

VIVANT CORPORATION
MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
Suite 907-908, Ayala Life-FGU Center
Cebu Business Park, Cebu City
June 1, 2012 at 9:00 AM

PRESENT:

Mr. Dennis N. A. Garcia	Chairman
Mr. Ramonito E. Garcia	President
Mr. Charles Sylvestre A. Garcia	Director
Mr. Gil A. Garcia II	Director
Mr. Jose Marko G. Sarmiento	Director
Mr. Emil M. Garcia	Director
Mr. Elbert M. Zosa	Director
Mr. Effen P. Sarmiento	Director
Amb. Raul Ch. Rabe	Independent Director

ALSO PRESENT:

Mr. Arlo A.G. Sarmiento	Chief Operating Officer
Ms. Maria Victoria E. Sembrano	AVP-Finance and Treasury
Atty. Macario C. Padullo	Finance Manager
Atty. Jess Anthony N. Garcia	Corporate Secretary

NOT PRESENT:

Atty. Jesus B. Garcia	Independent Director
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I. Call to Order

The Chairman, Mr. Dennis N.A. Garcia (DAG), called the meeting to order at 9:00 AM and presided over the same.

II. Proof of Notice and Certification of Quorum

The Corporate Secretary, Atty. Jess Anthony N. Garcia (JNG) certified to the Board of Directors (BOD) that notices were sent in accordance with the By-Laws and a quorum was present to transact business.

III. Reading and Approval of Minutes of Previous Meeting

After motion duly made and seconded, the minutes of the BOD Meeting held last March 8, 2012 was approved without any revisions.

IV. VECCO

- Statistics

Lyndon Jayme (LJ) reported on the pertinent statistics for VECCO. He presented a comparative analysis of the actual mWh sales for the month of April 2011 and 2012. He reported that actual sales for 2012 was 4.75% higher than 2011 but 2.5% lower than budget. He also presented the comparison between the number of customers for April 2012 and 2011 and noted a 4% increase. Comparing Year -To- Date (YTD), growth for April 2012 was 7.88% higher than YTD growth for April 2011 and this was 2.39% higher than YTD projection under the budget. Upon presenting the sales mix for YTD April 2012 he reported 55.17% for industrial, 27.63% for residential, 16% commercial, and 1% for street lights.

LJ presented the generation charge of VECCO and broke it down into its component parts: NPC at Php4.26/28.24%, CPPC Php17.03/3%, CEDC Php5.94/ 33.68%, GCGI Php5.11/21.35%, PGCGC Php15 3.8/5.34%, and WESM P4.84/8.39%.

LJ also reported the top customers of VECCO with an average bill of Php1 Million per month. He also presented the top 5 customers per Industry Type.

LJ presented the statistics on the company's systems losses. For 12 months moving average, losses for April 2012 was reported to be 9.32%. He explained that this was unusually high because of the mismatch between the electricity purchased and the low demand during April 2012 brought about by the prolonged vacation during the Holy Week.

LJ presented the average residential rate for 200 kwhr customer was at Php10.16 per kwhr compared to other Distribution Utilities. He noted that Meralco was at Php10.29 per kwhr for the same consumption level of the customer. He also reported that for 500kWh customers of Meralco that rate was at Php11.66 per kwhr.

- Financial Statements

Nelson Perez (NP) presented the operating revenues of VECCO for the month of April and YTD April 2012. Revenue for YTD 2012 was at Php5.87 Billion against budget of Php5.75 Billion and 2011 YTD of Php4.788 Billion.

NP reported on the operating expenses for YTD April 2012. He reported that all components of the operating expenses for 2012 were within budget. YTD operating expenses was at Php514 Million, against budget of Php518 Million and 2011 YTD operation expense of Php440 Million.

NP presented the miscellaneous income of VECCO. YTD income as of April 2012 was at Php124 Million compared to Php76.5 Million in the budget and Php97.5 Million for 2011.

NP discussed the net income YTD as of April 2012. He reported YTD income at Php461 Million against budget of Php397 Million and 2011 YTD of Php159 Million.

V. CEDC

Melisa D. Vidal (MDV) reported on the financial statements of CEDC. She presented the YTD as of April 2012 and the month of April 2012 income statement. She reported 127 mWh sold compared to 131mWh in the budget for the month of April. She said that the negative variance was due to the expected sales to CEBECO III that did not materialize. Total revenues were Php731 Million against budget of Php819 Million or Php87 Million lower than budget also for the month of April 2012. Net income was Php134 Million against budget of Php177 Million for April 2012. YTD income was Php606 Million against Php501 Million in the budget or Php104 Million over budget.

She presented the balance sheet of the company and statement of cashflows noting that there was little movement in both reports. She presented the dividend computation for the end of June 2012. She said the company would have retained earnings of Php2 Billion. She said that an estimated Php2.5 Billion is free for release to the shareholders by June 2012. She also presented the option of releasing the Php1.4 Billion that is currently with the DSRRA. If the banks will agree to replace the DSRRA with corporate guarantees of the parent companies, then the DSRRA cash could also be released to the shareholders for a total of around Php3.5 Billion. However, she noted that the company will not have enough retained earnings to distribute the extra cash from the DSRRA.

VI. CPPC

Atty. Macario C. Padullo (MCP) reported on the financial statements of CPPC. He presented the income statement of CPPC. He noted that OpEx as of April 2012 was Php303 Million against Php388 Million in the budget or 22% lower. He also reported that net income as of April 2012 after tax was at Php63.3 Million against budget of Php42.7 Million or 48.1% higher than budget.

MCP reported on the balance sheet as of April 2012. He said that there was not much movement except the Php234 Million advances to the shareholders and suppliers which are expected to be cancelled through the redemption of preferred shares.

Emil Andre M. Garcia (EMG) reported on the status of the turn-over. He reported on the cost of transferring the CPPC power plant to VECCO as provided in the MOA. He said that VECCO may be exposed to around Php800 Million in taxes if the plant will be transferred. He also discussed the issues that may go with the direct transfer of the asset to VECCO. He said that aside from the high transfer taxes, VECCO may not be allowed by ERC to recover capacity fees

because this may be already been paid by the consumer. He also discussed the other options available to CPPC and VECO, including the tax consequence of each option.

VII. VSNRGC

- Financial statements

MCP presented the income statement of NR. He said that the power plant has been down since November 2011, thus, there were no operations. However, he said that some costs related to backfeed electricity consumed by the power plant during its repairs were charged to NR. He reported total operating expenses as of YTD April 30, 2012 was at Php10.2 Million against budget of Php13 Million. He reported a loss of Php81 Million compared to budget loss of Php249.8 Million under cash accounting.

- Tunnel Repair

JNG presented the status and timeline of the LHC default under the IPP agreement between LHC and NPC.

Arlo A.G. Sarmiento (AGS) explained to the BOD that the tunnel repair may be severely detrimental to the cashflows of NR and its ability to meet its monthly payments to PSALM. He said that management will give the BOD a clearer picture of the cashflow and financial impact of the tunnel repair and default so it could make a more informed decision on the future of the company.

Juan Eugenio L. Roxas (JLR) presented the report on the tunnel repair. He showed the BOD pictures of the repairs and explained the difficulties experienced by the contractors in repairing the tunnel.

VIII. 1590EC

AGS reported to the BOD that the CTS for the BDPP has been rescinded and converted into a 4- year lease. He said that this was a fortunate turn of events for the company and this dramatically improved cashflows of the company.

MCP reported on the rescission of the CTS and the return of the escrow funds to 1590EC. He also discussed the MOA for the lease of the BDPP.

MCP discussed the income statement of 1590EC as of Dec. 31, 2011. He said that net income for 2011 was at Php20.2 Million compared to a loss of Php37.1 Million as of April 30, 2012 and against a budgeted loss of Php149 Million for YTD April 30, 2012.

MCP discussed the balance sheet of the company as of April 30, 2012. He noted that total assets were at Php3.7 Billion that still included the power plant and equipment despite the

rescission. He said that management was still studying the manner by which the rescission will be recorded for accounting purposes. By then, adjustments would be made to the spreadsheet.

IX. Delta P, Inc.

MCP presented the income statement of Delta P as of April 2012. He reported higher than budget revenues at Php273 Million compared to budget of Php239 Million. Net income was reported at Php12.6 Million against budget of Php13.8 Million or 8.7% lower than budget due to the unexpected camshaft expense repairs on the engines.

MCP also presented the balance sheet of Delta P. He reported total liabilities and equity at Php614 Million.

EMG reported that a TRO on the PALECO bidding process was still in place and any plans of Delta P for expansion should be held in abeyance pending developments on the bidding process.

X. Business Development Updates

- Silay Project

EMG gave an update on the project. He said that NGCP already approved for a third party to conduct the grid impact study, which will take 3 months. He also said that incorporation of the special purpose vehicle is already being processed and that the water rights and permits will follow after incorporation.

EMG also presented the projected income statement of the project. The income statement was based on the FIT rate of Php6.15/Kwhr. He also presented a projected income statement with the plant as coal replacement with a 3% escalation factor.

He also reported that phase 1 and 2 of the project could accommodate 7MW and phase 3 is good for 2MW.

- CIPC

EMG reported that the ERC reduced the rate applied by CIPC to levels that are not acceptable to the investors of the project. He said that at the current level of rates approved by ERC, the investors will not push through with the project.

XI. VIVANT

- Public Float Update

Maria Victoria E. Sembrano (MES) reported that VVT already engaged First Metro Capital to be the consultant on the compliance with the minimum public float requirement of the PSE. She also discussed the fees charged for the consultancy.

- Financial Statements

MES reported the consolidated income statement of VVT as of April 2012. She reported total revenues of Php267 Million against budget of Php85 Million or 215% higher than budget. She discussed the breakdown of the revenues based on the contributions of VVT's subsidiaries. Net income before tax was reported at Php250 Million against a budget of Php49.5 Million or 200% above budget.

MES reported the balance sheet. Total assets were reported to be Php9 Billion.

MES also presented the financial ratios of VVT as of April 2012.

MES presented the rolling forecast for 2012 reporting an expected net income of Php957 Million.

XII. Adjournment

There being no other matters to discuss, the regular meeting of the Board of Directors was adjourned after motion duly made and seconded.

Prepared by:

ATTY. JESS ANTHONY N. GARCIA
Corporate Secretary

Attested by:

DENNIS N.A. GARCIA
Director

RAMON TITO E. GARCIA
Director

GIL A. GARCIA II
Director

CHARLES SYLVESTRE A. GARCIA
Director

EMIL ANDRE M. GARCIA
Director

EFREN P. SARMIENTO
Director

ELBERT M. ZOSA
Director

AMB. RAUL CH. RABE
Independent Director

JOSE MARKO G. SARMIENTO
Director