding tax borne by the Parent Company.

Under the LLA, the Parent Company shall use and occupy the leased premises primarily for the operation, management, expansion and maintenance of the power plants, and shall not assign or transfer any of its right under the LLA or sublease all or any part of the leased premises without the prior consent of PSALM.

The LLAs cover an option to purchase optioned assets within the leased premises that may be offered by the Lessor. The purchase price (on a per square meter basis) shall be equivalent to the highest of the following valuations and/or amounts: (i) the assessment of the Provincial Assessor; (ii) the assessment of the Municipal or City Assessor; and (iii) the zonal valuation of the Bureau of Internal Revenue. The unused rentals corresponding to the area of the optioned assets over which the option was exercised shall be deducted from the purchase price.

The current portion of the remaining prepaid rent amounting to ₱0.1 million as of December 31, 2018 and 2017 is presented as part of "Prepayments and other current assets" in the parent company statements of financial position and the noncurrent portion amounting to ₱0.01 million and ₱0.1 million as of December 31, 2018 and 2017, respectively, is presented as part of "Other noncurrent assets" in the parent company statements of financial position.



Rent expense under the LLAs amounted to P0.1 million in 2018, 2017 and 2016 (see Notes 19 and 21).

The Parent Company, at its own expense, shall be solely responsible for obtaining all the necessary authorizations, licenses and permits for any alterations, additions, facilities, improvements and installations introduced on the leased premises by or for the benefit of the Parent Company.

Pursuant to the provisions of the LLA, within a period of 180 days from the termination of the LLA or expiration of the lease term, the Parent Company are obliged to perform activities to facilitate clean-up, return and surrender of the leased premises (see Notes 2, 3 and 15).

Tax Reform for Acceleration and Inclusion Act (TRAIN)

Republic Act (RA) No. 10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect on January 1, 2018. The changes in the tax law do not have significant impact on the parent company financial statements of the Parent Company.

26. 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 P463.3 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 P712.5 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 the Parent Company 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.



27. Notes to Parent Company Statements of Cash Flows

Noncash transactions in 2018

In 2018, the Parent Company has a noncash transaction pertaining to the reclassification of nontrade receivables from current to noncurrent amounting to ₱1.0 million since the Parent Company does not expect to collect such receivable within one year from the reporting date (see Note 13).

Changes in Liabilities Arising from Financing Activities

	January 1, 2018	Dividend Declaration	Amortization of Transaction Costs	Cash Flows	December 31, 2018
Non-current interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts	P-	P-	P-	P-	P-
Dividends payable	-	1,197,241,442	-	(1,197,241,442)	-
Total liabilities from financing activities	P-	₱1,197,241,442	P-	(₱1,197,241,442)	P-

	January 1, 2017	Dividend Declaration	Amortization of Transaction Costs	Cash Flows	December 31, 2017
Non-current interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts	₱576,228,515	P-	₱1,549,263	(₱577,777,778)	P-
Dividends payable	3,259,265	1,197,241,441	-	(1,200,500,706)	-
Total liabilities from financing activities	₱579,487,780	₱1,197,241,441	₱1,549,263	(₱1,778,278,484)	P-

28. Supplementary Information Required Under Revenue Regulation (RR) 2015-2010

In compliance with the requirements set forth by RR 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year:

VAT

The National Internal Revenue Code of 1997 also provides for the imposition of VAT on sales of goods and services. Accordingly, the Parent Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12.0%.

- Net Sales/Receipts and Output VAT declared in the Parent Company's VAT returns filed for the period:

	Net Sales/ Receipts	Output VAT
Vatable sales:		
Sale of services	₱467,798,343	₱56,135,801
Sale of goods	2,983,929	358,072
	470,782,272	56,493,873
Zero-rated sales	4,059,333	-
Sale to government	5,262,825	631,539
	₱480,104,430	57,125,412



▪ Input VAT

At January 1	P58,978,672
Current year's domestic purchases/payments or importations for:	
Goods other than for resale or manufacture	31,694,892
Capital goods subject to amortization	156,000
Services lodged under general and administrative expenses and other accounts	5,866,611
	96,696,175
Claims for tax credit/refund and other adjustments	(56,862,270)
At December 31	P39,833,905

Details of the Parent Company's importations are shown below:

Dutiable value	P19,314,769
Customs duties	517,834
Brokerage charges	165,447
Total landed cost	P19,998,050

Excise Taxes

The Parent Company did not have local nor imported excisable items.

Other Taxes and Licenses

All other local taxes, local and national, including real estate taxes, license and permit fees were lodged under the Taxes and Licenses account under "Cost of Services" and "General and administrative expenses" in the 2018 parent company statement of comprehensive income:

Details consist of the following:

Local:	
Business tax	P236,522
License and permits fees	99,717
National:	
Documentary stamp taxes	506
Others	51,302
	P388,047

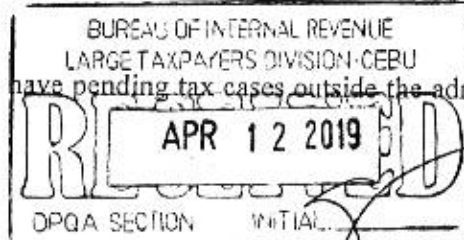
Withholding Taxes

Details of withholding taxes in 2018 follow:

Withholding taxes on compensation and benefits	P5,868,128
Expanded withholding taxes	5,585,075
Final withholding taxes	8,341,698
Creditable withholding taxes	2,444,022
Creditable 5% final withholding VAT	263,141
	P22,502,064

Tax Assessments and Cases

The Parent Company does not have pending tax cases outside the administration of the BIR as of December 31, 2018.



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2019
2. SEC Identification 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 Pasco de Roxas, Makati City)

7. Address of Issuer's principal office Postal Code

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

8. Issuer's telephone number, including area code

N.A.

9. Former name of former address, if changed since last report

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

Title of Each Class

Number of Shares of Common Stock
Outstanding and Amount of Debt
Outstanding

Common Shares (as of March 31, 2019)

1,496,551,803 shares

Total Debt (as of March 31, 2019)

₱899,088,698

11. Are any or all of the securities listed on a Stock Exchange?

Yes [☒]

No [☐]

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

Philippine Stock Exchange

common shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months or for such shorter period that the registrant was required to file such report(s):

Yes [☒] No [☐]

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

Yes [☒] No [☐]

PART I – FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

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

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

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

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

Financial Conditions and Results of Operations

Results of Operations

Three Months Ended March 31, 2019 and 2018

The Group registered an anticipated decline in total comprehensive income to P320.9 million in the first quarter of 2019, 35.2% lower from P495.1 million in the same period last year. This was due mainly to the scheduled major overhaul of a subsidiary’s 100-MW power plant and the delayed implementation of a new contract signed in December 2018 for provision of additional ancillary services.

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

The total comprehensive income in the first quarter of 2019 translates to a lower earnings per share of P0.21 compared to P0.33 in the same period last year.

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

Equity share from the earnings of the investee companies in the first quarter of 2019 decreased by 39.2% to P197.2 million, from P324.4 million in the same period last year, due mainly to scheduled major maintenance of a 100-MW power plant. It is expected that after the major maintenance, equity share in the earnings of investees will improve significantly in the succeeding quarters.

The comprehensive income contributed from the power generation segment likewise decreased by 31.0% to P112.3 million in the first quarter of 2019 from P162.6 million the year before. Net income in 2018 still included incidental income derived from preserving the Naga Power Plant prior to its return to PSALM on July 13, 2018. The expected implementation of a contract to provide additional ancillary services from a new 28-MW power plant facility before the end of June 2019 should boost performance of the power generation segment going forward.

On the other hand, the comprehensive income contributed from the distribution business segment increased by 41.4% to P11.4 million in January – March 2019 on the back of 9.8% growth in revenues and other income.

Consolidated gross margin (the difference between consolidated revenues and cost of services) slipped less than 1% to P154.7 million in the first quarter of 2019, from P155.6 million in the same period last year. Costs of services were contained to be aligned with the slight increase in generation revenues.

Consolidated administrative and general expenses went up by 72.1% to P53.8 million in January – March 2019, from P31.3 million in the same three months last year. The substantial increase was due mainly to added expenses (personnel, communication, transportation and travel) as a new power plant (PB 104) came on line as well as higher expenses for business development, legal fees (including late billings for legal assistance on the Naga Power Plant case), insurance (attributed to increased insured values), and repairs and improvements made on various offices.

Interest income substantially increased to P29.4 million, from P3.1 million, due to money market placements of temporary excess cash.

Other income (service income), generated separately from power generation and distribution, decreased by 30.0% to P25.5 million, from P36.4 million, due to lesser projects rendered to customers.

Other income (others) decreased by 81.6% to P8.1 million in the first quarter of 2019, from P43.9 million in the same period last year. This was due mainly to net income in 2018 that still included incidental income derived from preserving the Naga Power Plant prior to its return to PSALM on July 13, 2018.

Financial Condition

March 31, 2019 Vs. December 31, 2018

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

Total consolidated assets of the Group expanded further by 2.7% to P11,244.6 million as at end-March 2019 from the last audited balance of P10,944.6 million as at end-December 2018. The increase was attributed mainly to the continued growth in: (i) the carrying value of investments and (ii) the balance of total current assets more particularly on cash and cash equivalents.

The growth in total assets was accompanied by 2.3% decrease in total liabilities to P899.1 million as at end-March 2019 from P919.9 million as at end-December 2018.

Total stockholders' equity rose by 3.2% to P10,345.5 million as at end-March 2019 from P10,024.7 million as at end-December 2018 due to the additional comprehensive income earned in the first quarter of 2019. Book value per share grew to P6.91 as at end-March 2019 compared to P6.70 as at end-December 2018.

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

Please see the section below for Cash Flows showing the major sources and applications of cash and cash equivalents.

Trade and other receivables decreased by 19.6% to P350.0 million as at end-March 2019 from P435.5 million as at end-December 2018 due mainly to collection of prior year's receivables as well as lower billings in March 2019 compared to the billings made in December 2018.

Materials and supplies inventory increased by 5.4% to P369.1 million as at end-March 2019 from P350.1 million at the beginning of the year. The increase was traced to the build up of inventories for fuel and maintenance spare parts in anticipation of higher demands for the summer months.

Prepayments and other current assets increased by 13.7% to P107.2 million as at end-March 2019, from P94.3 million as at end-2018, due mainly to more carry-over input VAT to be applied against future output VAT.

Investment in associates grew by another 3.3% to P6,234.1 million as at end-March 2019 from P6,036.9 million as at end-December 2018. The increase reflected fresh equity share in the net earnings of associates amounting to P197.2 million in the first quarter of 2019.

Trade and other payables decreased by 9.3% to P444.3 million as at end-March 2019 from P490.0 million as at end-December 2018 due mainly to payment of payables outstanding as of December 31, 2018.

Income tax payable increased by 104.0% to P65.2 million as at end-March 2019, from P32.0 million as at end-2018. The increase was due to provision for income tax in the first quarter of 2019 for payment in May 2019. The income tax payable for the fourth

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

Unappropriated retained earnings increased by 4.6% to P7,156.9 million as at end-March 2019 from P6,841.4 million at the beginning of the year. The net increase is reflective of the comprehensive income attributable to equity holders of the Parent Company in the quarter ended March 31, 2019.

Cash Flows

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

In the quarter ended March 31, 2019, net cash inflows exceeded cash outflows resulting in 6.0% increase in cash and cash equivalents to P3,113.2 million from P2,937.0 million as of December 31, 2018.

The major applications of funds in the first quarter of 2019 and 2018 pertain to additions to property, plant and equipment amounting to P31.7 million and P22.0 million, respectively.

Key Performance Indicators

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

Key Performance Indicators	2019	2018
A. For Three Months Ended March 31, 2019 and 2018:		
Earnings Per Share	P0.21	P0.33
Share In Net Earnings of Associates	P197,170,058	P324,370,108
Return on Equity (total comprehensive income divided by average total equity)	3.15%	5.15%
Return on Assets (total comprehensive income divided by average total assets)	2.89%	4.49%
Cash Flows:		
Net cash flows generated from (used in) operating activities	P197,659,312	(P2,325,017)
Net cash flows used in investing activities	(P22,203,616)	(P22,107,996)
Net cash flows used in financing activities	(P849,987)	-
Solvency ratio (total comprehensive income before depreciation and amortization divided by total liabilities)	0.39	0.56
B. As of March 31, 2019 and December 31, 2018:		

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

Further descriptions of the performance indicators are shown below:

Earnings Per Share (EPS)

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

Share in Net Earnings of Associates

This indicates profitability of the investments and investees' contribution to the Group's net income. It is determined by multiplying the associate's net income by the investor's percentage of ownership, less goodwill impairment cost, if any. Goodwill is the difference between the acquisition cost of the investment and the investor's share in the value of the net identifiable assets of the investee at the date of acquisition.

Return on Equity

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

Return on Assets

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

Cash Flows

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

Current Ratio

Current Ratio = Total current assets including noncurrent assets held for sale divided by total current liabilities including liabilities directly associated with noncurrent assets held for sale. This ratio is a rough indication of the Group's ability to service its current

obligations. The higher the current ratio, the greater the Group's ability to pay its current obligations.

Debt Ratio

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

Debt-to-Equity Ratio

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

Solvency Ratio

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

Any Significant Elements of Income or Loss from Continuing Operations

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

Material Off-Balance Sheet Items

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

Material Commitments for Capital Expenditures

As of March 31, 2019, there are no material commitments for capital expenditures other than in the ordinary course of business to improve power generation and distribution facilities. Funding comes from internally generated cash from operations.

Known Trends

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

SIGNATURES

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

SPC POWER CORPORATION

Issuer

By:


MARY ANN G. DAUGDAUG
Accountant


JAIME M. BALISACAN
SVP – Finance and Administration

Date: April 24, 2019

Date: April 24, 2019

SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Philippine Pesos)

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

(Forward)

SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Philippine Pesos)

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

See accompanying Notes to Consolidated Financial Statements.


Mary Ann G. Daugdaug
 Accountant


Jaime M. Balisacan
 SVP - Finance & Administration

SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Philippine Pesos)

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

See accompanying Notes to Consolidated Financial Statements.


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Accountant


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

	Equity Attributable to Equity Holders of the Parent									
	Retained Earnings		Share of Associates in OCI	Remeasurement of Employee Benefits	Treasury Stock at Cost	Additional Paid-In Capital	Capital Stock	Unappropriated	Valuation Losses on AFS Investment	Valuation Gains on Financial Assets at FVOCI
	Appropriated	Unappropriated								
Balances at January 1, 2019	P1,569,491,900	P86,810,752	(P131,008,174)	P5,779,181	P898,119	P1,500,000,000	P6,841,355,868	(P350,000)	P4,850,000	P9,878,177,646
Total comprehensive income	-	-	-	-	-	-	315,583,858	-	-	315,583,858
Cash dividends (Note 12)	-	-	-	-	-	-	-	-	-	5,295,234
Appropriation (Note 12)	-	-	-	-	-	-	-	-	-	-
Balances at March 31, 2019	P1,569,491,900	P86,810,752	(P131,008,174)	P1,567,084	P898,119	P1,350,000,000	P7,156,939,726	(P350,000)	P4,850,000	P10,193,761,504
Balances at January 1, 2018	P1,569,491,900	P86,810,752	(P131,008,174)	P1,567,084	(P83,388)	P1,350,000,000	P6,338,490,394	(P350,000)	-	P9,214,918,568
Total comprehensive income	-	-	-	-	-	-	491,347,338	-	-	491,347,338
Cash dividends	-	-	-	-	-	-	-	-	-	-
Appropriation	-	-	-	-	-	-	-	-	-	-
Balances at March 31, 2018	P1,569,491,900	P86,810,752	(P131,008,174)	P1,567,084	(P83,388)	P1,350,000,000	P6,829,837,732	(P350,000)	-	P9,706,265,906

See accompanying Notes to Consolidated Financial Statements


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SPC POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

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

See accompanying Notes to Financial Statements.


Mary Ann G. Daugdaug
Accountant


Jaime M. Balisacan
SVP - Finance & Administration

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

1. General

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

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

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

2. Accounting Policies

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

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

3. Earnings Per Share

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

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

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

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

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

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

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

8. Segment Information

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

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

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

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

The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss in the consolidated financial statements.

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

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

March 31, 2019						
	Before Eliminations				Adjustments and	After
	Generation	Distribution	Others	Total	Eliminations	Eliminations/ Consolidated
Revenue	P312,755,613	P257,358,319	P-	P570,113,932	P-	P570,113,932
Income before income tax	147,461,759	15,734,220	-	163,195,979	197,170,058	360,366,037
Net income	112,282,115	11,426,919	-	123,709,034	197,170,058	320,879,092
Total assets	7,383,118,786	749,428,005	94,739,820	8,227,286,611	3,017,351,959	11,244,638,570
Property, plant and equipment	580,264,166	195,763,193	-	776,027,359	-	776,027,359
Total liabilities	380,558,678	522,250,405	118,396	902,927,479	(3,838,781)	899,088,698
Depreciation and amortization	22,349,272	4,591,019	-	26,940,291	-	26,940,291

March 31, 2018						
	Before Eliminations				Adjustments and	After
	Generation	Distribution	Others	Total	Eliminations	Eliminations/ Consolidated
Revenue	P325,797,758	P234,342,773	P-	P560,140,531	P-	P560,140,531
Income before income tax	202,955,404	11,102,179	-	214,057,583	324,370,108	538,427,691
Net income	162,639,598	8,083,548	-	170,723,146	324,370,108	495,093,254
Total assets	7,268,859,178	486,382,191	114,519,457	7,869,760,826	3,291,142,498	11,160,903,324
Property, plant and equipment	626,313,260	154,394,536	-	780,707,796	-	780,707,796
Total liabilities	1,037,059,920	266,602,720	110,509	1,303,773,149	(2,117,395)	1,301,655,754
Depreciation and amortization	15,184,325	4,883,040	-	20,067,365	-	20,067,365

Adjustments and Eliminations

Adjustments and eliminations are part of detailed reconciliations presented below:

Reconciliation of Net Income

	Three Mos. Ended March 31	
	2019	2018
Segment net income	P123,709,034	P170,723,146
Equity in net earnings of associates	197,170,058	324,370,108
Group net income	P320,879,092	P495,093,254

Reconciliation of Total Assets

	Mar. 31, 2019	Dec. 31, 2018
Segment assets	P8,227,286,611	P8,473,899,155
Inter-segment receivables	(7,209,741)	(356,705,798)
Investments in associates and subsidiaries	2,992,039,684	2,794,869,626
Goodwill	32,522,016	32,522,016
Group assets	P11,244,638,570	P10,944,584,999

Reconciliation of Total Liabilities

	Mar. 31, 2019	Dec. 31, 2018
Segment liabilities	P902,927,481	P1,273,249,057
Inter-segment payables	(3,838,783)	(353,334,838)
Group liabilities	P899,088,698	P919,914,219

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

Liquidity Risk

Liquidity risk is the potential of not meeting obligations as they come due because of an inability to liquidate assets or obtain adequate funding. The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements are maintained to meet maturing obligations and pay dividend declarations.

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

		March 31, 2019				
	Total	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days
Financial Assets						
At Amortized Cost:						
Cash and cash equivalents	P3,113,167,495	P3,113,167,495	P–	P–	P–	P–
Trade and other receivables						
NPC	1,015,262	–	–	–	–	1,015,262
Receivable from customers	298,618,786	198,276,833	23,783,752	16,799,910	16,416,483	43,341,808
Others	50,364,083	35,979,270	1,719,084	1,296,433	998,580	10,370,716
	349,998,131	234,256,103	25,502,836	18,096,343	17,415,063	54,727,786
Due from NPC/PSALM	1,175,128	–	–	–	–	1,175,128
Due from related parties	16,888,177	73,708	20,659	20,398	15,202,135	1,571,277
PSALM deferred adjustments (included in "Other noncurrent assets")	174,924,189	–	–	–	–	174,924,189
	3,656,153,120	3,347,497,306	25,523,495	18,116,741	32,617,198	232,398,380
At FVOCI:						
Investment in proprietary club shares	6,500,000	–	–	–	–	6,500,000
	3,662,653,120	3,347,497,306	25,523,495	18,116,741	32,617,198	238,898,380
Financial Liabilities						
Trade and other payables						
Trade	257,160,202	228,256,459	6,961,155	3,260,621	271,461	18,410,506
Accrued expenses	34,814,185	22,005,690	361,871	408,869	–	12,037,755
Nontrade	50,038,925	16,260,029	–	76,938	2,499,715	31,202,243
	342,013,312	266,522,178	7,323,026	3,746,428	2,771,176	61,650,504
Dividends payable	–	–	–	–	–	–
Due to NPC/PSALM	–	–	–	–	–	–
Due to related parties	44,812	–	22,454	22,358	–	–
Customers' deposits	134,156,284	–	–	–	–	134,156,284
Other noncurrent liability	174,924,189	–	–	–	–	174,924,189
	651,138,597	266,522,178	7,345,480	3,768,786	2,771,176	370,730,977
Net Financial Assets (Liabilities)	P3,011,514,523	P3,080,975,128	P18,178,015	P14,347,955	P29,846,022	(P131,932,597)

		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 NPC/PSALM	–	–	–	–	–	–
Due to related parties	586,700	22,552	67,106	–	–	497,042
Customers' deposits	132,093,513	–	–	–	–	132,093,513
Other noncurrent liability	182,765,769	–	–	–	–	182,765,769
	703,866,367	308,751,660	11,811,179	5,571,335	3,421,546	374,310,647
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 P52.50 and P52.58 on March 31, 2019 and December 31, 2018, respectively. There is no other impact on the Group's equity other than those already affecting the profit and loss.

	Increase (decrease) in US dollar rate	Effect on income before income tax
March 31, 2019	+1	(P1,469,219)
	-1	1,469,219
December 31, 2018	+1	(P1,631,443)
	-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	\$2,798,513	\$3,113,782	P146,921,914	P163,722,675
Trade and other payables:				
Trade	-	(11,000)	-	(578,380)
Net foreign currency-denominated monetary assets	\$2,798,513	\$3,102,782	P146,921,914	P163,144,295

As a result of the translation of these foreign currency-denominated assets and liabilities, the Group reported a net unrealized foreign exchange gain of P1.6 million and P2.4 million in 2019 and 2018, respectively.

Credit Risk

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

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

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

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

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

March 31, 2019			
	Maximum exposure	Offset	Exposure to credit risk
At Amortized Cost:			
Cash and cash equivalents (excluding cash on hand)	P3,109,961,472	(P8,422,632)	P3,101,538,840
Trade and other receivables	349,998,131	(87,000,075)	262,998,056
Due from related parties	16,888,177	—	16,888,177
Due from NPC/PSALM	1,175,128	—	1,175,128
PSALM deferred adjustments (included in "Other noncurrent assets")	174,924,189	—	174,924,189
	P3,652,947,097	(P95,422,707)	P3,557,524,390

December 31, 2018			
	Maximum exposure	Offset	Exposure to credit risk
At Amortized Cost:			
Cash and cash equivalents (excluding cash on hand)	P2,928,731,599	(P8,067,264)	P2,920,664,335
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
	P3,564,947,444	(P95,067,339)	P3,469,880,105

As of March 31, 2019 and December 31, 2018, the Group's significant concentration of credit risk pertains to its trade and other receivables, due from NPC/PSALM, PSALM deferred adjustments, and noncurrent receivable amounting to P526.1 million and P619.4 million, respectively, and impaired financial assets, determined based on probability of collection, are adequately covered with allowance.

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

March 31, 2019							
	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)	P3,109,961,472	P3,109,961,472	P—	P—	P—	P—	P—
Trade and other receivables:							
NPC/PSALM	1,015,262	—	—	—	—	1,015,262	—
Receivable from customers	334,927,911	198,276,833	23,783,752	16,799,910	16,416,483	43,341,808	36,309,125
Others	50,364,083	35,979,270	1,719,084	1,296,433	998,580	10,370,716	—
	386,307,256	234,256,103	25,502,836	18,096,343	17,415,063	54,727,786	36,309,125
Due from NPC/PSALM	1,175,128	—	—	—	—	1,175,128	—
Due from related parties	16,888,177	73,708	20,659	20,398	15,202,135	1,571,277	—
Noncurrent receivable (included in "Other noncurrent assets")	174,924,189	—	—	—	—	174,924,189	—
	P3,689,256,222	P3,344,291,283	P25,523,495	P18,116,741	P32,617,198	P232,398,380	P36,309,125

Days	Over 90 Days		Impaired
	P—	P—	
—	—	1,015,262	—
596	50,306,681	—	36,309,125
632	23,422,405	—	—
628	74,744,348	—	36,309,125
—	1,175,128	—	—
877	1,476,252	—	—
—	—	—	—
505	P77,395,728	—	P36,309,125

the Group to be highly collection experience.

past due nor impaired

Past Due	Individually Impaired	
	P—	P—
—	1,015,262	—
100,341,952	—	36,309,125
14,384,814	—	—
115,742,028	—	36,309,125
1,175,128	—	—
16,814,469	—	—
174,924,189	—	—
P308,655,814	—	P36,309,125

Past Due	Individually Impaired	
	P—	P—
—	1,015,262	—
118,026,120	—	36,309,125
29,105,241	—	—
148,146,623	—	36,309,125
1,175,128	—	—
1,578,149	—	—
—	—	—
P150,899,900	—	P36,309,125

ncc these are deposited is minimal.

ies: These are assessed ovisions of the ROMM IC), Ancillary Services ICs), and/or collectible

mercial customers are rers 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.

CERTIFICATE OF INDEPENDENT DIRECTOR

I, Roberto F. de Ocampo, Filipino, of legal age and a resident of 121 Victoria Cor. Homonhon Sts. Magallanes Village, Makati, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of SPC Power Corporation and have been its independent director since November 25, 2002.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
RFO Center for Public Finance and REGIONAL Economic Cooperation	Chairman of the Board of Advisors	2006
Philippine Veterans Bank	Chairman and CEO	2013
MoneyTree Publishing Inc.	Chairman	2007
Stradcom Corporation	Chairman	2003
Tollways Association of the Philippines	Chairman	2003
Public Finance Institute of the Philippine	Chairman	2007
Interinvest Project Inc. (IPI)	Chairman	2013
British Alumni Association	Chairman	2007
AIM-AIM Conference Center Manila (ACCM)	Chairman	
Libera International Advisory Board (London)	Chairman	2013
Foundation for Economic Freedom	Chairman	2012
Philam Fund Inc., Philam Bond Fund Inc., Philam Strategic Growth Inc., Philam Managed Income Fund Inc., PAMI Global Bond Fund, Inc., Philam Dollar Bond Fund Inc.	Chairman	2014
Governance Commission for Government Owned or Controlled Corporations (GCG) Multi-Sectoral Governance Council (MSGC)	Chairman	2014
Center for Philippine Futuristics Studies and Management Inc.	Chairman	2014
Agus 3 Hydro Power Corporation	Vice-Chairman	2007

La Costa Development	Vice-Chairman	2007
Makati Business Club	Vice-Chairman	2006
Centennial Group (Washington), D.C.	Founding Director	1999
Emerging Markets Forum	Founding Director	2005
Pacific Gaming Investments Pte. Ltd.	Independent Director	2010
Alaska Milk Corp.	Independent Director	1999
Bankard, Inc.	Independent Director	2006
EEL Corporation	Independent Director	2005
House of Investments	Independent Director	2000
Beneficial Life Insurance Co., Inc.	Independent Director	2008
Robinsons Land Corporation	Independent Director	2003
SPC Power Corporation	Independent Director	2002
DFNN Inc.	Independent Director	1999
PHINMA Corporation	Independent Director	2009
Investment & Capital Corporation of the Philippines (ICCP)	Independent Director	2011
Banker's Association of the Philippines	Director	2016
Global Reporting Initiative (GRI) - Amsterdam	Director	2013
A Life for Others Foundation	Founding Trustee	2010
Health Justice Philippines	Member, Advisory Council	2010
Philippine Business for the Environment (PBE)	Board Member	2015
The Conference Board (New York)	Member, Global Advisory Board	2004
AIM-Gov. Jose B. Fernandez Jr. Center for Banking and Finance	Member, Board of Advisers	2016
Argosy Fund, Inc.	Member, Board of Advisers	1998
Corporate Governance Institute of the Philippines	Member, Board of Advisers	2004
AES Corporation (Philippines)	Member, Board of Advisers	2008
Teach for the Philippines	Members, Board of Advisers	2001
Philippine Cancer Society	Member, Board of Advisers	1998
Ramos Peace and Development Foundation	Member, Board of Trustees	1999
Children's Hour	Member, Board of Trustees	
SGV Foundation	Member, Board of Trustees	1999
Trilateral Commission	Member, Asia Pacific Group Representing ASEAN	2000
Renewable Energy Asia Fund (Berkeley Energy, UK)	Strategic Advisor	2008

Philippine Quality & Productivity Movement Inc.	Member, Board of Advisers	2012
CIMB Group International Advisory Panel	Member	2013

I am not affiliated to any government/owned and controlled corporation.

- I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SPC Power Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
- I am not related to any director/officer/substantial shareholder of SPC Power Corporation as provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N.A.	N.A.	N.A.

- To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N.A.	N.A.	N.A.

- (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from SPC Power Corporation to be and independent director in SPC Power Corporation, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Services Rules.
- I shall faithfully and diligently comply with my duties as responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
- I shall inform the Corporate Secretary of SPC Power Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 22nd day of January 2019, at Makati City



ROBERTO F. DE OCAMPO
Affiant

JAN 22 2019

SUBSCRIBED AND SWORN to before me this 22nd day of January 2019 at Makati City, affiant personally appeared before me and exhibited to me his passport with no. EC6721113 valid until 09 February 2021 issued at DFA NR Central on 10 February 2016.

Doc. No. 310 :
Page No. 63 :
Book No. 864 :
Series of 2019:

RUBEN T.M. RAMIREZ
Notary Public
Until December 31, 2019
IBP No. 058333/ 1-3 CY.2019
ROLL No. 28947/ MCLE 5/ 6-8-17
PTR NO. MKT. 7333572 / 1-3-18 APPT. NO. M-127
ROOM 104 PENINSULA COURT BUILDING 8735
PASEO DE ROXAS COR. MAKATI AVE. MAKATI CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RAMON Y. SY, FILIPINO**, of legal age, and a resident 303 Chico Drive, Ayala Alabang Village, Muntinlupa City, after having been sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of SPC Power Corporation and have been its independent director since May 30, 2017.
2. I am affiliated with the following companies or organization:

Company/Organization (Refer to Annex)	Position/Relationship	Period of Service

I am not affiliated with any Government and Controlled Corporation:

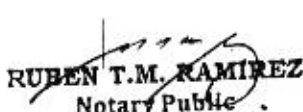
3. I possess all qualifications and none of the disqualifications to serve as an Independent Director of SPC Power Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of SPC Power Corporation, as provided under Rule 38.2.3 of the Securities Regulation code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation code.
7. I shall inform the Corporate Secretary of SPC Power Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this JAN 16 2019 of January 2019 at MAKATI CITY.


RAMON Y. SY
Affiant
JAN 16 2019


SUBSCRIBED AND SWORN TO BEFORE ME this ____ day of ____ 2019 at Pasig City, affiant exhibiting to me his Passport EC1182131 issued May 22, 2014.

Doc. No. 226
Page No. 46
Book No. 861
Series of 2019.


RUBEN T.M. RAMIREZ
Notary Public
Until December 31, 2019
IBP No. 058333 / 1-3 CY.2019
ROLL No. 28947 / MCLE 5/ 6-8-17
PTR NO. MKT. 7333572 / 1-3-18 APPT. NO. M-127
ROOM 104 PENINSULA COURT BUILDING 8735
PASO DE ROXAS COR. MAKATI AVE. MAKATI CITY

ANNEX

Present Position - Other Private Institution (Including Corporate Directorships)

NAME OF OFFICE	POSITION	DATE ASSUMED	
Ramsy Corporation	Chairman	1992	Stockholder
Travelman, Inc.	Chairman	1984	Stockholder
Xcell Property Ventures, Inc.	Chairman	2005	Stockholder
Asian Alliance Holding and Development Corp.	Director	2005	
Asian Alliance Investment Corp.	Director	2005	
Philippine Equity	Director	2006	
Maxicare Health Care Corp.	Director	2008	
Monte Oro Resources and, energy, Inc.	President / Director	2012	Stockholder
Apex Mining Co. Inc.	Chairman	2013	Stockholder
Asia United Bank	Vice Chairman	2012	Stockholder

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Enrique L. Benedicto, Filipino, of legal age and a resident of Doña Emilia Benedicto Bldg., #7 Benedicto St., Cebu City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of SPC Power Corporation and have been its independent director since September 16, 2008.
2. I am affiliated with the following companies or organizations:

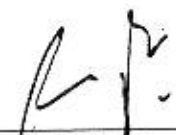
Company/Organization	Position/Relationship	Period of Service
Consulate of Belgium	Honorary Consul	1986 to 2017
Mabuhay Filcement Inc.	Chairman	2003 to present
Enrison Land Inc.	Chairman	2007 to present

I am not affiliated to any Government-Owned and Controlled Corporation.

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of SPC Power Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to the any director/officer/substantial shareholder of SPC Power Corporation, as provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.
7. I shall inform the corporate secretary of SPC Power Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this _____ at CEBU CITY.

JAN 11 2019


Enrique L. Benedicto

SUBSCRIBED AND SWORN to before me this JAN 11 2019 at CEBU CITY, affiant personally appeared before me and exhibited to me his Passport No. EC1757446 issued at DFA Cebu on 30 July 2014 valid until 29 July 2019.

Doc. No. No.
Page No. 28
Book No. 11
Series of 2019.

ATTY. GLICERIO A. BAGUIO, CPA

(Notary Public)

FOR CEBU AND PROVINCE

UNIT 2002, 3RD FL, 2019

1000, 3RD FL, 2019

RYAN, CEBU 46596

IS: 1000, 3RD FL, 2019

PT: 1000, 3RD FL, 2019

MC: 1000, 3RD FL, 2019

29 D. JAKOBAL M. TROSTEN, CEBU CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **SERGIO R. ORTIZ-LUIS JR.**, Filipino, of legal age and a resident of 3RD Flr. Commerce and Industry Plaza, 1030 Campus Avenue corner Park Avenue, McKinley Hills, Fort Bonifacio, Taguig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of SPC POWER CORPORATION and have been its independent director since 2017.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	DATE ASSUMED
Drug Abuse Resistance Education (DARE) Philippines	Director	2018
Country Garden Agri-Tourism Dev't Inc.	Chairman of the Board	2018
Manila Waterfront City	Chairman of the Board	2017
SPC Power Corporation	Independent Director	2017
VC Securities Corp	Vice Chairman/ Director	2016
LikeCash Asia & The Pacific Corporation	Director	2015
Asia Pacific Chinese Media, Inc.	President	2015
Human Resources Development Foundation	Trustee & Treasurer	2015
National Center for Mediation	Chairman	2015
Philippine H2O Ventures Corp.	Director	2014
Jollville Holdings Corporation	Director	2014
Philippine Foundation, Inc. (Team Phil.)	Director/Past President	2013
Philippine Chamber of Commerce & Industry	Honorary Chairman/Treas.	2013
Philippine Estate Corporation	Director	2012
BA Securities	Director	2012
International Chamber of Commerce of the Phil	Director	2012
Philippine International Airways	Chairman of the Board	2009
Alliance Global, Inc.	Vice Chairman	2008
Waterfront Philippines, Inc.	Director	2008
Integrated Concepts & Solutions, Inc.	Honorary Chairman	2008
The Wellex Group	Director	2008
Acesite Hotel Philippines, Inc.	Director	2008
Forum Pacific, Inc. (FPI: Philippines)	Director	2008
Lasaltech Academy	Director	2000

SECRETARY'S CERTIFICATE

I, Remigio Michael A. Ancheta II, Corporate Secretary of **SPC Power Corporation**, a corporation organized and existing under the laws of the Republic of the Philippines, with principal office at the 7th Floor, Cebu Holdings Center, Cebu Business Park, Archbishop Reyes Avenue, Cebu city, hereby certify that basing on records of the Corporation, **no** Director or Officer of the Corporation is connected to or working with any government agency or instrumentality.


IN WITNESS WHEREOF, I have affixed my signature this 29th day of April 2019.


REMIGIO MICHAEL A. ANCHETA II
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this April 29, 2019 by the affiant who is personally known to me and who exhibited his Philippine Non-Professional Driver's License No. N02-97-342413 valid until June 27, 2023.

Doc. No. 76 ;
Page No. 17 ;
Book No. 1 ;
Series of 2019.




SHARLENE PAULA D. LORETO
Notary Public for Muntinlupa City
Appointment No. NC 19-025
Valid Until 31 December 2020
Suite 2404, Entrata Urban Complex
2609 Civic Drive, Filinvest City
Alabang, Muntinlupa 1781
Roll of Attorneys No. 71827
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