COVER SHEET

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S.E.C. Registration Number

P.S.E. Control Number

V	I	V	A	N	T		C	O	R	P	O	R	A	T	I	O	N											

(Company's Full Name)

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n	t	e	r	,		M	i	n	d	a	n	a	o		A	v	e	n	u	e		C	o	r	n	e	r		B	i
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B	A	r	a	n	g	a	y		L	u	z	,		C	e	b	u		C	i	t	y	,		P	h	i	l	I	p
p	I	n	e	s		6	0	0	0																					

(Business Address: No. Street City/Town Province)

Joan A. Giduquio-Baron
Contact Persons

(032) 232-0283, 234-2256 and 234-2285
Telephone Number of the Contact Person

1	2		3	1

Month Day
Fiscal Year

SEC FORM 17-Q

FORM TYPE

0	3		3	1

Month Day

N/A
Secondary license Type, If Applicable

C	F	D

Dept. Requiring this Doc.

Amended Articles Number/Section

1,443	1,022,963,754	492,944

Total No. of Stockholders

To be accomplished by SEC Personnel concerned

File Number

Document I.D.

LCU

Cashier

Remarks = Pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **March 31, 2017**

2. Commission identification number: **175222** 3. BIR Tax Identification No.: **242-603-734-000**

Vivant Corporation
4. Exact name of issuer as specified in its charter

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

6. Industry Classification Code: [ ] (SEC Use Only)

Unit 907-908, Ayala Life-FGU Center, Mindanao Avenue Corner Biliran Road, Cebu Business Park, Barangay Luz, Cebu City, Philippines **6000**
7. Address of issuer's principal office Postal Code

(032) 234-2256; (032) 234-2285
8. Issuer's telephone number, including area code

NA
9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the SRC

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares at Php 1.00 per share	**Php 1,023,456,698**
Amount of debt outstanding	**Php 4,593,910,414**

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

Yes [x] No [ ]

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

Philippine Stock Exchange **Common Stock**

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [x] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to attached financial statements and schedules.

Item 2. Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the Company's consolidated financial condition and results of operations for the interim period ended March 31, 2017 compared with the interim period ended March 31, 2016. This report should be read in conjunction with the consolidated financial statements and the notes thereto.

KEY PERFORMANCE INDICATORS

Management uses the following key performance indicators to evaluate the performance of the Company and its investee companies:

1. **Equity in Net Earnings (or Loss) of Associates.** Equity in net earnings (or loss) of associates is the Company's share in the income or loss of associates, or investee companies accounted for under the equity method. It indicates the profitability of the associates and measures their contribution to the profitability of the parent.

2. **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).** EBITDA is calculated by taking operating income and adding back to it the interest, depreciation and amortization expenses. Since EBITDA eliminates the effects of financing and accounting decisions, it can provide a relatively good comparison of the performance of the Company with other players in the industry. It also provides a good measure of the Company's ability to generate cash from operations to cover financial charges and income taxes.

3. **Cash Flow Generated.** Cash flow generated indicates the ability of the Company to generate enough cash for operating, investing and financing activities.

4. **Debt-to-Equity Ratio (DER).** DER gives an indication of the Company's leverage position and is computed by dividing total liabilities with total stockholders' equity.

5. **Current Ratio.** Current ratio is computed by dividing current assets by current liabilities. This indicates the liquidity of the Company in the short term and measures the peso amount of current asset available to cover a peso amount of current liability.

Year-to-Date (YTD) March 31, 2017 versus YTD March 31, 2016

The table below shows the comparative figures of the key performance indicators for the period in review.

Key Performance Indicators *Amounts in Php '000, except for ratios*	**YTD March 2017**	**YTD March 2016**	**YE 2016**
Equity in Net Earnings of Associates and Joint Ventures	299,465	297,493	
EBITDA	312,481	257,500	
Cash Flow Generated / (Used)	152,309	53,833	
Net cash flows (used in) from operating activities	(62,790)	(156,008)	
Net cash flows from (used in) investing activities	366,279	168,343	
Net cash flows (used in) from financing activities	(151,180)	41,498	
Debt-to-Equity Ratio (x)	0.45	0.51	0.45
Current Ratio (x)	3.89	3.11	3.93

The Company's share in net earnings of associates and joint ventures as of end-March 2017 amounted to Php 299.5 mn, representing a 1% year-on-year (YoY) increase from Php 297.5 mn. This was a result of the following:

- Improved bottomline contribution (up 10% YoY) of the Company's distribution utility, which was mainly a result of reduced expenses for the quarter in review;
- Higher income contribution (up 22% YoY) from an associate, which arose from enhanced gross margin brought about by improved average selling price and lower operating and maintenance costs; and
- Enhanced income contribution from a joint venture (up 11% YoY) that was brought about by a 19% YoY increase in energy sold.

Below is a table showing the impact of International Accounting Standards (IAS) 28[1] to the Company's financial performance for the period in review.

Name of Company	YTD March 2017			YTD March 2016		
	Actual Share in Losses (Gains) (Php)	Recognized Share in Losses (Gains) (Php)	Unrecognized Share in Losses (Gains) due to IAS 28 (Php)	Actual Share in Losses (Gains) (Php)	Recognized Share in Losses (Gains) (Php)	Unrecognized Share in Losses (Gains) due to IAS 28 (Php)
NR	146.6	--	146.6[(a)]	29.8	--	29.8[(b)]
AHPC	0.2	--	0.2	0.2	--	0.2
Total	146.8	--	146.8	30.0	--	30.0

(a) Php 36.7 mn pertained to unrealized forex loss from the dollar denominated portion of its liabilities arising from its administration contract with PSALM.
(b) Php 83.2 mn pertained to unrealized forex loss from the dollar denominated portion of its liabilities arising from its administration contract with PSALM.

EBITDA for the period recorded a 21% YoY expansion, from Php 257.5 mn to Php 312.5 mn. Total revenue grew by 43% YoY, which was mainly on the back of an 87% YoY hike in energy fees. A subsidiary recorded a 182% YoY improvement in energy sales given increased dispatch resulting from its bilateral contract and WESM sales.

The Company ended the period with a net increase in cash of Php 152.3 mn, which was mainly brought about by the cash flow generated from investing activities. The collection of dividends from two associates, and interest from short term money market placements were the sources of cash from investments for the period in review.

Debt-to-Equity ratio was steady at 0.45x as of end-March 2017 vis-à-vis end-December 2016. The 2% expansion in total equity that stemmed from the income generated by the Company was partially offset by the 1% increase in total liabilities.

The Company's current ratio slightly dropped to 3.89x as of end-March 2017 from year-end 2016 level of 3.93x. Current assets posted a 5% increase (mostly due to higher advances to an associate), while current liabilities grew by 6% (as a result of increased trade payables).

Material Changes in Line Items of Registrant's Income Statement
(YTD March 2017 vs. YTD March 2016)

As of end-March 2017, the Company's total revenues amounted to Php 948.6 mn, recording a 43% YoY growth from Php 663.6 mn.

1. Sale of power, which comprise the bulk of revenues at Php 612.2 mn (or 65% of total), rose by 87% YoY. This is primarily attributable to the improved topline performance of a subsidiary, which mainly resulted from the higher volume of energy sold (up 182% YoY). Moreover, the administration of 17 MW of geothermal power by a subsidiary further augmented the Company's topline as higher average selling price resulted to a 3% YoY increase in its revenue contribution.

[1] *IAS 28 Losses in Excess of Investments.* If an investor's or joint venturer's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture, the investor or joint venturer discontinues recognising its share of further losses. If the associate or joint venture subsequently reports profits, the investor or joint venturer resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

2. The Company's share in net earnings of associates and joint ventures as of end-March 2017 brought revenues of Php 299.5 mn, representing a 1% YoY increase from Php 297.5 mn. This arose from:

   - Improved bottomline contribution (up 10% YoY) of the Company's distribution utility, which was mainly a result of reduced expenses for the quarter in review;
   - Higher income contribution (up 22% YoY) from an associate, which arose from enhanced gross margin brought about by improved average selling price and lower operating and maintenance costs; and
   - Enhanced income contribution from a joint venture (up 11% YoY) that was brought about by a 19% YoY increase in energy sold.

Below is a table showing the impact of IAS 28 to the Company's financial performance for the period in review.

Name of Company	YTD March 2017			YTD March 2016		
	Actual Share in Losses (Gains) (Php)	Recognized Share in Losses (Gains) (Php)	Unrecognized Share in Losses (Gains) due to IAS 28 (Php)	Actual Share in Losses (Gains) (Php)	Recognized Share in Losses (Gains) (Php)	Unrecognized Share in Losses (Gains) due to IAS 28 (Php)
NR	146.6	--	146.6[a]	29.8	--	29.8[b]
AHPC	0.2	--	0.2	0.2	--	0.2
Total	146.8	--	146.8	30.0	--	30.0

(a) Php 36.7 mn pertained to unrealized forex loss from the dollar denominated portion of its liabilities arising from its administration contract with PSALM.
(b) Php 83.2 mn pertained to unrealized forex loss from the dollar denominated portion of its liabilities arising from its administration contract with PSALM.

3. Management fees dropped by 15% YoY to Php 23.4 mn from Php 27.5 mn. There was a service level agreement with an associate in 2016 that was not renewed during the period in review.

4. Interest income grew by 17% YoY to Php 13.5 mn from Php 11.5 mn coming from the Company's short term money market placements.

Total generation cost and operating expenses for the first quarter of 2017 expanded by 53% YoY, from Php 432.7 mn to Php 663.3 mn. Said movement can be accounted for by the following:

1. Generation cost went up by 55% YoY to Php 560.0 mn from Php 362.0 mn, which was mainly due to the rise in a subsidiary's energy sales and higher fuel price.

2. Salaries and employee benefits rose by 17% YoY to Php 32.3 mn from Php 27.6 mn on account of additional manpower and an upward adjustment in salaries.

3. Professional fees were higher by 226% YoY, from Php 8.5 mn to Php 27.9 mn. This was mainly due to the engagement of a technical consultant during the period in review.

4. Rent and association dues was up by 40% YoY at Php 2.3 mn. This increase is largely attributed to a new operating lease entered into by the Company for an additional office space. Moreover,

the rental fees of existing office spaces increased given the escalation rates indicated in the lease contracts.

5. Representation rose significantly by 243% YoY to Php 1.0 mn from Php 0.3 mn. This variance is attributed to sponsorships and higher representation expenses incurred by the Company and a subsidiary brought about by increased business activities during the period.

6. Communication and utilities were higher by 19% YoY at Php 1.5 mn from Php 1.3 mn. The increase in the Company's manpower headcount, additional internet subscription and receipt of delayed billings during the period in review accounted for the hike in communication expenses. Additional office space and the escalation of rates were a factor in the rise of power and water charges incurred as of end-March 2017.

7. Outside services was significantly higher by 140% YoY to Php 2.1 mn. This can be attributed to the early renewal of the maintenance support contracts of the Company's computerized accounting system and a subsidiary's trading software. The engagement of additional services and the adjustment in rates to comply with the new minimum wage order were also factors to the increase in outside services.

8. Other general and administrative expenses posted an 80% YoY surge from Php 7.1 mn to Php 12.8 mn. This can be attributed mainly to the: (i) higher cost of supplies, and repairs and maintenance; (ii) expenses for the Company's corporate social responsibility initiatives; and (iii) higher insurance cost on account of additional office space and purchase of new company vehicles.

Vivant booked Php 41.4 mn in other charges as of end-March 2017, recording a marginal increase from previous year's other charges of Php 40.8 mn. The following account for the movement:

1. An unrealized foreign exchange gain of approximately Php 0.01 mn was taken up during the period in review. This pertains to the restatement of the US Dollar and Euro cash balances of the Company and a subsidiary. This was against an unrealized foreign exchange loss of Php 0.5 mn recorded for the same period last year.

2. Other income of Php 1.9 mn was booked as of end-March 2017, which was 20% lower from last year's Php 2.3 mn. The rental and other income of the Company was offset by tax payments (relating to taxable year 2013) made by a subsidiary during the period in review.

The 90% YoY decline in accrued consolidated tax expense, from Php 1.5 mn to Php 0.1 mn, was a result of the lower taxable income of one of the Company's subsidiaries.

Taking all of the above into account, the Company recorded a total net income for the period ending March 31, 2017 of Php 243.8 mn, registering a growth of 29% YoY. Meanwhile, net income attributable to parent amounted to Php 238.8 mn, up by 7% YoY. The profit growth is principally due to the improved topline performance of the Company that was mainly accounted for by higher energy fees recorded during the quarter in review.

<u>Changes in Registrant's Consolidated Resources, Liabilities and Shareholders' Equity</u>
(End-March 2017 vs. Year-end 2016)

The Company's total assets grew by 2%, from end-2016's level of Php 14.6 bn to Php 14.9 bn. The following are the material movements in the consolidated assets of the Company as of end-March 2017.

1. Trade and other receivables rose by 6% to Php 471.8 mn as of end-March 2017, which was largely due to the energy sales of a subsidiary during the quarter in review. This was tempered by the receipt of dividends by a subsidiary and the collection of project-related reimbursements by another subsidiary.

2. Advances to associates and stockholders went up by 597% to Php 140.5 mn. This was due to project-related expenses incurred by an associate that was advanced by a subsidiary.

3. Other noncurrent assets was higher by 5% from Php 66.7 mn to Php 69.9 mn, which was mainly due to the advance payments made by a subsidiary to consultants for two projects in the pipeline. This was partially offset by the amortization of the software costs incurred by a subsidiary for the period in review.

Total consolidated liabilities were marginally higher at Php 4.6 bn as of end-March 2017 from end-2016's Php 4.5 bn. This was brought about by the increase in a subsidiary's trade payables (up by 7%) and the accrual of pension expense (up by 7%) by the Company. These were partially offset by the drop in income tax payable and the principal amortization for the 7-year Fixed Rate Corporate Notes (FRCN) of the Company.

As a result of net income generated during the period in review, total stockholders' equity increased by 2%, from Php 10.0 bn as of year-end 2016 to Php 10.3 bn as of end-March 2017. Meanwhile, equity attributable to parent ended up higher by 3% at Php 9.7 bn as of end-March 2017.

<u>Material Changes in the Consolidated Liquidity and Cash Reserves of Registrant</u>
(End-March 2017 vs. End-March 2016)

Cash and cash equivalents were higher by 11% YoY, from Php 4.1 bn as of end-March 2016 to Php 4.6 bn as of end-March 2017.

For the period ending March 31, 2017, the net cash used in the Company's operations amounted to Php 62.8 mn, recording an improvement of 60% from last year's net cash usage of Php 156.0 mn. On the back of improved topline performance, the Company recorded an increase in trade and other receivables during the quarter in review. This was partially offset by the decrease in inventories and prepayments, and the rise in trade and other payables. Payment for the FRCN and taxes also contributed to the usage of cash.

Net cash generated from investing activities as of end-March 2017 amounted to Php 366.3 mn, vis-a-vis last year's cash generation of Php 168.3 mn. For the period in review, the dividends from two associates more than offset the purchase of depreciable assets and the additional investments made by the Company and its subsidiary to other two associates. Also, interest income earned during the period contributed to the cash generation.

As of end-March 2017, the Company used cash of Php 151.2 mn for financing activities, recording a reversal of last year's net cash generation of Php 41.5 mn. Cash usage stemmed from the principal amortization of the Company's FRCN and advances to an associate made by a subsidiary.

Financial Ratios

Debt-to-Equity ratio was steady at 0.45x as of end-March 2017 vis-à-vis end-December 2016. The 2% expansion in total equity that stemmed from the income generated by the Company was partially offset by the 1% increase in liabilities.

The Company's current ratio slightly dropped to 3.89x as of end-March 2017 from year-end 2016 level of 3.93x. Current assets posted a 5% increase (mostly due to higher advances to an associate), while current liabilities grew by 6% (as a result of increased trade payables).

Material Events and Uncertainties

- Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. The following conditions shall be indicated: whether or not the registrant is having or anticipates having within the next twelve (12) months any cash flow or liquidity problems; whether or not the registrant is in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments; whether or not a significant amount of the registrant's trade payables have not been paid within the stated trade terms.

  The Company does not expect any liquidity problems and is not in default of any financial obligations.

- Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

  None.

- Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

  None.

- Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.

  The Company has projects in the pipeline, at varying degrees of development. These projects are being undertaken through wholly owned subsidiary, Vivant Energy Corporation (VEC).

  - Vivant Malogo Hydropower Inc. (VMHI) is a joint venture that will serve as the project proponent for the development and implementation of a Greenfield power plant. The project will involve the construction and operation of a series of run-of-river hydropower facilities that will be located in Barangay Kapitan Ramon in Silay City, Negros Occidental. The project will be designed to feed off the Malogo River and will consist of three (3) phases. The first phase of the project will have a total capacity of 6 MW. VMHI is looking at a 22 to 24 months construction period. VEC holds an equity stake of 67% in VMHI.

- Minergy Power Corporation (MPC), formerly known as Minergy Coal Corporation, is the project proponent for a new 3x55 MW coal-fired power generation plant in Balingasag, Misamis Oriental. Construction commenced in the first quarter of 2014. The power generation facility is expected to feed into the franchise area of Cagayan de Oro Electric Power and Light Corporation (CEPALCO), which covers the City of Cagayan de Oro and adjoining towns, by 2017. This project is funded via a combination of debt (70%) and equity (30%). Through wholly-owned Vivant Integrated Generation Corporation (VIGC), the Company has an equity ownership of 40% in MPC.

- Therma Visayas, Inc. (TVI) is the project proponent for the construction and operation of a 300-MW (net) coal-fired power generation facility on a site in Toledo City, Cebu. The project is intended to address the increasing power demand of the Visayas grid. The plant design includes provisions for the addition of a third generating unit. In March 2015, the notice to proceed for all EPC activities was issued. The first unit is expected to be connected to the grid by end 2017, with the second unit following three months thereafter. This project is funded via a combination of debt (75%) and equity (25%). The Company has an effective ownership of 20%.

- Delta P, Inc. (DPI) was declared as the winning proponent and awardee of the fifteen (15)-year Power Supply Agreement for a 26.65 MW Gross Dependable Capacity by the Palawan Electric Cooperative in December 2015. Consequently, DPI embarked on an expansion program in 2016 involving the construction of a 30-MW bunker-fired power plant located within the current facilities of the company. Completion is estimated in the first half of 2017. This project is funded via a combination of debt (75%) and equity (25%). VEC has a 50% equity stake in DPI.

- The Company, through its Business Development Group, continuously looks for opportunities in the power generation business, whether it be via greenfield, brownfield or acquisition. The Company conducts an extensive evaluation process before any proposed project is undertaken. Several factors are assessed and considered, which include but not limited to, the project's land use requirements, access to the grid, fuel supply availability and arrangements, permits and licenses, competitiveness of the plant and presence of potential offtakers. The Company intends to bankroll these projects via a combination of equity (30%) and debt (70%), where debt will be booked at the project company.

- Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.

  The overall economic performance of the Philippines is a key factor in the sale of electricity. Thus, the performance of the Company, including its subsidiaries and associates, is affected by the economic state of the country.

  Given the uncontracted portion of the Company's attributable generation capacity, any movement in the spot market price of electricity could have a significant impact on the Company's overall financial performance. Spot price of electricity is mostly determined by the supply and demand situation prevailing in the market.

- Any significant elements of income or loss that did not arise from the registrant’s continuing operations

  None.

- Any material changes in estimates of amounts reported in prior interim period of the current financial year and interim period of the prior financial year, respectively.

  None.

- Any seasonal aspects that had a material effect on the financial condition or results of operations

  The Company currently has two run-of-river hydropower plant facilities in its power generation portfolio. In the absence of any storage capability, the plants’ operations are dependent on water availability in the form of river water flow. These plants are at minimal operating levels during the dry months, or the first half, of the year. These are reversed in the second semester, or at the onset of the rainy season, which result to high generation capability given the increased river water flow.

- Any material events subsequent to the end of the interim period that have not been reflected in the financial statements of the interim period

  None.

PART II--OTHER INFORMATION

Other than what has been reported, no event has since occurred.

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.

VIVANT COMPANY

By:

MINUEL CARMELA N. FRANCO
VP - Finance

MARIA VICTORIA E. SEMBRANO
AVP – Finance

May 12, 2017

VIVANT CORPORATION AND SUBSIDIARIES

Unaudited Consolidated Financial Statements
As of March 31, 2017 (with Comparative Audited Consolidated Figures as of December 31, 2016) and for the Three Months Ended March 31, 2017

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(With Comparative Figures as of December 31, 2016)
(Amounts in Philippine Pesos)

	March 31, 2017	December 31, 2016
ASSETS		
Current Assets		
Cash and cash equivalents (Note 1)	**₱4,590,095,470**	₱4,437,776,262
Trade and other receivables (Note 2)	**471,848,364**	443,360,472
Advances to associates and stockholders (Note 2)	**140,543,052**	20,155,989
Inventories	**95,775,188**	96,845,759
Prepayments and other current assets (Note 3)	**910,909,465**	926,979,573
Total Current Assets	**6,209,171,539**	5,925,118,055
Noncurrent Assets		
Investments in and advances to associates and joint ventures (Note 4)	**7,443,679,853**	7,403,863,494
Property, plant and equipment (Note 5)	**610,309,667**	634,186,208
Investment properties (Note 6)	**514,721,896**	514,801,557
Pension asset	**2,874,791**	2,874,791
Deferred income tax assets - net	**14,369,016**	14,369,016
Other noncurrent assets (Note 7)	**69,933,018**	66,741,709
Total Noncurrent Assets	**8,655,888,241**	8,636,836,775
TOTAL ASSETS	**₱14,865,059,780**	₱14,561,954,830

	March 31, 2017	December 31, 2016
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term note payable	**₱103,500,000**	₱103,500,000
Trade and other current payables	**1,356,106,034**	1,267,102,534
Advances from related parties	**110,884,207**	111,676,791
Income tax payable	**5**	453,865
Current portion of long-term notes payable	**25,812,744**	25,812,744
Total Current Liabilities	**1,596,302,990**	1,508,545,934
Noncurrent Liabilities		
Long-term notes payable - net of current portion	**2,865,771,935**	2,895,771,935
Pension liability	**22,261,122**	20,717,401
Deferred income tax liabilities	**109,574,367**	109,574,367
Total Noncurrent Liabilities	**2,997,607,424**	3,026,063,703
Total Liabilities	**4,593,910,414**	4,534,609,637
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 8)	**1,023,456,698**	1,023,456,698
Additional paid-in capital	**8,339,452**	8,339,452
Other components of equity:		
Share in revaluation increment of an associate	**1,207,387,400**	1,207,387,400
Remeasurement gain on employee benefits	**4,652,158**	4,652,158
Share in remeasurement losses on employee benefits of associates and a joint venture	**(58,895,444)**	(58,895,444)
Unrealized valuation gain (loss) on available-for-sale (AFS) investments	**(5,291)**	(5,291)
Retained earnings:		
Appropriated for business expansion	**2,778,783,261**	2,778,783,261
Unappropriated	**4,732,114,871**	4,493,321,226
Equity Attributable to Equity Holders of the Parent	**9,695,833,105**	9,457,039,460
Equity Attributable to Non-controlling Interests	**575,316,261**	570,305,733
Total Equity	**10,271,149,366**	10,027,345,193
TOTAL LIABILITIES AND EQUITY	**₱14,865,059,780**	₱14,561,954,830

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD JANUARY 1 TO MARCH 31, 2017
(With Comparative Figures for the same period in 2016)
(Amounts in Philippine Pesos)

	2017	2016
REVENUE		
Sale of power	**₱612,194,043**	₱327,114,879
Equity in net earnings of associates and joint ventures	**299,464,525**	297,493,063
Management fees	**23,410,549**	27,477,055
Interest income	**13,541,931**	11,548,821
	948,611,048	663,633,818
GENERATION COSTS	**559,772,926**	362,017,767
OPERATING EXPENSES		
Salaries and employee benefits	**32,258,097**	27,619,574
Professional fees	**27,896,815**	8,544,971
Taxes and licenses	**12,482,080**	12,063,741
Depreciation and amortization	**5,126,177**	5,069,932
Travel	**3,663,673**	3,797,949
Management fees	**2,362,500**	2,362,500
Rent and association dues	**2,272,763**	1,627,798
Outside services	**2,148,415**	895,276
Communication and utilities	**1,523,324**	1,276,609
Representation	**994,666**	290,077
Other operating expenses	**12,763,749**	7,102,400
	103,492,259	70,650,827
INCOME FROM OPERATIONS	**285,345,863**	230,965,224
OTHER INCOME (CHARGES)		
Finance costs	**(43,266,258)**	(42,664,834)
Foreign exchange gains-net (losses)	**9,896**	(506,202)
Other income - net	**1,862,338**	2,337,509
	(41,394,024)	(40,833,527)
INCOME BEFORE INCOME TAX	**243,951,839**	190,131,697
PROVISION FOR INCOME TAX	**147,666**	1,488,507
NET INCOME	**243,804,173**	188,643,190
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱243,804,173**	₱188,643,190
NET INCOME ATTRIBUTABLE TO:		
Shareholders of the parent company	**₱238,793,645**	₱222,948,755
Non-controlling interests	**5,010,528**	(34,305,565)
	₱243,804,173	₱188,643,190
BASIC AND DILUTED EARNINGS PER SHARE (Note 9)	**₱ 0.233**	₱0.218

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2017
(With Comparative Figures for the same period in 2016)
(Amounts in Philippine Pesos)

	2017	2016
REVENUE		
Sale of power	**₱612,194,043**	₱327,114,879
Equity in net earnings of associates and joint ventures	**299,464,525**	297,493,063
Management fees	**23,410,549**	27,477,055
Interest income	**13,541,931**	11,548,821
	948,611,048	663,633,818
GENERATION COSTS	**559,772,926**	362,017,767
OPERATING EXPENSES		
Salaries and employee benefits	**32,258,097**	27,619,574
Professional fees	**27,896,815**	8,544,971
Taxes and licenses	**12,482,080**	12,063,741
Depreciation and amortization	**5,126,177**	5,069,932
Travel	**3,663,673**	3,797,949
Management fees	**2,362,500**	2,362,500
Rent and association dues	**2,272,763**	1,627,798
Outside services	**2,148,415**	895,276
Communication and utilities	**1,523,324**	1,276,609
Representation	**994,666**	290,077
Other operating expenses	**12,763,749**	7,102,400
	103,492,259	70,650,827
INCOME FROM OPERATIONS	**285,345,863**	230,965,224
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Finance costs	**(43,266,258)**	(42,664,834)
Foreign exchange gains-net (losses)	**9,896**	(506,202)
Other income – net	**1,862,338**	2,337,509
	(41,394,024)	(40,833,527)
INCOME BEFORE INCOME TAX	**243,951,839**	190,131,697
PROVISION FOR INCOME TAX	**147,666**	1,488,507
NET INCOME	**243,804,173**	188,643,190
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱243,804,173**	₱188,643,190
NET INCOME ATTRIBUTABLE TO:		
Shareholders of the parent company	**₱238,793,645**	₱222,948,755
Non-controlling interests	**5,010,528**	(34,305,565)
	₱243,804,173	₱188,643,190
BASIC AND DILUTED EARNINGS PER SHARE (Note 9)	**₱ 0.233**	₱0.218

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2017
(With Comparative Figures for the same period in 2016)
(Amounts in Philippine Pesos)

	Attributable to Equity Holders of the Parent										
							Retained Earnings				
	Capital Stock	**Additional Paid-in Capital**	**Share in Revaluation Increment of an Associate**	**Remeasurement Gain (Loss) on Employee Benefits**	**Share in Remeasurement Losses on Employee Benefits of Associates and a Joint Venture**	**Unrealized Valuation Gain (Loss) on AFS Investments**	**Appropriated**	**Unappropriated**	**Total**	**Equity Attributable to Non-Controlling Interests**	**Total Equity**
Balances at January 1, 2017	**₱1,023,456,698**	**₱8,339,452**	**₱1,207,387,400**	**₱4,652,158**	**(58,895,444)**	**(₱5,291)**	**₱2,778,783,261**	**₱4,493,321,226**	**₱9,457,039,460**	**₱570,305,733**	**₱10,027,345,193**
Total comprehensive income (loss)	–	–	–	–	–	–	–	**238,793,645**	**238,793,645**	**5,010,528**	**243,804,173**
Additional investments of non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	–	–
Balances at March 31, 2017	**₱1,023,456,698**	**₱8,339,452**	**₱1,207,387,400**	**₱4,652,158**	**(58,895,444)**	**(₱5,291)**	**₱2,778,783,261**	**₱4,732,114,871**	**₱9,695,833,105**	**₱575,316,261**	**₱10,271,149,366**
Balances at January 1, 2016	₱1,023,456,698	₱8,339,452	₱1,234,371,697	₱3,625,317	(₱59,172,924)	₱191,083	₱2,493,584,261	₱3,726,045,896	₱8,430,441,480	₱507,623,093	₱8,938,064,573
Total comprehensive income (loss)	–	–	–	–	–	–	–	222,948,755	222,948,755	(34,305,565)	188,643,190
Additional investments of non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	12,210,000	12,210,000
Balances at March 31, 2016	₱1,023,456,698	₱8,339,452	₱1,234,371,697	₱3,625,317	(₱59,172,924)	₱191,083	₱2,493,584,261	**₱3,948,994,651**	**₱8,653,390,235**	**₱485,527,528**	**₱9,138,917,763**

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2017
(With Comparative Figures for the same period in 2016)
(Amounts in Philippine Pesos)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱243,951,839**	₱190,131,697
Adjustments for:		
Equity in net earnings of associates and joint ventures	**(299,464,525)**	(297,493,063)
Finance costs	**43,266,258**	42,664,834
Depreciation and amortization	**27,135,443**	26,535,060
Interest income	**(13,541,931)**	(11,548,821)
Pension expense	**1,543,721**	1,322,657
Unrealized foreign exchange gains (losses)	**(9,896)**	506,202
Operating income before working capital changes	**2,880,909**	(47,881,434)
Decrease (increase) in:		
Trade and other receivables (Note 2)	**(127,947,533)**	86,911,529
Prepayments and other current assets (Note 3)	**16,070,100**	(79,476,390)
Inventories	**1,070,571**	6,044,307
Increase (decrease) in trade and other payables	**100,431,407**	(79,730,993)
Cash used in operations	**(7,494,546)**	(114,132,981)
Interest paid	**(54,694,158)**	(41,762,276)
Income tax paid	**(601,526)**	(112,820)
Net cash flow used in operating activities	**(62,790,230)**	(156,008,077)

	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	**411,974,641**	329,452,410
Interest received	**13,429,572**	12,935,852
Additions to property, plant and equipment (Note 5)	**(2,925,097)**	(8,504,560)
Decrease (increase) in:		
Intangible assets	**–**	(112,124)
Other noncurrent assets	**(3,445,453)**	(5,428,774)
Increase in investments in associates and joint ventures (Note 4)	**(52,754,474)**	(160,000,000)
Net cash flows from investing activities	**366,279,189**	168,342,804
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term note payable	**–**	55,000,000
Payment of notes payable	**(30,000,000)**	(30,000,000)
Additional investments of non-controlling interest of a subsidiary	**–**	12,210,000
Collection from (advances to) related parties	**(121,179,647)**	4,288,159
Net cash from (used in) financing activities	**(151,179,647)**	41,498,159
NET INCREASE IN CASH AND CASH EQUIVALENTS	**152,309,312**	53,832,886
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**9,896**	(506,202)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		
Cash and cash equivalents	**4,437,776,262**	4,068,285,801
Restricted cash	**650,000**	775,000
	4,438,426,262	4,069,060,801
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and cash equivalents	**4,590,095,470**	4,121,612,485
Restricted cash	**650,000**	775,000
	₱4,590,745,470	₱4,122,387,485

See accompanying Notes to Consolidated Financial Statements.

VIVANT CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2017

1. Cash and cash Equivalents

This account consists of:

	YTD March 31, 2017	YE 2016
Cash on hand and in banks	**₱ 434,069,729**	₱ 196,306,387
Short-term investments	**4,156,025,741**	4,241,469,875
	₱4,590,095,470	₱4,437,776,262

2. Trade and other receivables, advances to associates and stockholders

This account consists of:

	YTD March 31, 2017	YE 2016
Trade receivables	**₱ 443,803,483**	₱248,447,465
Advances to shareholders of a joint venture	**25,792,000**	25,792,000
Accounts receivable	**19,756,569**	23,481,186
Accrued interest	**3,999,327**	3,886,969
Advances to officers and employees	**3,927,601**	4,959,370
Dividends receivable	**-**	99,572,000
Receivable from an associate	**-**	39,289,553
Insurance claims receivable	**-**	19,947,117
Others	**9,027,430**	12,442,858
	506,306,410	477,818,518
Less allowance for impairment losses	**34,458,046**	34,458,046
Trade and other receivables	**₱471,848,364**	₱443,360,472

Advances to associate and stockholders	**₱140,543,052**	₱20,155,989

2.1 Aging of Trade and other receivables, advances to associates and stockholders

	YTD March 31, 2017				YE 2016			
	0-30 DAYS	**31-60 DAYS**	**OVER 60 DAYS**	**TOTAL**	0-30 DAYS	31-60 DAYS	OVER 60 DAYS	TOTAL
Trade receivables, advances and other current receivables	**₱334,688,010**	**₱9,137,520**	**₱162,480,880**	**₱506,306,410**	₱358,174,546	₱6,261,055	₱113,382,917	₱477,818,518
Less: Allowance for impairment loss			**34,458,046**	**34,458,046**			34,458,046	34,458,046
	₱334,688,010	**₱9,137,520**	**₱128,022,834**	**₱471,848,364**	₱358,174,546	₱6,261,055	₱78,924,871	₱443,360,472

3. Prepayments and other current assets

The composition of this account is shown below:

	YTD March 31, 2017	YE 2016
Advances to suppliers and other parties	**₱721,504,355**	₱760,191,390
Creditable withholding taxes	**112,655,062**	97,000,681
Input tax	**57,136,468**	42,373,976
Prepaid expenses	**14,773,909**	22,651,542
Others	**4,839,671**	4,761,984
	₱910,909,465	₱926,979,573

4. Investment in and advances to associates and joint ventures:

The components of the carrying values of investments in associates and joint ventures are as follows:

	YTD March 31, 2017	YE 2016
Investment in VECO:		
Acquisition Cost	**₱840,333,111**	₱840,333,111
Accumulated Equity Earnings-net	**34,527,281**	166,720,379
Revaluation Surplus	**1,166,783,948**	1,166,783,948
Carrying Value	**2,041,644,340**	2,173,837,438
Investment in Delta P:		
Acquisition Cost	**270,617,231**	150,117,231
Additional investment	**-**	120,500,000
Accumulated Equity Earnings-net	**19,166,805**	16,005,061
Carrying Value	**289,784,036**	286,622,292
Investment in CPPC:		
Acquisition Cost	**305,119,049**	305,119,049
Accumulated Equity Earnings-net	**(189,115,481)**	(232,066,668)
Carrying Value	**116,003,568**	73,052,381
Investment in ABOVANT:		
Acquisition Cost	**976,784,699**	976,784,699
Accumulated Equity Earnings-net	**622,380,748**	552,025,075
Revaluation Surplus	**-**	-
Carrying Value	**1,599,165,447**	1,528,809,774
Investment in VSNRGC:		
Acquisition Cost	**334,848,001**	311,040,001
Additional investment	**-**	23,808,000
Accumulated Equity Earnings-net	**(334,848,001)**	(334,848,001)
Carrying Value	**-**	-
Investment in AHPC:		
Acquisition Cost	**13,062,500**	11,500,000
Deposits converted to equity	**-**	1,562,500
Deposit for future stock subscription	**1,406,200**	1,406,200
Accumulated Equity Earnings-net	**(11,500,000)**	(11,500,000)
Carrying Value	**2,968,700**	2,968,700

	YTD March 31, 2017	YE 2016
Investment in PEI:		
Acquisition Cost	**500,000**	500,000
Additional investment	**6,400,000**	-
Accumulated Equity Earnings-net	**(16,762)**	(9,220)
Carrying Value	**6,883,238**	490,780
Investment in CIPC:		
Acquisition Cost	**102,097,169**	102,097,169
Accumulated Equity Earnings-net	**4,059,676**	1,066,762
Carrying Value	**106,156,845**	103,163,931
Investment in TVI:		
Acquisition Cost	**231,496,655**	231,496,655
Accumulated Equity Earnings-net	**55,883,721**	55,883,721
Revaluation Surplus	**40,603,451**	40,603,451
Carrying Value	**327,983,827**	327,983,827
Investment in MPC:		
Acquisition Cost	**2,413,250,000**	2,413,250,000
Additional investment	**342,990,000**	342,990,000
Accumulated Equity Earnings-net	**77,480,003**	77,480,003
Carrying Value	**2,833,720,003**	2,833,720,003
Investment in LPCI:		
Acquisition Cost	**258,750**	258,750
Deposit for future stock subscription	**114,491,250**	68,136,776
Accumulated Equity Earnings-net	**(199,318)**	(325)
Carrying Value	**114,550,682**	68,395,201
Investment in GLEDC:		
Acquisition Cost	**-**	-
Accumulated Equity Earnings-net	**(148,393)**	(148,393)
Carrying Value	**(148,393)**	(148,393)
Investment in SREC:		
Acquisition Cost	**5,100,000**	5,100,000
Accumulated Equity Earnings-net	**(132,440)**	(132,440)
Carrying Value	**4,967,560**	4,967,560
Total Carrying Value of Investments	**₱7,443,679,853**	₱7,403,863,494

The Group has unrecognized share in losses from results of operations of its investments in an associate and a joint venture amounting to Php 146.8 mn and Php 30.0 mn as of March 31, 2017 and March 31, 2016, respectively. Total cumulative unrecognized losses amounted to Php 882.6 mn as of the quarter in review and Php 735.8 mn as of yearend-2016.

5. Property, Plant and Equipment

Property and equipment consists of the following major classifications:

	2017							
	Plant Machineries and Equipment	**Condominium Units, Building and Improvements**	**Transportation Equipment**	**Office Furniture, Fixtures and Equipment**	**Tools and Other Assets**	**Leasehold and Land Improvements**	**Construction in Progress**	**Total**
Cost								
At January 1	**₱648,898,491**	**₱45,977,395**	**₱43,060,037**	**₱37,505,325**	**₱8,368,111**	**₱18,239,350**	**₱32,588,780**	**₱834,637,489**
Additions	**40,179**		**757,180**	**685,822**			**1,441,916**	**2,925,097**
At March 31	**648,938,670**	**45,977,395**	**43,817,217**	**38,191,147**	**8,368,111**	**18,239,350**	**34,030,696**	**837,562,586**
Accumulated Depreciation and Amortization								
At January 1	**121,436,848**	**19,174,990**	**23,469,413**	**26,745,209**	**3,378,331**	**6,246,490**	**–**	**200,451,281**
Depreciation	**21,563,986**	**344,874**	**1,853,641**	**2,331,298**	**46,185**	**661,654**	**–**	**26,801,638**
At March 31	**143,000,834**	**19,519,864**	**25,323,054**	**29,076,507**	**3,424,516**	**6,908,144**	**–**	**227,252,919**
Net Book Value	**₱505,937,836**	**₱26,457,531**	**₱18,494,163**	**₱9,114,640**	**₱4,943,595**	**₱11,331,206**	**₱34,030,696**	**₱610,309,667**

	2016							
	Plant Machineries and Equipment	Condominium Units, Building and Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Tools and Other Assets	Leasehold and Land Improvements	Construction in Progress	Total
Cost								
At January 1	₱878,394,764	₱45,672,763	₱37,051,538	₱32,699,427	₱3,658,731	₱16,878,412	₱–	₱1,014,355,635
Additions	5,978,977	304,632	9,759,850	5,296,521	4,709,380	1,360,938	21,133,399	48,543,697
Reclassifications	–	–	–	–	–	–	11,455,381	11,455,381
Disposal	(235,475,250)	–	(3,751,351)	(490,623)	–	–	–	(239,717,224)
At December 31	648,898,491	45,977,395	43,060,037	37,505,325	8,368,111	18,239,350	32,588,780	834,637,489
Accumulated Depreciation and Amortization								
At January 1	35,589,565	16,227,789	18,659,987	20,473,716	1,479,182	5,428,236	–	97,858,475
Depreciation	85,847,283	2,947,201	7,492,733	6,753,622	1,899,149	818,254	–	105,758,242
Disposal	–	–	(2,683,307)	(482,129)	–	–	–	(3,165,436)
At December 31	121,436,848	19,174,990	23,469,413	26,745,209	3,378,331	6,246,490	–	200,451,281
Net Book Value	₱527,461,643	₱26,802,405	₱19,590,624	₱10,760,116	₱4,989,780	₱11,992,860	₱32,588,780	₱634,186,208

6. Investment Properties

	2017		
	Land	**Buildings**	**Total**
At January 1	**₱511,423,557**	**₱3,378,000**	**₱514,801,557**
Amortization		**(79,661)**	**(79,661)**
At March 31	**₱511,423,557**	**₱3,298,339**	**₱514,721,896**

	2016		
	Land	Buildings	Total
At December 31	₱511,423,557	₱3,378,000	₱514,801,557

Some of the Company's investment properties were leased out to outside parties to earn rental income. Total rental income amounting to Php 0.6 mn and Php 2.9 mn as of end-March 2017 and end-March 2016, respectively, were recorded as part of "Other income" in the consolidated statements of comprehensive income.

In 2015, an appraisal was carried out on the Company's investment properties resulting to a fair value change amounting to Php 240.7 mn. Management assessed that there is no significant change in the fair value of the Group's investment properties from the valuation date until March 31, 2017.

Real property taxes pertaining to the land amounting to Php 0.7 mn and Php 0.8 mn as of end-March 2017 and 2016, respectively, are included under "Taxes and licenses" account in the consolidated statements of comprehensive income.

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct, or develop investment properties.

7. Other Non-Current Assets

The details of this account are shown below:

	YTD March 31, 2017	YE 2016
Goodwill	**₱42,559,451**	₱42,559,451
Input VAT	**7,757,302**	7,254,787
AFS investments	**3,750,631**	3,750,631
Advances to suppliers	**3,196,417**	3,946,417
Software cost	**873,748**	1,127,890
Others - net of allowance for impairment loss of Php 46.1 mn	**11,795,469**	8,102,533
	₱69,933,018	₱66,741,709

8. Capital Stock

The details of the capital stock account are as follows:

	YTD March 31, 2017	YE 2016
Authorized Capital Stock –		
2,000,000; ₱1.00 par value	**₱2,000,000,000**	₱2,000,000,000
Issued – 1,023,456,698 shares	**1,023,456,698**	1,023,456,698

9. Earnings Per Share

The financial information pertinent to the derivation of earnings per share follows:

	YTD March 31, 2017	YE 2016
Basic Earnings Per Share		
Net income (loss) attributable to shareholders of the parent company	238,793,645	1,293,430,993
Weighted average number of outstanding common shares	1,023,456,698	1,023,456,698
	0.233	**1.264**

11. OTHER DISCLOSURES

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The principal accounting policies and methods of computation used in the annual financial statements were also followed in the preparation of the interim financial statements.

There are no significant changes in estimates in amounts reported in prior financial years that have a material effect in the current interim period.

There are no material events subsequent to the end of the interim period that has not been reflected in the financial statements for the interim period.

There are no material contingencies, events or transactions that are material to an understanding of the current interim period.

Vivant Corporation issued 7-year fixed rate notes with a total principal amount of Php 3.0 bn. The issue was fully subscribed by a consortium of local banks composed of Metropolitan Bank and Trust Company, China Banking Corporation, Development Bank of the Philippines, Philippine Savings Bank, Rizal Commercial Banking Corporation and Robinsons Savings Bank.

The FRCN issue was done in two tranches. The first tranche of notes worth Php 1.0 bn were issued on February 3, 2014 at an interest rate of 5.7271% p.a. Meanwhile, the second tranche of notes worth Php 2.0 bn were issued on March 31, 2014 at an interest rate of 5.4450% p.a.

Vivant Corporation made partial payments on the principal for Php 30 mn in February of each year starting 2015 or a total of Php 90.0 mn as of end-March 2017.

The Company is not required to disclose segment information in its annual financial statements.

There have been no changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

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

Financial Instruments and Financial Risk Management

The Company and its subsidiaries (the "Group") are exposed to a variety of financial risks which resulted from its operating and investing activities. The Group focuses on actively securing its short-to-medium term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

Credit Risk

Credit Risk represents the risk of loss the Group would incur if counterparties fail to perform their contractual obligations. The Group's credit risk arises principally from its receivables.

Generally, the maximum credit risk exposure of financial assets is their carrying amount as shown in the balance sheets. Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount. The Group's receivables are actively monitored to avoid significant concentrations of credit risk. Please refer to the Note 2 of the Notes to the interim Financial Statements as of March 31, 2017 for the aging analysis of the Group's receivables.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors and maintains a level of cash deemed adequate by management to finance its operations and mitigate the effects of fluctuations in cash flows. Additional short-term funding is obtained from related party advances and short-term loans when necessary.

Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the Philippine Peso (PHP), which are United States Dollar (USD) and European Euro (€).

The Group's exposure to foreign currency risk based on amounts is as follows:

	March 31, 2017
Loan Receivables	USD –
Trade Receivables	USD –
Cash	USD 76,350
	Euro 1,020
Trade Payables	USD –
	Euro –
Gross Exposure	USD 76,350
	Euro 1,020

The average exchange rate for the quarter ended March 31, 2017 are as follows:

US Dollar-Philippine Peso	US$1 = Php50.27
Euro-Philippine Peso	Eu€1 = Php53.37

The exchange rate applicable as of March 31, 2017 are the following:

US Dollar-Philippine Peso	US$1 = Php50.16
Euro-Philippine Peso	Eu€1 = Php53.69

Sensitivity Analysis

A 10% strengthening of the Philippine Peso against US Dollar and European Euro as of March 31, 2017 would have increased equity and profit by Php 0.4 mn. A 10% weakening of the Philippine Peso against the US Dollar and European Euro as of March 31, 2017 would have an equal but opposite effect, on the basis that all other variables remain constant.

The Group absorbs the risk and favorable and unfavorable exchange rate movement as they arise.

The Company neither issues nor invests in complex securities, particularly on derivatives.

The Company does not have investments in foreign securities.

The carrying values of cash and cash equivalents, receivables, trade, and other payables approximate their fair values due to short-term maturity of these instruments.

The Company has minimal financial instruments in the form of available for sale shares of stock which are traded in the market. These financial instruments are however not traded actively.