

# COVER SHEET

SEC Registration Number

5 9 3 6 6

## COMPANY NAME

ALSONS CONSOLIDATED RESOURCES,  
INC. AND SUBSIDIARIES

## PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

2 2 8 6 Don Chino Roces Ave.  
Extension, Makati City

Form Type

1 7 - Q

Department requiring the report

SEC

Secondary License Type, If Applicable

NA

## COMPANY INFORMATION

Company's Email Address

legal@alcantaragroup.com

Company's Telephone Number

982 - 3000

Mobile Number

N/A

No. of Stockholders

466

Annual Meeting (Month / Day)

May 27

Fiscal Year (Month / Day)

December 31

## CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Luis R. Ymson, Jr.

Email Address

lry@alcantaragroup.com

Telephone Number/s

982-3000

Mobile Number

## CONTACT PERSON'S ADDRESS

Alsons Building, 2286 Chino Roces Avenue, Makati City

**NOTE 1 :** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2 :** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

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 30 June 2016
2. SEC Identification Number 59366
3. BIR Tax Identification Number - 001-748-412
4. Exact name of registrant as specified in its charter: ALSONS CONSOLIDATED RESOURCES, INC.
5. Philippines  
Province, Country or other jurisdiction of  
incorporation or organization
6. Industry Classification Code: \_\_\_\_\_ (SEC Use Only)
7. Alsons Bldg., 2286 Pasong Tamo Extension,  
Makati City 1231  
Address of principal office Postal Code
8. (632) 982-3000  
Registrant's telephone number, including area code
9. Not Applicable  
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 4 and 8 of the SRC  

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Stock P 1.00 par value	6,291,500,000 Shares
11. Are any or all of these securities listed on the Philippine 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 Stock
12. Check whether the registrant:  
  - (a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):  
Yes ☒ No ☐
  - (b) has been subject to such filing requirements for the past 90 days.  
Yes ☒ No ☐

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# Alsons Consolidated Resources, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements  
As at June 30, 2016 and for the Six-Month Periods Ended  
June 30, 2016 and 2015  
*(With Comparative Audited Consolidated Balance Sheet as at  
December 31, 2015)*

**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES****INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS****AS AT JUNE 30, 2016****(With Comparative Audited Figures as at December 31, 2015)**

	<b>June 30, 2016 (Unaudited)</b>	<b>December 31, 2015 (Audited)</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	<b>₱3,315,668,683</b>	₱3,939,847,554
Short-term cash investments (Note 4)	<b>9,392,000</b>	172,944,935
Trade and other receivables (Note 5)	<b>2,507,308,809</b>	1,763,100,597
Real estate inventories (Note 6)	<b>635,957,163</b>	636,575,584
Spare parts and supplies - at cost	<b>620,173,690</b>	496,350,993
Prepaid expenses and other current assets	<b>616,218,714</b>	894,177,645
<b>Total Current Assets</b>	<b>7,704,719,059</b>	7,902,997,308
<b>Noncurrent Assets</b>		
Noncurrent portion of installment receivables	<b>6,758,473</b>	6,758,473
Investments in real estate (Note 6)	<b>191,279,491</b>	1,463,639,767
Investments in associates (Note 6)	<b>2,174,594,762</b>	1,275,633,260
Property, plant and equipment	<b>16,807,239,136</b>	15,676,131,842
Available-for-sale (AFS) financial assets	<b>2,342,763,271</b>	2,345,573,271
Goodwill (Note 7)	<b>1,052,063,536</b>	1,052,063,536
Net retirement assets	<b>23,694,989</b>	28,746,272
Deferred income tax assets - net	<b>13,646,225</b>	13,690,764
Other noncurrent assets (Note 8)	<b>406,904,807</b>	401,189,408
<b>Total Noncurrent Assets</b>	<b>23,018,944,690</b>	22,263,426,593
<b>TOTAL ASSETS</b>	<b>₱30,723,663,749</b>	₱30,166,423,901

**LIABILITIES AND EQUITY****Current Liabilities**

Accounts payable and other current liabilities (Note 9)	<b>₱1,512,754,496</b>	₱1,348,533,548
Dividends payable	<b>550,776,640</b>	—
Loans payable	<b>—</b>	300,000,017
Income tax payable	<b>34,892,741</b>	64,901,390
Current portion of long-term debt	<b>252,587,063</b>	311,720,556
<b>Total Current Liabilities</b>	<b>2,351,010,940</b>	2,025,155,511

**Noncurrent Liabilities**

Long-term debt - net of current portion	<b>17,016,579,385</b>	16,868,288,633
Deferred income tax liabilities - net	<b>586,861,751</b>	596,994,524
Retirement benefits liabilities	<b>4,925,822</b>	6,488,611
Asset retirement obligation	<b>150,366,633</b>	69,380,652
<b>Total Noncurrent Liabilities</b>	<b>17,758,733,591</b>	17,541,152,420
<b>Total Liabilities</b>	<b>20,109,744,531</b>	19,566,307,931

(Forward)

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
<b>Equity (Note 10)</b>		
Capital stock	₱6,318,083,333	₱6,318,083,333
Other equity reserves	1,729,770,422	1,767,643,490
Retained earnings:		
Unappropriated	744,658,540	797,647,185
Appropriated	1,300,000,000	1,300,000,000
Attributable to equity holders of the parent	10,092,512,295	10,183,374,008
Non-controlling interests	521,406,923	416,741,962
<b>Total Equity</b>	<b>10,613,919,218</b>	<b>10,600,115,970</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱30,723,663,749</b>	<b>₱30,166,423,901</b>

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*

**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

	Six-Month Period Ended June 30		Three-Month Period Ended June 30	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
<b>SALES OF SERVICES:</b>				
Energy fees	₱3,186,259,731	₱2,479,023,833	₱1,944,806,956	₱1,290,923,649
Management fees	7,562,913	12,445,322	959,134	6,246,823
Rental income and others	6,887,558	9,340,784	2,928,467	2,295,342
<b>TOTAL REVENUE</b>	<b>3,200,710,202</b>	<b>2,500,809,939</b>	<b>1,948,694,557</b>	<b>1,299,465,814</b>
<b>COSTS AND EXPENSES</b>				
Cost of services	(2,477,119,894)	(1,528,220,907)	(1,535,520,389)	(826,703,047)
General and administrative expenses	(262,857,978)	(203,232,346)	(179,531,152)	(100,674,701)
Finance income (charges) - net	(220,716,184)	(81,861,429)	(187,707,608)	(10,936,899)
Other income (charges) - net	11,210,286	(27,905,712)	5,523,623	(14,748,430)
	(2,949,483,770)	(1,841,220,394)	(1,897,235,526)	(953,063,077)
<b>INCOME BEFORE INCOME TAX</b>	<b>251,226,432</b>	<b>659,589,545</b>	<b>51,459,031</b>	<b>346,402,737</b>
<b>PROVISION FOR INCOME TAX</b>				
Current	91,407,890	129,662,290	39,824,850	44,601,237
Deferred	3,078,226	45,891,197	3,029,207	31,465,676
	94,486,116	175,553,487	42,854,057	76,066,913
<b>NET INCOME</b>	<b>₱156,740,316</b>	<b>₱484,036,058</b>	<b>₱8,604,974</b>	<b>₱270,335,824</b>
<b>Net income (loss) attributable to:</b>				
Equity holders of the Parent Company	₱52,075,355	₱218,984,313	(₱36,330,855)	₱107,915,261
Non-controlling interests	104,664,961	265,051,745	44,935,829	162,420,563
	<b>₱156,740,316</b>	<b>₱484,036,058</b>	<b>₱8,604,974</b>	<b>₱270,335,824</b>
Basic/diluted earnings (loss) per share attributable to equity holders of the parent (Note 10)	<b>₱0.008</b>	<b>₱0.035</b>	<b>(₱0.005)</b>	<b>₱0.017</b>

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*

**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF**  
**COMPREHENSIVE INCOME**

	Six-Month Period Ended June 30		Three-Month Period Ended June 30	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
<b>NET INCOME FOR THE PERIOD</b>	<b>P156,740,316</b>	<b>P484,036,058</b>	<b>P8,604,974</b>	<b>P270,335,824</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Unrealized gains (losses) on fair valuation of AFS financial assets	7,263,539	(2,050,892)	12,760,949	(5,631,100)
Translation adjustments	(45,136,607)	(23,583,185)	42,226,989	(156,190,621)
	(37,873,068)	(25,634,077)	54,987,938	(161,821,721)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>P118,867,248</b>	<b>P458,401,981</b>	<b>P63,592,912</b>	<b>P108,514,103</b>
<b>Attributable to:</b>				
Equity holders of the Parent Company	P14,202,287	P193,350,236	(P21,307,039)	(P12,316,123)
Non-controlling interests	104,664,961	265,051,745	84,899,951	120,830,226
	P118,867,248	P458,401,981	P63,592,912	P108,514,103

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*



**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015**

	Attributable to Equity Holders of the Parent									
	Other Equity Reserves									
	Capital Stock (Note 10)	Remeasurement Gains	Unrealized Gains (Losses) on AFS Financial Assets	Equity Reserves	Cumulative Translation Adjustments	Total	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total	Non-controlling Interests (Note 1)
<b>BALANCES AS AT DECEMBER 31, 2015</b>	<b>₱6,318,083,333</b>	<b>₱5,753,023</b>	<b>(₱50,979,995)</b>	<b>₱145,480,697</b>	<b>₱1,667,389,765</b>	<b>₱1,767,643,490</b>	<b>₱797,647,185</b>	<b>₱1,300,000,000</b>	<b>₱10,183,374,008</b>	<b>₱416,741,962</b>
Net income	-	-	-	-	-	-	52,075,355	-	52,075,355	104,664,961
Other comprehensive income (loss)	-	-	7,263,539	-	(45,136,607)	(37,873,068)	-	-	(37,873,068)	-
Total comprehensive income (loss)	-	-	7,263,539	-	(45,136,607)	(37,873,068)	52,075,355	-	14,202,287	104,664,961
Dividends	-	-	-	-	-	-	(105,064,000)	-	(105,064,000)	-
<b>BALANCES AS AT JUNE 30, 2016</b>	<b>₱6,318,083,333</b>	<b>₱5,753,023</b>	<b>(₱43,716,456)</b>	<b>₱145,480,697</b>	<b>₱1,622,253,158</b>	<b>₱1,729,770,422</b>	<b>₱744,658,540</b>	<b>₱1,300,000,000</b>	<b>₱10,092,512,295</b>	<b>₱521,406,923</b>
<b>BALANCES AS AT DECEMBER 31, 2014</b>	<b>₱6,346,500,000</b>	<b>₱5,487,847</b>	<b>(₱58,243,535)</b>	<b>₱145,480,697</b>	<b>₱1,520,279,471</b>	<b>₱1,613,004,480</b>	<b>₱489,928,413</b>	<b>₱1,700,000,000</b>	<b>₱10,149,432,893</b>	<b>₱291,754,035</b>
Subscriptions receivable	(32,816,667)	-	-	-	-	-	-	-	(32,816,667)	-
Balance at December 31, 2014	6,313,683,333	5,487,847	(58,243,535)	145,480,697	1,520,279,471	1,613,004,480	489,928,413	1,700,000,000	10,116,616,226	291,754,035
Net income	-	-	-	-	-	-	218,984,313	-	218,984,313	265,051,745
Other comprehensive income (loss)	-	-	(2,050,892)	-	(23,583,185)	(25,634,077)	-	-	(25,634,077)	-
Total comprehensive income (loss)	-	-	(2,050,892)	-	(23,583,185)	(25,634,077)	218,984,313	-	193,350,236	265,051,745
Dividends	-	-	-	-	-	-	(67,315,000)	-	(67,315,000)	(366,120,001)
<b>BALANCES AS AT JUNE 30, 2015</b>	<b>₱22,183,333</b>	<b>₱5,487,847</b>	<b>(₱60,294,427)</b>	<b>₱145,480,697</b>	<b>₱1,496,696,286</b>	<b>₱1,587,370,403</b>	<b>₱641,597,726</b>	<b>₱1,700,000,000</b>	<b>₱10,242,651,462</b>	<b>₱190,685,779</b>
<b>BALANCES AS AT JUNE 30, 2014</b>	<b>₱22,183,333</b>	<b>₱5,487,847</b>	<b>(₱60,294,427)</b>	<b>₱145,480,697</b>	<b>₱1,496,696,286</b>	<b>₱1,587,370,403</b>	<b>₱641,597,726</b>	<b>₱1,700,000,000</b>	<b>₱10,242,651,462</b>	<b>₱190,685,779</b>
<b>BALANCES AS AT JUNE 30, 2013</b>	<b>₱22,183,333</b>	<b>₱5,487,847</b>	<b>(₱60,294,427)</b>	<b>₱145,480,697</b>	<b>₱1,496,696,286</b>	<b>₱1,587,370,403</b>	<b>₱641,597,726</b>	<b>₱1,700,000,000</b>	<b>₱10,242,651,462</b>	<b>₱190,685,779</b>

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six-Month Period Ended June 30	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	P251,226,432	P659,589,545
Adjustments for:		
Finance charges	247,322,276	87,490,209
Unrealized foreign exchange loss (gain) - net	60,714,677	38,138,328
Depreciation and amortization	169,590,877	182,968,117
Interest income	(26,606,092)	(5,561,212)
Gain on sale of property, plant and equipment	-	44,347,184
Operating income before working capital changes	702,248,170	1,006,972,171
Decrease (increase) in:		
Trade and other receivables	(427,473,458)	(111,346,663)
Prepaid expenses and other current assets	338,531,101	(229,257,726)
Spare parts and supplies	(123,822,697)	9,653,595
Increase in accounts payable and other current liabilities	609,933,588	80,151,113
Cash flows generated from operations	1,099,416,704	756,172,490
Income taxes paid, including creditable withholding taxes	(250,976,499)	(191,568,044)
Net cash flows from operating activities	848,440,205	564,604,446
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in:		
Due from related parties	(35,402,485)	-
Short-term cash investments (Note 4)	163,552,935	(948,681,296)
Other noncurrent assets	(5,715,399)	(459,913,235)
Additions to:		
Property, plant and equipment	(919,918,881)	(951,833,756)
Investment in associates (Note 6)	(581,018,200)	-
Interest received	24,762,062	5,561,212
Proceeds from disposal of:		
Investment in real estate	731,368,486	-
Property, plant and equipment	-	24,123,806
Net cash flows used in investing activities	(622,371,482)	(2,330,743,269)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of debts	(300,000,017)	-
Interest and transaction costs	(547,115,585)	(14,872,688)
Proceeds from availment of loans	-	1,078,337,809
Net cash flows from (used in) financing activities	(847,115,602)	1,063,465,121
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(621,046,879)	(702,673,702)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	(3,131,992)	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	3,939,847,554	2,512,383,375
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)</b>	P3,315,668,683	P1,809,709,673

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*

**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
**STATEMENTS**

**1. General Information**

Corporate Information

Alsons Consolidated Resources, Inc. (ACR or Parent Company) is a stock corporation organized on December 24, 1974 as Victoria Gold Mining Corporation to engage in the business of exploration of oil, petroleum and other mineral products. The corporate name was changed to Terra Grande Resources, Inc. in March 1995 and to Alsons Consolidated Resources, Inc. in June 1995 to mark the entry of the Alcantara Group. ACR's primary purpose was consequently changed to that of an investment holding company and oil exploration was relegated as a secondary purpose. The Company's ultimate parent company is Alsons Corporation, a company incorporated in the Philippines.

The registered office address of ACR is 2286 Don Chino Roces Ave. Extension, Makati City.

The consolidated financial statements include the accounts of ACR and the subsidiaries (collectively referred to as "the Group") listed in the table below:

Subsidiaries	Nature of business	Percentage of Ownership			
		2016		2015	
		Direct	Indirect	Direct	Indirect
Conal Holdings Corporation (CHC)	Investment holding	100.00	—	100.00	—
Alsing Power Holdings, Inc. (APHI)	Investment holding	20.00	80.00	20.00	80.00
Western Mindanao Power Corporation (WMPC)	Power generation	—	55.00	—	55.00
Southern Philippines Power Corporation (SPPC)	Power generation	—	55.00	—	55.00
Alto Power Management Corporation (APMC)	Management services	—	60.00	—	60.00
APMC International Limited (AIL)	Management services	—	100.00	—	100.00
Mapalad Power Corporation (MPC)	Power generation	—	100.00	—	100.00
FGen Northern Power Corp. (FGNPC)	Power generation	—	60.00	—	60.00
Alsons Renewable Energy Corporation (AREC)	Investment holding	80.00	—	80.00	—
Siguil Hydro Power Corporation (Siguil)	Power generation	—	80.00	—	80.00
Kalaong Power Corporation (Kalaong)	Power generation	—	80.00	—	80.00
Alsons Thermal Energy Corporation (ATEC)	Power generation	100.00	—	100.00	—
Sarangani Energy Corporation (Sarangani)	Power generation	—	75.00	75.00	—
San Ramon Power, Inc. (SRPI)	Power generation	100.00	—	100.00	—
Alsons Power International Limited (APIL)	Power generation	100.00	—	100.00	—
Alsons Land Corporation (ALC)	Real estate	99.55	—	99.55	—
MADE (Markets Developers), Inc.	Distribution	80.44	—	80.44	—
Kamanga Agro-Industrial Ecozone Development Corporation (KAED)	Real estate	100.00	—	100.00	—
ACES Technical Services Corporation (ACES)	Management services	100.00	—	100.00	—

SPPC and WMPC are independent power producers (IPPs) with Energy Conversion Agreements (ECAs) with the Philippine government through the National Power Corporation (NPC). ECA of SPPC and WMPC ended in May 2016 and December 2015, respectively.

Except for AIL and APIL, which are incorporated in the British Virgin Islands (BVI), all of the subsidiaries are incorporated in the Philippines.

Power and Energy

*CHC and Subsidiaries.* In July 2014, CHC and SPPC redeemed preferred shares of 178,462 and 483,875, respectively, for a total consideration of ₱232 million (\$5.2 million). In February and June 2013, CHC redeemed preferred shares of 319,675 for a total consideration of ₱121 million (\$2.86 million). In May 2013, SPPC redeemed preferred shares of 483,874 for a total consideration of ₱157 million (\$3.63 million). The redeemed preferred shares were retired and are no longer available for re-issue. The share of the non-controlling interests in the redemptions in 2014 is shown below:

	Number of Shares	Total Amount	Share of Non- controlling Interests
CHC	178,462	₱70,858,798	₱—
SPPC	483,875	161,042,877	72,469,702
		₱231,901,675	₱72,469,702

The Board of Directors (BOD) of Northern Mindanao Power Corporation (NMPC), a subsidiary under CHC, approved on April 25, 2008 the amendments to NMPC's Articles of Incorporation to shorten its corporate life up to November 15, 2009. After November 15, 2009, NMPC was dissolved. Consequently, NMPC's remaining assets and liabilities have all been transferred to CHC's books as at December 31, 2009. CHC is responsible for the final liquidation of NMPC's net assets and the payment to the non-controlling shareholders. In 2013, CHC has fully liquidated the net distributable assets of NMPC and paid the non-controlling shareholders.

On July 2, 2013, the Parent Company entered into a Share Purchase Agreement to acquire 40% interest in the voting shares of CHC, increasing its ownership to 100%.

CHC organized and incorporated MPC on July 13, 2010 as a wholly owned subsidiary to rehabilitate and operate the 103 MW Bunker-Fired Iligan Diesel Power Plants (IDPPs) I and II located in Iligan City. On June 27, 2011, ACR acquired full control of MPC through an agreement with CHC, wherein CHC assigned all shares to ACR. The deed of sale of IDPP with Iligan City Government was signed on February 27, 2013. On August 1, 2013, ACR transferred MPC to CHC for a total consideration of ₱0.3 million (\$7,781). MPC entered into Power Supply Agreements (PSAs) with various distribution utilities and electric cooperatives. On September 6, 2013, MPC started operating 98 MW of the 103 MW Bunker-Fired IDPPs. MPC completed the rehabilitation and operates the balance of 5 MW in 2014.

On July 7, 2015, CHC subscribed and paid 60% of FGNPC's outstanding common shares amounting to ₱0.04 million (\$832). Investment of non-controlling interest amounted to ₱0.02 million (\$459) in 2015.

*AREC and Subsidiaries.* The Parent Company organized and incorporated Siguil Hydro Power Corporation (Siguil) and Kalaong Power Corporation (Kalaong) on July 22, 2011 as wholly owned subsidiaries. Siguil and Kalaong were incorporated primarily to develop and invest in energy projects including but not limited to the exploration, development and utilization of renewable energy resources. Siguil's 17MW Hydro Power Project is in Maasim, Sarangani while Kalaong's 22MW Hydro Power Project is in Bago, Negros Oriental. These projects are expected to augment power supply in the cities of General Santos and Bacolod, respectively, once they are completed. As at June 30, 2016, Siguil and Kalaong have not yet started commercial operations.

On September 18, 2014, the Parent Company organized AREC primarily to develop and invest in energy projects including but not limited to the exploration, development and utilization of renewable energy resources with total capital infusion amounting to ₱31 million.

On July 10, 2015, the Parent Company and AREC executed an assignment of share agreement wherein the Parent Company assigned and transferred its ownership interests in Siguil and Kalaong to AREC. Accordingly, Siguil and Kalaong became subsidiaries of AREC. Also, the Parent Company sold its 20% interest to ACIL, Inc., an entity under common control. The Group recognized increase in non-controlling interests by ₱13 million in 2015 due to the reduction in the Parent Company's interest in AREC from 100% in 2014 to 80% in 2015.

*ATEC.* On November 23, 2015, the Parent Company organized and incorporated ATEC as a wholly owned subsidiary. ATEC was incorporated primarily to develop and invest in energy projects including but not limited to the exploration, development and utilization of renewable energy resources.

On June 23, 2016, ATEC increased its authorized capital stock from ₱5 million divided into 50,000 shares of par value of ₱100.00 per share to ₱5,000 million divided into 50 million shares of par value of ₱100.00 per share. ACR subscribed an additional 29,892,851 shares amounting to ₱2,989.29 million which has been paid in by transferring its investment in shares of stock of Sarangani amounting to ₱2,975.24 million and cash payment amounting to ₱14.05 million. Accordingly, Sarangani became a subsidiary of ATEC.

*Sarangani.* CHC organized Sarangani on October 15, 2010 as a wholly owned subsidiary to construct, commission and operate power generating plant facilities of electricity in Maasim, Sarangani Province. Sarangani's power-generating project "SM 200" is a coal-fired power plant project with a 210 mega-watts (MW) capacity. SM200 is embedded within the franchised area of South Cotabato II Electric Cooperative, Inc. (SOCOTECO II). The total project cost is ₱13 billion of which ₱4 billion is in the form of equity and ₱9 billion through a syndicated term loan from local banks. In 2009, the Department of Energy and the Department of Environment and Natural Resources approved the Environmental Compliance Certificate (ECC) application for SM200. The construction of SM 200 will be in two phases. Construction of Phase 1 (105 MW) commenced in 2012 and was completed in April 2016. Phase 2 (105MW) will follow a year after Phase 1. On June 27, 2011, ACR acquired full control of Sarangani through an agreement with CHC, wherein CHC assigned all its shares to ACR. On December 10, 2012, ACR entered into a shareholders agreement with Toyota Tsusho Corporation (TTC), a company incorporated in Japan, wherein TTC agreed to subscribe and paid ₱355 million worth of Sarangani shares, representing 25% of the total equity of Sarangani.

*SRPI.* The Parent Company organized and incorporated SRPI on July 22, 2011 as a wholly owned subsidiary. SRPI was incorporated primarily to acquire, construct, commission, operate and maintain power-generating plants and related facilities for the generation of electricity. SRPI has obtained its ECC on March 20, 2012 for the planned 105MW coal fired power plant to be located in Zamboanga Ecozone. SRPI's expected construction of the power plant that was previously forecasted to commence in the later part of 2013, has been deferred at a later time. The total project cost is estimated at ₱13 billion. As at June 30, 2016, SRPI has not yet started the construction of the power plant.

#### Property Development

*ALC.* On November 25, 1994, the Parent Company incorporated ALC to acquire, develop, sell and hold for investment or otherwise, real estate of all kinds, sublease office spaces and manufacture door and house frames.

**KAED.** On September 3, 2010, the Parent Company incorporated KAED to establish, develop, operate and maintain an agro-industrial economic zone and provides the required infrastructure facilities and utilities such as power and water supply and distribution system, sewerage and drainage system, waste management system, pollution control device, communication facilities and other facilities as may be required for an agro-industrial economic zone. As at June 30, 2016, KAED has not yet started commercial operations.

Other Investments

**MADE.** MADE, which is in the distribution business, has incurred significant losses in prior years resulting in capital deficiency. Because of the recurring losses, MADE decided to cease operations effective April 30, 2006 and terminated its employees. These factors indicate the existence of a material uncertainty which may cast significant doubt about MADE's ability to continue operating as a going concern. As at June 30, 2016, MADE has no plans to liquidate but new business initiatives are being pursued which will justify resumption of its trading operations.

**ACES.** The Parent Company organized and incorporated ACES on July 7, 2011 primarily to provide operations and maintenance services to the Company's coal power plants. As at June 30, 2016, ACES has not yet started commercial operations.

**ACRMC.** In 2007, the Parent Company infused capital in ACRMC amounting to ₱195 million to support the latter's acquisition of the 75% interest of Alsons Development and Investment Corporation (Aldevinco), stockholder of Parent Company, in the Joint Venture with Southern Exploration Corporation (SECO) to explore and develop the Manat Mining Claims situated in the province of Compostela Valley. On October 25, 2012, the Declaration of Mining Project Feasibility was submitted to the Mines and Geosciences Bureau.

In May 2015, the Parent Company declared its 91% investment in ACRMC as property dividend amounting to ₱208 million. The Parent Company's remaining 9% interest in ACRMC amounting to ₱21 million is recognized as AFS financial asset.

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## **2. Basis of Preparation and Statement of Compliance**

Basis of Preparation

The unaudited interim condensed consolidated financial statements of the Group as at June 30, 2016 and for the six-month periods ended June 30, 2016 and 2015 have been prepared in accordance with the Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements of the Group have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets and derivative financial instruments that have been measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Philippine peso, the functional and presentation currency of the Parent Company.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2015.

Basis of Consolidation

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Parent Company and the subsidiaries it controls (see Note 1).

New Standards and Interpretations Issued and Effective as at January 1, 2016

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2016.

The nature and impact of each new standard and amendment is described below:

- Amendments to PAS 1, *Presentation of Financial Statements - Disclosure Initiative*, clarifies the materiality requirements as shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions. The amendments also clarify that specific line items in the statement of profit or loss and other comprehensive income and the statement of financial position may be disaggregated and entities have flexibility as to the order in which they present the notes to financial statements. In addition, the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. For additional subtotals presented in the statement of profit or loss and other comprehensive income, line items should be presented to reconcile any such subtotals with the subtotals or totals currently required in PFRS for such statement.

The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS, does not affect recognition and measurement, and facilitate enhanced disclosure effectiveness. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments have no significant impact on the consolidated financial statements.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments have no impact on the consolidated financial statements.
- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments). The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments have no impact on the consolidated financial statements.

- *PFRS 14, Regulatory Deferral Accounts.* PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.
- *PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments).* The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments have no impact on the consolidated financial statements given that the Group has not used a revenue-based method to depreciate its non-current assets.
- *PAS 16, Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants (Amendments).* The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments have no impact on the consolidated financial statements as the Group does not have any bearer plants.

#### *Annual Improvements to PFRSs (2012-2014 cycle)*

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group. They include:

- *PFRS 5, Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal.* The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
- *PFRS 7, Financial Instruments: Disclosures - Servicing Contracts.* PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature



of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- *PFRS 7 - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements.* This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.
- *PAS 19, Employee Benefits - Regional Market Issue Regarding Discount Rate.* This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- *PAS 34, Interim Financial Reporting - Disclosure of Information "Elsewhere in the Interim Financial Report".* The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

#### Standards Issued but not yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of the issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

#### *Effective in 2018*

- *PFRS 9, Financial Instruments* (2014 or final version). In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

The adoption of PFRS 9 is not expected to have any significant impact on the consolidated financial statements.

#### *Effective in 2019*

- *PFRS 16, Leases.* The new standard introduces major changes in lease accounting. Under PFRS 16, lessees will no longer classify their leases as operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the leased assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

PFRS 16 will replace PAS 17 and supersede the related interpretations. Earlier application is not permitted until the FSRC has adopted the new revenue recognition standard.

The Group believes that this new standard has no impact on the consolidated financial statements.

#### *Deferred effectivity*

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have significant impact on the consolidated financial statements of the Group.
- Amendments to PFRS 10 and PAS 28 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. On January 13, 2016, the FRSC postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates. The Group will consider these amendments for future sale or contribution of assets of the Group to its associates.

In addition, the IASB has issued the following new standard that has not yet adopted locally by the SEC and FRSC. The Group is currently assessing the impact of this new standard and plans to adopt such on its required effective date once adopted locally.

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*. IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to June 30, 2016 on the Group's consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

### 3. Segment Information

The Group conducts majority of its business activities in two major business segments: (1) Energy and Power, and (2) Property Development. The Group's other activities consisting of product distribution and investment holding activities are shown in aggregate as "Other Investments."

Information with regard to the Group's significant business segments are shown below:

Six-Month Period Ended June 30, 2016						
	Energy and Power	Property Development	Other Investments	Total	Eliminations	Consolidated
<b>Earnings Information:</b>						
Revenues						
External customer	P3,193,822,644	P6,887,558	P-	P3,200,710,202	P-	P3,200,710,202
Inter-segment	-	2,394,502	631,577,711	633,972,213	(633,972,213)	-
Total revenues	3,186,259,731	3,191,122	645,231,562	3,834,682,415	(633,972,213)	3,200,710,202
Finance income	13,756,196	81,547	12,768,349	26,606,092	-	26,606,092
Finance charges	(155,033,155)	-	(312,710,628)	(467,743,783)	220,421,507	(247,322,276)
Provision for income tax	93,885,710	29,357	571,049	94,486,116	-	94,486,116
Net income (loss)	294,124,535	(67,300)	194,762,606	488,819,841	(332,079,525)	156,740,316

Six-Month Period Ended June 30, 2015						
	Energy and Power	Property Development	Other Investments	Total	Eliminations	Consolidated
<b>Earnings Information:</b>						
Revenues						
External customer	P2,492,247,069	P8,562,870	P-	P2,500,809,939	P-	P2,500,809,939
Inter-segment	48,658,765	2,317,260	281,039,200	332,015,225	(332,015,225)	-
Total revenues	2,540,905,834	10,880,130	281,039,200	1,832,825,164	(332,015,225)	2,500,809,939
Finance income	5,033,576	138,181	389,455	5,561,212	-	5,561,212
Finance charges	(33,884,147)	(936,809)	(52,601,685)	(87,422,641)	-	(87,422,641)
Provision for income tax	175,512,446	41,041	-	175,553,487	-	175,553,487
Net income (loss)	652,773,117	(50,770,304)	214,048,470	816,051,283	(332,015,225)	484,036,058

### 4. Cash and Cash Equivalents and Short-term Cash Investments

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Cash on hand	P243,775	P438,565
Cash in banks	1,983,507,233	3,422,014,549
Cash equivalents	1,331,917,675	517,394,440
	<b>P3,315,668,683</b>	<b>P3,939,847,554</b>

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Short-term cash investments amounting to P9 million and P173 million as at June 30, 2016 and December 31, 2015, respectively, consist of money market placements with maturities of more than three months but less than one year with interest ranging from 3.00% to 4.10%.

## 5. Trade and Other Receivables

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Trade:		
Power	₱877,257,537	₱682,845,454
Real estate	88,415,518	86,276,518
Product distribution and others	31,730,458	31,730,458
Due from related parties	1,012,807,393	867,129,580
Retention receivable	47,364,378	47,364,378
Others	531,512,804	128,156,128
	2,589,088,088	1,843,502,516
Less allowance for impairment losses	81,779,279	80,401,919
	<b>₱2,507,308,809</b>	<b>₱1,763,100,597</b>

### Power

These represent billings to NPC by SPPC and WMPC under existing ECAs. These receivables are noninterest-bearing and are generally on 30 days term. Trade receivables include long-outstanding receivables of SPPC from NPC amounting to ₱115 million as at June 30, 2016 and December 31, 2015, representing billings from 2005 to 2006 for additional 5MW installed capacity nominated by SPPC. The allowance provided amounting to ₱30 million as at June 30, 2016 and December 31, 2015 is management's best estimate of impairment loss on the long-outstanding receivables from NPC.

### Real Estate

These pertain to receivables from venturers and customers from the sale of residential and commercial lots and units.

### Product Distribution and Others

These pertain to receivables from the supply of goods and merchandise to customers. Product distribution and other receivables are noninterest-bearing and generally have a term of less than one year. Outstanding receivables amounting to ₱32 million were fully provided with allowance for impairment losses as at June 30, 2016 and December 31, 2015.

### Retention Receivable and Due from Related Parties

Retention receivable pertains to the outstanding balance from Aboitiz Land, Inc. (Aboitiz) for the sale of Lima Land Inc. (LLI), which will be collected upon accomplishment of certain milestones.

Transaction with related parties pertain mainly to cash advances and reimbursement of expenses. Outstanding related party balances are generally settled in cash.

## 6. Real Estate Inventories and Investments in Real Estate

### Real Estate Inventories

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Eagle Ridge Project (General Trias, Cavite) - at cost	₱619,879,459	₱620,497,880
Campo Verde Project (Lipa and Malvar, Batangas) - at NRV	16,077,704	16,077,704
	<b>₱635,957,163</b>	<b>₱636,575,584</b>

Investments in Real Estate

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Lanang Property (Lanang, Davao City)	₱—	₱1,272,631,722
ALC Property (Pasong Tamo, Makati)	131,549,087	131,577,641
Batangas Project (Lipa and Malvar, Batangas)	55,044,468	54,744,468
Laguna Project (Cabuyao, Laguna)	4,685,936	4,685,936
	<b>₱191,279,491</b>	<b>₱1,463,639,767</b>

Lanang Property

On December 27, 2011, the BOD of ACR approved the acquisition of 72% of the outstanding shares (consisting of 2,000,000 common shares and 344,498 preferred shares) of C. Alcantara & Sons, Inc. (CASI) from Aldevinco, a stockholder of ACR and Alcorp, in behalf of Aldevinco, for a total consideration of ₱1,226 million. The acquisition was paid through the reduction of ACR's receivables from Aldevinco equivalent to ₱1,226 million on that date. The total consideration of ₱1,226 million represents the market value of Lanang landholdings of CASI as determined by an independent third party appraiser. This acquisition provides ACR the right to own and develop 21.27 hectares of land and 3 hectares of foreshore leased area in Lanang, Davao City.

CASI filed with the Bureau of Internal Revenue (BIR) and notified the SEC regarding the shortening of its corporate life until March 31, 2014. As a result, ACR received the Lanang property of CASI as liquidating dividend amounting to ₱1,226 million in 2014. Transaction costs incurred such as taxes and processing fees to transfer the Lanang property to ACR's name totaling ₱49 million were capitalized as part of "Investments in real estate". Also, ACR incurred input VAT amounting to ₱103 million in 2014 arising from this transaction.

On April 11, 2016, ACR sold the Lanang property to Aviana for cash consideration amounting to ₱954 million and shares of stock in Aviana amounting to ₱318 million. The additional shares of stock in Aviana was recognized as part of "Investment in associates".

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**7. Goodwill**

Goodwill acquired through business combinations has been allocated to the power generation cash-generating units consisting of the operations of SPPC and WMPC.

The carrying amount of goodwill allocated to SPPC and WMPC amounted to ₱1,052 million as at June 30, 2016 and December 31, 2015.

Goodwill is subject to annual impairment testing which is performed by management at every December 31<sup>st</sup> or whenever indicators of impairment are present. After considering the current power outlook in Mindanao, the recoverable amount of the operations of SPPC and WMPC have been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by management.

## 8. Other Noncurrent Assets

### Property, Plant and Equipment

As at June 30, 2016 and December 31, 2015, additions to property, plant and equipment amounted to ₱ 919.9 million and ₱2,565.1 million, respectively. Depreciation and amortization expense during the six-months period ended June 30, 2016 and 2015 amounted to ₱169.6 million and ₱183.0 million, respectively.

### Investment in Associates

In 2016, the Group made additional equity investment in Aviana amounting to ₱581 million.

### Other Noncurrent Assets

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Deferred project costs	₱336,661,775	₱323,168,150
Deposits	60,310,781	58,226,913
Deferred oil exploration costs	63,372,934	63,372,934
Computer software	8,087,186	13,484,761
Deferred financing costs	—	492,589
Others	1,845,065	5,816,995
	470,277,741	464,562,342
Less provision for impairment loss	63,372,934	63,372,934
	₱406,904,807	₱401,189,408

### Deferred Project Costs

Deferred project costs are external and incremental direct internal costs related to the Group's energy and power and other development projects. Costs incurred are initially recorded as part of noncurrent assets and will subsequently be reclassified to construction-in-progress under "Property, plant and equipment" account once physical construction has started.

Deferred project costs pertain to the following ongoing projects:

- ZAM 100.* ZAM 100 is a coal-fired power plant project with a 100MW capacity in San Ramon, Zamboanga City (see Note 1). As at June 30, 2016 and December 31, 2015, cumulative costs incurred for this project amounted to ₱267 million and ₱257 million, respectively.
- Siguil.* Siguil hydro powerplant project is a 16.7MW run-of-river that will be located at Sitio Siguil, Brgy. Tinoto, Maasim, Sarangani. The project is composed of a non-overflow concrete gravity dam. Its hydrology validation study is on-going and the DOE registration requirements have been completed. As at June 30, 2016 and December 31, 2015, cumulative costs incurred for this project amounted to ₱70 million and ₱66 million, respectively.

## 9. Accounts Payable and Other Current Liabilities

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Trade	₱635,362,950	₱405,251,742
Accrued expenses	557,120,675	425,996,345
Payable to customers	63,668,507	199,495,999
Output tax and withholding tax payable	19,982,181	107,363,534
Advances from customers	26,814,300	27,441,600
Other current liabilities	209,805,883	182,984,328
	₱1,512,754,496	₱1,348,533,548

Trade payables are noninterest-bearing and are normally on a 60 to 75 days term.

## 10. Equity

### Capital Stock

	June 30, 2016		December 31, 2015	
	No. of shares	Amount	No. of shares	Amount
<b>Authorized</b>				
Common stock - ₱1 par value	11,945,000,000	₱11,945,000,000	11,945,000,000	₱11,945,000,000
Preferred stock - ₱0.01 par value	5,500,000,000	55,000,000	5,500,000,000	55,000,000
		<b>₱12,000,000,000</b>		<b>₱12,000,000,000</b>
<b>Common Shares</b>				
Issued and outstanding	6,291,500,000	₱6,291,500,000	6,291,500,000	₱6,291,500,000
<b>Preferred Shares</b>				
Subscribed	5,500,000,000	55,000,000	5,500,000,000	55,000,000
Subscriptions receivable		(28,416,667)		(28,416,667)
		<b>₱6,318,083,333</b>		<b>₱6,318,083,333</b>

On May 25, 2011, SEC approved the amendment of the Articles of Incorporation of ACR creating a class of preferred shares, by reclassifying 55,000,000 unissued common shares with a par value of ₱1.0 per share into 5,500,000,000 redeemable preferred voting shares with a par value of ₱0.01 per share.

The redeemable preferred shares have the following features:

- Redeemable preferred shares may only be issued or transferred to Filipino citizens or corporations or associations at least 60% of capital of such corporations or associations is owned by Filipino citizens.
- Holders of redeemable preferred shares are entitled to receive, out of the unrestricted retained earnings of ACR, cumulative dividends at the rate of 8% per annum of the par value of the preferred shares, before any dividends shall be paid to holders of the common shares.
- ACR may, by resolution of the BOD, redeem the preferred shares at par value. ACR will redeem the preferred shares at par value (i) when the foreign equity limits to which ACR is subject to shall have been removed; and (ii) ACR is not engaged in any other activity likewise reserved exclusively to Filipino citizens, or corporations or associations at least sixty percent (60%) of whose capital is owned by Filipino citizens that would otherwise require ACR to maintain the ownership of the preferred shares by such Filipino citizens. The preferred shares when redeemed will not be retired, and may be reissued upon resolution of the BOD.
- In the event of dissolution or liquidation, holders of redeemable preferred shares are entitled to be paid in full, or pro-rata insofar as the assets and properties of ACR will permit, the par value of each preferred share before any distribution shall be made to the holders of common shares, and are not entitled to any other distribution.

All common and preferred shares have full voting rights.

On February 4, 2013, Alcorp subscribed to 5,500,000,000 preferred shares with par value of ₱0.01 per share, from the unissued authorized preferred shares of the Company. On the same date, Alcorp paid ₱13.8 million representing 25% of the subscription price of ₱55.0 million.

The following summarizes the information on the Parent Company's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Activity	Authorized Common Shares	No. of Shares Issued	Issue/Offer Price
1993	Initial Public Offering	12,000,000,000	6,291,500,000	₱1
2011	Conversion of unissued common shares to redeemable preferred shares	(55,000,000)	-	-
		11,945,000,000	6,291,500,000	

#### Retained Earnings

On May 4, 2012, the BOD approved the appropriation of ₱850 million of its retained earnings as at December 31, 2011, for its equity contributions to the following projects:

Project Name	Nature/Project Description	Amount (In millions)	Timeline (Year)
SM200 1 & 2	Phase 1 of the 200 MW coal-fired power plant in Maasim, Sarangani	₱400	2015
ZAM100	Construction of 105 MW coal-fired power plant in San Ramon, Zamboanga City	150	2016
IDPP 1 & 2*	Rehabilitation of 108 MW diesel plant in Iligan City	200	2013
Siguil	Hydro-electric power in Maasim, Sarangani	35	2017
Bago	Hydro-electric power in Negros Occidental	15	2019
SMI400	400 MW coal-fired power facility for future power requirements of the Tampakan copper-gold mine in South Cotabato	50	2019
		₱850	

\* The ₱200 million previously appropriated for IDPP 1 & 2 in 2012 was reallocated to SM200 Phase 2 which is expected to be completed in 2018.

On March 28, 2014, the BOD approved an additional appropriation of ₱850 million of the Parent Company's retained earnings as at December 31, 2013 for its equity contribution to the following projects:

Project Name	Nature/Project Description	Amount (In millions)	Timeline (Year)
SM200 1 & 2*	Phase 2 of the 200 MW coal-fired power plant in Maasim, Sarangani	₱600	2015
ZAM100	Construction of 105 MW coal-fired power plant in San Ramon, Zamboanga City	150	2017
Siguil	Hydro-electric power in Maasim, Sarangani	35	2017
Bago	Hydro-electric power in Negros Occidental	15	2019
SMI400	400 MW coal-fired power facility for future power requirements of the Tampakan copper-gold mine in South Cotabato	50	2019
		₱850	

\*As discussed above, completion of Phase 2 was extended to 2018.

On December 11, 2015, the BOD approved the reversal of appropriation relating to Phase 1 of the Sarangani project amounting to ₱400 million.

The retained earnings are restricted from being declared as dividends to the extent of the appropriation for equity contribution to the foregoing projects.



The Parent Company declared the following cash dividends:

Year	Date of Declaration	Amount	Per Share	Date of Record	Date of Payment
2016	May 27, 2016	₱100,664,000	₱0.016	June 30, 2016	July 25, 2016
2016	May 27, 2016	4,400,000	0.0008	June 30, 2016	July 25, 2016
2015	March 27, 2015	3,145,750	0.0005	June 5, 2015	March 22, 2016
2015	May 22, 2015	62,915,000	0.01	June 5, 2015	June 16, 2015

Dividends on preferred shares amounting to ₱4 million in 2016 and 2015 were applied against the Parent Company's subscriptions receivable from Alcorp.

The share of non-controlling interests on the dividends declared by subsidiaries amounted to ₱446 million and ₱390 million in 2016 and 2015, respectively.

The retained earnings is further restricted for dividend declaration to the extent of undistributed earnings of subsidiaries amounting to ₱537 million and ₱520 million as at June 30, 2016 and December 31, 2015, respectively.

#### Earnings Per Share (EPS) Attributable to Equity Holders of the Parent

	Six-Month Period Ended June 30	
	2016 (Unaudited)	2015 (Unaudited)
Net income attributable to equity holders of the parent*	₱47,675,355	₱214,584,313
Divided by the average number of common shares outstanding during the year	6,291,500,000	6,291,500,000
Basic/Diluted EPS	₱0.008	₱0.034

\* net of dividends declared on preferred shares

#### **11. Loans Payable**

In 2015, MPC availed a short-term, unsecured bank loans amounting to ₱827 million (\$17.6 million). The loan bears interest rates ranging from 4.0% to 4.3%. Outstanding loan balance amounted to ₱300 million as at December 31, 2015. The loans were fully paid in 2016.

#### **12. Financial Risk Management Objectives and Policies**

The Group's principal financial instruments are composed of cash and cash equivalents, short-term cash investments, AFS financial assets, loans payable, derivative liability and long-term debt. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables (including noncurrent portion of installment receivables) and accounts payable and other current liabilities which arise directly from its operations.

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

Management and the BOD review and approve policies for managing each of these risks which are summarized below.

#### Credit Risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or a customer contract, leading to a financial loss. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

In the Group's real estate business, transfer of the property is executed only upon full payment of the purchase price. There is also a provision in the sales contract which allows forfeiture of the installment/deposits made by the customer in favor of the Group in case of default. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments.

In the Group's power generation business, exposure to credit risk arises from default of counterparties, with a maximum exposure equal to the carrying amount of the receivables from PSAs with various customers.

The credit risk arising from financial assets of the Group, which comprise cash and cash equivalents, short-term cash investments, trade and other receivables and AFS investments, the Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

#### Liquidity Risk

Liquidity risk arises from the possibility that the Group encounter difficulties in raising funds to meet or settle its obligations at a reasonable price. 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 liabilities based on contractual undiscounted payments and financial assets (held for liquidity purposes):

	June 30, 2016				Total
	On Demand	≤ 1 Year	>1-3 Years	> 3 Years	
<b>Financial Liabilities</b>					
Accounts payable and other current liabilities*	P1,398,565,101	P94,207,214	P-	P-	P1,492,772,315
Long-term debt	-	252,587,063	9,513,901,604	7,502,677,781	17,269,166,448
	<b>P1,398,565,101</b>	<b>P346,794,277</b>	<b>P9,513,901,604</b>	<b>P7,502,677,781</b>	<b>P18,761,938,763</b>
<b>Financial Assets</b>					
Cash and cash equivalents	P3,315,668,683	P-	P-	P-	P3,315,668,683
Short-term cash investments	-	9,392,000	-	-	9,392,000
Trade receivables	229,664,613	679,201,148	6,758,473	-	915,624,234
AFS financial assets	2,342,763,271	-	-	-	2,342,763,271
	<b>P5,888,096,567</b>	<b>P688,593,148</b>	<b>P6,758,473</b>	<b>P-</b>	<b>P6,583,448,188</b>

\* Excluding statutory payables and other payable to government agencies

	December 31, 2015				
	On Demand	≤ 1 Year	>1-3 Years	> 3 Years	Total
<b>Financial Liabilities</b>					
Accounts payable and other current liabilities*	₱1,051,121,865	₱190,048,149	₱-	₱-	₱1,241,170,014
Loans payable	-	300,000,017	-	-	300,000,017
Long-term debt	-	311,720,556	10,219,392,386	6,648,896,247	17,180,009,189
	₱1,051,121,865	₱801,768,722	₱10,219,392,386	₱6,648,896,247	₱18,721,179,220
<b>Financial Assets</b>					
Cash and cash equivalents	₱3,939,847,554	₱-	₱-	₱-	₱3,939,847,554
Short-term cash investments	-	172,944,935	-	-	172,944,935
Trade receivables	159,688,376	567,438,649	6,758,473	-	733,885,498
AFS financial assets	124,304,503	-	-	2,221,268,768	2,345,573,271
	₱4,223,840,433	₱740,383,584	₱6,758,473	₱2,221,268,768	₱7,192,251,258

\* Excluding statutory payables and other payable to government agencies

### Equity Price Risk

Equity price risk is the risk that the fair value of quoted AFS financial assets decreases as the result of changes in the value of individual stock. The Group's exposure to equity price risk relates primarily to the Group's quoted AFS financial assets. The Group's policy requires it to manage such risk by setting and monitoring objectives and constraints on investments; diversification plan; and limits on investment in each industry or sector. The Group intends to hold these investments indefinitely in response to liquidity requirements or changes in market conditions.

### Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its businesses and maximize shareholder's value.

The Group considers its total equity and debt reflected in the unaudited interim condensed consolidated balance sheet as its capital. The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and raise additional. No changes were made in the objectives, policies or processes as at June 30, 2016 and December 31, 2015, respectively.

The Group monitors its capital based on debt to equity ratio. The Group includes within debt interest bearing loans and borrowings. Capital includes equity attributable to the equity holders of the parent less (add) the net unrealized gain (loss) reserve and cumulative translation adjustments.

The Group's current ratio and debt-to-equity ratio as at June 30, 2016 and December 31, 2015 follow:

### Current Ratio

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Current assets	₱7,704,719,059	₱7,902,997,308
Current liabilities	2,351,010,940	2,025,155,511
	3.28:1	3.9:1

Debt-to-Equity Ratio

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Long-term debt	₱17,269,166,448	₱17,180,009,189
Loans payable	—	300,000,017
Total debt	17,269,166,448	17,480,009,206
Equity attributable to equity holders of the parent	10,092,512,295	10,183,374,008
	1.71:1	1.72:1

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**13. Financial and Non-financial Instruments**

The Group uses the following hierarchy for determining and disclosing the fair value of financial and non-financial instruments by valuation technique:

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable

During the six-month periods ended June 30, 2016 and 2015, 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.

## PART I -- FINANCIAL INFORMATION

### Item 1. Financial Statements

The following financial statements are submitted as part of this report:

Interim Financial Statements as of June 30, 2016 and for the Three-Month Periods Ended April 1, 2016 and 2015 (with Comparative Audited Consolidated Balance Sheet as of December 31, 2015).

### Key Performance Indicators

The following key performance indicators were identified by the Company and included in the discussion of the results of operations and financial condition for the Six months ended June 30, 2016 and 2015. (Amounts in million pesos, except ratios)

Financial KPI	Definition	June 30	
		2016	2015
<u>Profitability</u>			
<b>REVENUES</b>		<b>₱3,201</b>	<b>₱2,501</b>
<b>EBITDA</b>		<b>718</b>	<b>909</b>
EBITDA Margin	$\frac{\text{EBITDA}}{\text{Net Sales}}$	<b>22%</b>	<b>36%</b>
Return on Equity	$\frac{\text{Net Income}}{\text{Total Average Stockholders' Equity}}$	5%	19%
<b>NET EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>52</b>	<b>219</b>
<u>Efficiency</u>			
Operating Expense Ratio	$\frac{\text{Operating Expenses}}{\text{Gross Operating Income}}$	57%	26%
<u>Liquidity</u>			
Net Debt Coverage	$\frac{\text{Cash Flow from Operating Activities}}{\text{Net Financial Debt}}$	6%	5%
<b>CURRENT RATIO</b>	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	3.28:1	3.36:1
<b>DEBT-TO-EQUITY RATIO</b>		1.71:1	1.40:1
Asset-to-equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	2.90:1	2.67:1
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interest and Taxes}}{\text{Interest Expense}}$	2.14:1	8.48:1

### Profitability

Earnings before interest, taxes, depreciation and amortization (EBITDA) margin of the Company decreased to 22% from 36% in the same period last year due mainly to lower income this year resulting from the change of Western Mindanao Power Corp. and Southern Philippines

Power Corp. ECA with NPC to Merchant effective December 18, 2015 and April 18, 2016. Return on equity (ROE) also decreased from 19% to 5% due mainly to the lower net income generated during the current period.

### Efficiency

For the Six-month period ended June 30, 2016, the Company's three diesel plants sold 536 gigawatt hours of electricity – 24% less than the 710 gigawatt hours sold in the same period last year. Sarangani Energy Corporation's Section 1 started commercial operations on April 29, 2016 and contributed 122 gigawatt hours of electricity to Southern Mindanao. All these plants have significantly contributed in alleviating the power shortage in that of the Country. Operating expense ratio however, increased to 57% from last year's 26% due to higher non-recurring expenses during the period. The efficiency of the 2016 actual results of operation is in accordance with the operating plan and budget of the Company.

ACR's cash flows from operations this year increased 98% at ₱1,123 million from a last year's ₱564 million resulting from the timing of settlement of trade and other current liabilities during the period. Net debt coverage ratio decreased to 2% from 4% in 2015 due to the higher operating cash flows, while current ratio slightly decreased to 3.28:1 from last year's 3.36:1 resulting from lower cash and cash equivalents during the period.

### **DESCRIPTION OF KEY PERFORMANCE INDICATORS:**

1. **REVENUES.** Revenue is the amount of money that the company subsidiaries receive arising from their business activities and is presented in the top line of the statements of income. The present revenue drivers of the Company are i) Energy and power and ii) Real estate. Revenue growth is one of the most important factors management and investors use in determining the potential future stock price of a company and is closely tied to the earnings power for both the near and long-term timeframes. Revenue growth also aids management in making a sound investment decision.
2. **EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA).** The Company computes EBITDA as earnings before extra-ordinary items, net finance expense, income tax, depreciation and amortization. It provides management and investors with a tool for determining the ability of the Company to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Company's ability to service its debts, to finance its capital expenditure and working capital requirements.
3. **NET EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT.** Net income attributable to shareholders is one more step down from net income on the income statement. The net income of a company is just all of the revenues minus all of the expenses including interest expenses and taxes. Net income attributable to shareholders is the net income minus the non-controlling interests. This aids management and investors in identifying company's profit allocated to each outstanding share.
4. **DEBT-TO-EQUITY RATIO.** This measures the company's financial leverage calculated by dividing its total liabilities by stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets.
5. **CURRENT RATIO.** Current ratio is a measurement of liquidity computed by dividing current assets by current liabilities. It is an indicator of the Company's ability to meet its current maturing obligations. The higher the ratio, the more liquid the Company presents.

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

### **RESULTS OF OPERATIONS**

The six months financial results showed ₦3,201 million revenues, 28% higher than the ₦2,501 million revenues in 2015. The increase was due mainly to the start of commercial operations of SEC which commenced on April 29 this year and contributed ₦935 million in revenues. All the existing diesel plants were already merchant plants.

Cost of goods sold and services was also higher in 2016 due mainly to the pass-on fuel cost of the diesel plants. SEC on the other hand, contributed ₦730 million in direct cost during the period. As a result gross profit significantly lower this year at ₦724 million from ₦973 million in 2015 and gross profit rate from 39% to 23%.

Due to the one-time expenses incurred this year, general and administrative expenses increased significantly by 29% from ₦203 million to ₦263 million this year. These one-time costs were related to the corporate re-organization of the CFB plants.

Net finance charges this year was at ₦221 million compared to last year's ₦81 million due mainly to the interest incurred on the project loan related to the construction of SEC phase 1.

Net other income of ₦11 million in 2016 versus a loss of ₦28 million incurred in 2015 due to the one-time loss resulting from a disposal of a portion of undeveloped property of Alsons Land during that year.

Due to the effect of higher finance charges this year, the consolidated net income before tax for the period was 62% lower at ₦251 million from ₦660 million in 2015. Provision for income tax was also lower this year at ₦94 million from ₦176 million in 2015 due to lower taxable income. Parent net income was lower at ₦52 Million against the ₦219 Million registered in the same period last year. The resulted 76% lower earnings per share of ₦0.0008 from ₦0.0035 in previous year.

The six months financial results in 2016 is in accordance with the operating plan and better than budget.

### **REVIEW OF FINANCIAL POSITION**

ACR and Subsidiaries posted total assets of ₦30,721 million, 2% higher than the ₦30,166 million at the end of 2015.

Current assets decreased by 3% from ₦7,903 million to ₦7,704 million brought about by the lower cash and cash equivalents during the period.

On the other hand, non-current assets increased 9% from ₦22,263 million to ₦23,017 million. This is due largely to the increase in property, plant and equipment resulting from the construction of SEC power plant during the period.

Total liabilities amounted to ₦20,110 million, 3% higher than the ₦19,566 million reported at the end of 2015. The loans payable drawdown of the project loan for SEC and the unpaid dividend declared by SPPC and WMPC during the period, resulted to the increase in total liabilities.

As of June 30, 2016, ACR's current ratio decreased from 3.36:1 to 3.28:1 and its debt to equity ratio also increased to 1.72:1 from 1.40:1 last year.

ACR's consolidated statement of cash flows showed that cash from operating activities is the major source of funding for payment of maturing loans, while cash flows from financing activities was used for additional capital expenditures.

i. Causes of the material changes (5% or more) in balances of relevant accounts as of March 31, 2016 compared to December 31, 2015 are as follows:

- a) **Cash and Cash Equivalents** – Decreased 16%  
The decrease is due mainly to the timing of usage of cash by the operating Companies as well as the cash drawn from the project loan of Sarangani Energy and the Parent Company during the period.
- b) **Short-term Cash Investments** – Decreased 95%  
The decrease is due mainly to usage of and the termination of placements by SPPC and WMPC during the year.
- c) **Trade and other receivables** – Increased 42%  
The increase is due mainly to the timing of collection of trade receivables during the period.
- d) **Spare Parts and Supplies** – Increased 25%  
The increase is due mainly to the spare parts billed-up of Sarangani Energy during the period as well as usage of the SPPC, MPC and WMPC for their regular maintenance.
- e) **Prepaid Expenses and Other Current Assets** – Decreased 31%  
The decrease was due to the timing of payments of creditable withholding and valued added taxes.
- f) **Investment in Real Estate** – Decreased 87%  
The decrease is due mainly to the transfer of the Parent Company's Lanang Land to Aviana Development Corporation, a Joint Venture Company with Ayala Group.
- g) **Investment in Associates** – Increased 70%  
The increase was due mainly to the transfer of the Parent Company's land to Avina as its equity in the Joint Venture Company.
- h) **Retirement Assets** – Decreased 17%  
The decrease was due to the additional accrual of current service costs of SPPC and WMPC which were deducted from the balance of the retirement Assets during the year.
- i) **Other Noncurrent Assets** – Increased 1%  
The increase was due mainly to the additional deferred project cost incurred during the period.
- j) **Accounts Payable and Accrued Expenses** – Increased 12%  
The timing of payments of trade payables led to the increase in this account during the period.
- k) **Dividends Payable** - Increased 100%



The increase is due mainly to the unpaid dividend declared by SPPC and WMPC during the period.

- l) **Income Tax Payable** – Decreased 46%  
Timing of payments of income tax payable led to the increase in this account during the period.
  - m) **Loans Payable** – Decreased 100%  
The decrease was due to the full repayment of the loans payable during the period.
  - n) **Retirement Payable** – Decreased 25%  
The settlement of retirement benefits of some SPPC employees caused the decrease in in this account.
  - o) **Reserves** – Decreased 5%  
The translation of US\$ denominated assets of the SPPC and WMPC at current PhP exchange rate caused the decrease in this account.
  - p) **Noncontrolling Interest** – Increased 25%  
The share on noncontrolling interest in consolidated net income during the period caused the increase in this account during the period.
- ii. Events that will trigger Direct or Contingent Financial Obligation that is material to the Company, including any default or acceleration of obligation.

Some of the subsidiaries or affiliates of the Company are from time to time involved in routine litigation and various legal actions incidental to their respective operations. However, in the opinion of the Company's management, none of the legal matters in which its subsidiaries or affiliates are involved have material effect on the Company's financial condition and results of operations.

- iii. There are no 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.

## **PART II -- OTHER INFORMATION**

### **Other Required Disclosures**

1. The attached interim financial reports were prepared in accordance with accounting standards generally accepted in the Philippines. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2015.
2. Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.
3. There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.

4. Except as disclosed in the MD&A, there were no other issuances, repurchases and repayments of debt and equity securities.
5. There were no material events subsequent to June 30, 2016 up to the date of this report that needs disclosure herein.
6. There were no changes in the composition of the Company during the interim period such as business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.
7. There were no changes in contingent liabilities or contingent assets since December 31, 2015.
8. There are no material contingencies and other material events or transactions affecting the current interim period.
9. There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.
10. There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact to the Company.
11. There is no significant element of income or loss that did not arise from the Company's continuing operations.
12. There are no known seasonal or cyclical aspects that had a material effect on the financial condition or results of operations for the interim period.
13. There are no material commitments for capital expenditures, the general purpose of such commitments and the expected sources for such expenditures.
14. Any seasonal aspects that had a material effect on the financial condition or results of operations.

ACR being a holding company has no seasonal aspects that will have any material effect on its financial condition or operational results.

ACR's power business units generates fairly stable stream of revenues throughout the year.

ACR's real property development does not show any seasonality. The remaining real estate inventory of Alsons Land does not shown signs of impairments during the period.

There are NO matters and events that need to be disclosed under SEC Form 17-C.

### SIGNATURES

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

#### ALSONS CONSOLIDATED RESOURCES, INC.

Issuer

By:

Registrant :



TIRSO G. SANTILLAN, JR.  
Executive Vice-President & COO

Date:

8/11/16



LUIS R. YMSON, JR.  
Chief Financial Officer

Date:

8/11/16

**ALSONS CONSOLIDATED RESOURCES, INC AND SUBSIDIARIES**  
**Supplementary Schedules**  
**As of June 30, 2016**

**Attachment B**

Title of Issue and Type of Obligation	Current Portion of Long-Term Debt in the Balance Sheet	Interest Rates	Term	Maturity	Non-Current Portion of Long-Term Debt in the Balance Sheet
<b>Parent Company</b> Development Bank of the Phils. Land Bank of the Philippines Robinsons Bank Corporation Social Security System SSS Provident Fund	- - - - -	Fixed 7.243% Fixed 7.243% and 7.92% Fixed 7.243% and 7.92% Fixed 7.243% Fixed 7.92%	Maturity Date Maturity Date / Annually Maturity Date / Annually Maturity Date Annually	3. Dec. 2020 3. Dec. 2020 and 3. Dec. 2022 3. Dec. 2020 and 3. Dec. 2022 3. Dec. 2020 3. Dec. 2022	3,409,835,160 2,388,399,538 985,470,922 488,877,001 69,214,472
<b>Sarangani Energy Corp.</b> Banco de Oro RCBC UCPB Asia United Bank Philippine Business Bank Planters Development Bank Robinson Savings Bank Decommissioning Liability	83,537,113 16,379,826 16,379,826 24,569,739 8,189,913 1,637,983 1,637,983	Fixed 8.06% Fixed 8.06% Fixed 8.06% Fixed 8.06% Fixed 8.06% Fixed 8.06% Fixed 8.06%	Semi-Annual Semi-Annual Semi-Annual Semi-Annual Semi-Annual Semi-Annual Semi-Annual	19. Oct. 2026 19. Oct. 2026 19. Oct. 2026 19. Oct. 2026 19. Oct. 2026 19. Oct. 2026 19. Oct. 2026	4,902,080,582 961,192,271 961,192,271 1,441,788,408 480,596,137 96,119,227 96,119,227 178,555,935
<b>Mapalad Power Corporation</b> Banco de Oro	100,254,680	Fixed 6.25%	Semi-Annual	15. Aug. 2019	557,138,235
<b>TOTAL</b>	<b>Php252,587,063</b>				<b>Php17,016,579,385</b>

Type of Accounts Receivable:		TOTAL	1month	2-3months	4-6months	7months to 1year	1-2years	3-5years	5years and above	Past due Accounts
<b>a) Accounts Receivable – Trade</b>										
1	Power	877,257,537	811,033,168	145,864,053	111,880,909	6,147,449	2,331,947			
2	Real Estate	84,813,147	494,382	854,224	954,440	2,634,918	4,778,350	2,507,296	72,589,537	-
3	Rental	3,602,371	338,869	219,027	293,431	497,422	980,877	351,311	911,434	-
4	Plywood Hardflex, agri & Ind'l	31,730,458							31,730,458	-
	Subtotal	997,403,513	811,866,419	146,937,314	113,128,780	9,279,789	8,101,174	2,858,607	105,231,429	-
	Less: Allow. For Doubtful Accounts	76,518,681	-	-	-	-	-	-	76,518,681	-
	Net Trade Receivables	920,884,832	811,866,419	146,937,314	113,128,780	9,279,789	8,101,174	2,858,607	28,712,749	-
<b>b) Accounts Receivable – Others</b>										
1	Advances affiliates/project developer/joint venture	1,012,807,393	63,480,847	16,823,066	2,893,077	1,172,023	2,916,766	9,313,345	916,208,238	-
2	Advances contractors and suppliers	50,614,773	11,077,228	13,482,831	11,888,090	9,358,595			5,010,029	-
3	Accrued Interest	1,844,030	1,844,030							-
4	Advances officers & employees	8,927,394	3,936,220	2,058,484	446,286	451,617	1,352,251	147,449	535,087	-
5	Miscellaneous and other receivables	517,490,985	355,582,320	72,341,626	1,804,260	4,875,645	4,618,534	53,782,346	24,486,255	-
	Total Accounts Receivable – Others	1,591,684,575	435,920,645	104,706,037	16,831,713	15,855,880	8,887,551	63,243,140	946,239,609	-
	Less: Allow. For Doubtful Accounts	5,260,598							5,260,598	-
		1,586,423,977	435,920,645	104,706,037	16,831,713	15,855,880	8,887,551	63,243,140	940,979,011	-
	<b>ACCOUNTS RECEIVABLE-NET (a + b)</b>	<b>2,507,308,809</b>	<b>1,047,787,064</b>	<b>251,643,351</b>	<b>129,960,493</b>	<b>25,135,669</b>	<b>16,988,725</b>	<b>66,101,747</b>	<b>969,691,760</b>	<b>-</b>

Accounts Receivable Description

Type of Receivable	Nature/Description	Collection Period
<b>1. Trade receivable</b>		
a) Power	Receivable arising from sale of power to NPC	30 days
b) Lots	Sale of residential lots	3 to 10 years
c) Rental	Office, parking & warehouse rental	30 days
d) Plywood Hardflex, agri & Ind'l	Sale of ecowood, fiber cement board, Agri & Industrial products	38, 58 & 130 days
<b>2. Non-Trade receivable</b>		
a) Advances Officers & Employees	Cash advances for business expenses	30 days
b) Advances Operators/Contractors	Advances made to operators/contractors	30 days
c) Accrued Interest	Interest on temporary investments	30 – 90 days
d) Others	Advances to various and other entities for business/investment development and routine inter-company transactions.	30 days – 2 years

**Alsons Consolidated Resources, Inc. and Subsidiaries**  
Schedule of Financial Soundness

**Attachment C**

Financial KPI	Definition	Six Months Period Ended June 30	
		2016	2015
<b>Liquidity</b>			
Current Ratio / Liquidity Ratio	Current Assets	3.28:1	3.36:1
	Current Liabilities		
<b>Solvency</b>			
Debt to Equity Ratio/Solvency Ratio	Long-term debt (net of unamortized transaction costs)+Loans Payable	1.71:1	1.40:1
	(Capital Stock-Non-controlling interest+RE)		
<b>Interest Rate Coverage Ratio</b>			
Interest Rate Coverage Ratio	Earnings Before Interest and Taxes	2.14:1	8.48:1
	Interest Expense		
<b>Profitability Ratio</b>			
Return on Equity	Net Income	5%	19%
	Total Average Stockholders' Equity		
<b>Asset-to-Equity Ratio</b>			
Asset-to-Equity Ratio	Total Assets	2.90:1	2.67:1
	Total Equity		