COVER SHEET

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S.E.C Registration Number

G R E E N E R G Y H O L D I N G S

I N C O R P O R A T E D

(Company's Full Name)

5 4 N A T I O N A L R O A D D A M P O L II A

P U L I L A N B U L A C A N

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

KENNETH TAN

Contact Person

893-2687

Company Telephone Number

Month Day

Fiscal Year

2015

1 7 A

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, if applicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplish by SEC Personnel concerned

File Number

LCU

Document I.D

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1.	For the calendar year ended	:	**31 December 2015**
2.	SEC Identification Number	:	**AS092-000589**
3.	BIR Tax Identification Number	:	**001-817-292**
4.	Exact name of Registrant as specified in its charter	:	**Greenergy Holdings Incorporated**
5.	Province, Country or other Jurisdiction on incorporation or organization	:	**Philippines**
6.	Industrial Classification Code	:	**(SEC Use Only)**
7.	Address of Principal Office	:	**54 National Road, Dampol II-A Pulilan, Bulacan**
8.	Issuer's Telephone No. including area code	:	**(02) 997-5184**
9.	Former name of the Company	:	**Not applicable**

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding[1]
Common	1,800,778,568
Preferred	1,000,000,000
Amount of Debt Outstanding:	₱234,569,545

11. Are any or all of these securities listed on the Philippine Stock Exchange

Yes [x] No [ ]

The Issuer has 452,434,782 shares listed at the Philippine Stock Exchange.

12. Check whether the registrant:

a. Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 there under or Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 there under and Sections 26 and 41 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 report.

Yes [ ] No [x]

[1] The Company is still in the process of implementing the change in par value of its common shares as approved by the Securities and Exchange Commission ("SEC"). For purposes of this report, the number of shares issued and subscribed was rounded off. However, the same is still subject to change/adjustment upon completion of the implementation of the change in par value of common shares of the Company.

b. Has been subject to such filing requirement for the past 90 days.

Yes [x] No [ ]

13. The aggregate market value of the voting stock held by non-affiliates of the registrant as of 13 May 2015 is P409,646,159.71 (number of shares owned by the public multiplied by PSE trading price as of 13 May 2015).

14. The Corporation has not been involved in insolvency/suspension of payments during the immediate preceding five years.

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Greenergy Holdings Incorporated (formerly MUSX Corporation, the "Company") is a publicly listed holding company and was registered in 1992 with the Philippine Securities and Exchange Commission ("SEC") per Registration No. AS092-000589.

On 15 December 2008, the SEC approved the amendment of the primary purpose of the Parent Company to a holding company. At present, the Parent Company continues to operate as a holding company.

As part of the preparation to venture into "green" businesses, the stockholders of the Company, during the annual stockholders' meeting held on 23 December 2010, approved, among others, the proposal to change the name of the Company from MUSX Corporation to its present name. On the same meeting, the stockholders likewise approved the divestment of the Company from non-"green" related businesses, i.e., its 61% interest in Music Semiconductors Philippines, Inc., as well as its interest in the latter's foreign subsidiaries, namely: MUSIC Semiconductors, Inc., Musem Electonic N.V., and Protelcon, Inc. The stockholders then approved the investment of the Company in other "green" businesses. Among the businesses being considered for acquisition or investment that would allow the Company to widen and diversify its investment portfolio are those in the area of agri-tourism, real estate development, and technology.

Status of Operations

<u>2012</u>

In 2012, the Company established certain subsidiaries to further mark its venture into the field of renewable energy. These subsidiaries are (a) Biomass Holdings, Inc. ("BHI"); (b) Winsun Green Ventures, Inc. ("WGVI"); (c) Total Waste Management Recovery System, Inc. ("TWMRSI"), and (d) Isabela Alcogas Corporation ("IAC").

a. <u>BHI</u>

In October 2012, the Company and ThomasLloyd Cleantech Infrastructure Fund GmbH ("Cleantech," formerly Cleantech Projektgesellschaft mbH), a German fund managed by the ThomasLloyd Global Asset Management (Switzerland) AG of Zurich, incorporated BHI as their joint venture vehicle for the investment in the biomass power plant of San Carlos BioPower, Inc. ("SCBPI") in Negros Occidental. The Company and Cleantech held a 60-40 equity ownership in BHI,respectively.

In November 2012, BHI entered into an Investment Agreement with SCBPI for the acquisition of a sixty-four percent (64%) equity interest in the latter for a total consideration of P667.53 Million (the "Total Investment Price").

b. <u>WGVI</u>

WGVI, a wholly-owned subsidiary of the Company, was incorporated on 22 June 2012. Its primary purpose, as stated in its Articles of Incorporation is "[t]o develop and invest in energy projects including but not limited to, the exploration, development, and utilization of Renewable Energy (RE) resources, importation, exportation, and actual operations of RE systems and facilities within or without the Philippines and to promote, offer, negotiate, conclude, execute, sell, engage in, and/or render management, investment, technical consultancy services for commercial, industrial, manufacturing, and other kinds of enterprises, including but not limited to power generating plants, whether locally or abroad."

In 2012, WGVI commenced negotiations and studies on various wind energy projects that it may commence and acquire.

c. TWMRSI

The Company holds fifty-one percent (51%) of the total issued and outstanding capital stock of TWMRSI.

TWMRSI developed a zero-waste system that allows the recovery of biodegredable materials in sludge form, organic fertilizer, clean plastic materials, high-density non-biodegradable materials without leacheate. The patented system used by TWMRSI is compliant with the Clean Air Act considering that it is a "no burn" system. Moreover, the waste management system of TWMRSI will not involve any landfill.

The Company completed its investment in the waste recycling and management facilities of TWMRSI. Through this facility, the Company is now equipped to explore the business opportunities in the field of waste recycling and management systems given the garbage problems in Metro Manila and neighboring localities.

d. IAC

The Company holds fifty-percent (50%) of the total issued and outstanding capital stock of IAC.

The Company, through IAC, is in the process of developing a 20-megawatt biomass power plant in Ozamis City, Misamis Occidental, with the electricity produced therein to be sold to the national grid and/or direct customers.

2013

a. BHI

On 6 March 2013, BHI released the Total Investment Price to SCBPI. The release of the Total Investment Price completes the equity investment required by SCBPI and thus enabled the latter to commence the construction of a 19-megawatt bagasse-fired power generation plant in San Carlos City, Negros Occidental (the "SCB Project").

The SCB Project was issued its Certificate of Registration by the Board of Investments on 21 December 2012 and, on 13 February 2013, was found by the Department of Energy to have satisfactorily met the documentary requirements to avail of the Feed-in-Tariff ("FiT") rates when it begins commercial operations in early 2015.

Under the FiT system, electric power industry participants are mandated to source electricity from renewable energy sources at a guaranteed fixed price. The guidelines governig the FiT system are as follows:

(i) Priority connections to the grid for electricity generated from emerging renewable energy resources such as wind, solar, ocean, run-of-river, hydropower, and biomass power plants within the territory of the Philippines;

(ii) The priority purchase, transmission of, and payment for such electricty by the grid system operators;

(iii) Determination of the fixed tariff to be paid for electricity produced for each type of renewable energy resources and the mandated number of years for the application of such tariff, which shall in no case be less than twelve (12) years;

(iv) Application of the FiT to the emerging renewable energy resources to be used in compliance with the Renewable Portfolio Standards ("RPS"). Only electricity generated from wind, solar, ocean, run-of-river, hydropower, and biomass power plants covered under the RPS shall enjoy the FiT; and

(v) Other rules and mechanisms that are deemed appropriate and necessary by the Energy Regulatory Commission, in consultation with the National Renewable Energy Board, for the full implementation of the FiT system.

On 2 April 2014, the Company disclosed to the public that it has bound itself to divest its 60% equity interest in BHI in favor of Cleantech or the latter's designee for the aggregate amount of ₱400,522,377.00, with the deeds of sale and assignment to be finalized on or before 30 June 2014.

On 30 June 2014, the Company received the total consideration for its 60% equity interest in BHI from Cleantech.

b. <u>Sunchamp Real Estate Development Corp. ("SREDC")</u>

SREDC is a real estate company that focuses on the development of self-sustaining agri-tourism areas. It currently has real and enforceable rights over approximately 145 hectares of land in Rosario, Batangas.

On 2 October 2013, the Company entered into a Subscription Agreement with SREDC wherein the Company subscribed for fifty-five (55) million new shares representing twenty (20%) of the total issued and outstanding capital stock of SREDC.

c. Agricultural Bank of the Philippines, Inc. ("<u>Agri-Bank</u>")

On 28 February 1997, Agri-Bank was granted a rural banking authority to enable the institution to provide financial services catering to farmers, farm owners and tenants, agribusiness entrepreneurs, bankable countryside enterprises, and all other businesses that can be legally transacted under the Rural Banks Act of 1992, as amended. Agribank was established with the intent of catering to business and household customers in the countryside to promote food sufficiency and contribute to increasing income, employment, and production in the agricultural sector and the Philippine economy as a whole. In line with this mission, Agribank's products and services are currently geared towards providing credit finance to the farm sector under the government's Agri-Agra Lending Program; granting loans for Farm Equipment and Land Acquisition; extending credit facilities for agri-producers, farmers, and micro-businesses (including barangay micro enterprises); and providing housing, transport facilities such as motorcycles, and small business loans to eligible borrowers in rural areas. In the pursuit of its mission, Agri-Bank has established backward and forward financing linkages with other sectors related to agriculture, including domestic trading and distribution, domestic manufacturing (canning and tetra-packaging), processing, and export of fresh and processed agricultural products.

d. WGVI

On 16 December 2013, the Company subscribed to 15 million common shares of WGVI, increasing its equity in the same to 20 million common shares from 5 million common shares.

<u>2014</u>

a. <u>BHI</u>

On 2 April 2014, the Company disclosed to the public that it has bound itself to divest its 60% equity interest in BHI in favor of Cleantech or the latter's designee for the aggregate amount of ₱400,522,380.00.

On 30 June 2014, the Company received the total consideration for its 60% equity interest in BHI from Cleantech.

On 1 July 2014, the Company executed the corresponding deeds of conveyance over its 60% equity interest in BHI from Cleantech.

b. SREDC

On 2 July 2014, the Company subscribed to additional primary common shares of SREDC, increasing its equity stake to 62.39%.

Further, in 2014, the Company established the following subsidiaries: (i) AgriNurture Development Holdings, Inc. ("ADHI") and (ii) Lite Speed Technologies, Inc. ("LSTI").

c. ADHI

On 25 April 2014, the Board of Directors of the Company approved the incorporation of ADHI. ADHI, a wholly-owned subsidiary of the Company, was incorporated on 17 June 2014. The Company intends to use ADHI as the holding company of its agricultural portfolio.

d. LSTI

On 16 June 2014, the Board of Directors of the Company approved the incorporation of LSTI. On 14 August 2014, the SEC approved the incorporation of LSTI with the primary purpose of engaging in the business of information and communication technology.

On 1 April 2015, the National Telecommunications Commission issued a Dealer's Permit in favor of LSTI, effective from 10 March 2015 to 9 March 2016.

Potential Risks Involved

The Industry

The Company, through its subsidiaries, associates, investments, or acquisitions, will engage in the fields of renewable energy businesses and waste management systems, among others. Both fields are capital intensive and subject to high standards of government regulation. As expected, the Company may experience a lull in operations or negative operating results prior to take-off until stabilization of operations given the capital requirements, regulatory compliance, and other economic conditions and factors.

Dependence on Key Personnel

The Company's success depends to a significant extent upon the continued service of its executive and other key management and technical personnel. These people are currently challenged by the Company's market, business, and product development strategies. The Company believes that keeping a manageable number of competent personnel is one of the keys to a successful business.

Dependence on Future Capital Needs

The renewable energy and waste management systems business will require a considerable amount of capital requirements. While the timing and initial amount of funding requirements can be determined at the outset, future requirements in relation to expansion will depend on a number of factors, including demand for the Company's facilities, product mix, and competitive factors. Further, there can be no assurances that such additional funding will be available when needed, or if available, will be on satisfactory terms. To remain competitive, the Company must also invest in research and development.

Procedures in Place to Identify, Assess, and Manage these Risks

The risk assessment is based on "what if" analysis, judged against the method used to include the particular item in the projection. The analysis could support the projection or require it to be modified.

Risks that are manageable, i.e. within the scope of control by the Company, must be managed as a natural course of running the business. When taking decisions, management considers first the effect of those risks that are in any way related to the decision.

CORPORATE MATTERS

Government Approval

There is no need for government approval on the primary activities of the Company, being essentially a holding company. Any necessary approval from government agencies, including from the Department of Energy and specific local government units, would have to be obtained by its subsidiaries, associates, or other entities acquired by or invested in by the Company, engaged in renewable energy and waste management systems, among others.

Government Regulations

The existing government regulations on renewable energy companies may affect the general direction of the Company in terms of the type of business opportunities to explore. As a holding company, however, the Company is not aware of any probable governmental regulations, which will have an effect on the primary business of the Company.

Environmental Laws

The Company and its subsidiaries are compliant and will endeavor to continue to strictly comply with environmental laws.

EMPLOYEES

The Company employs currently employs three (3) employees. No labor union exists within the Company and no collective bargaining agreement ("CBA") has been entered into. The employees have never been on strike, nor are threatening to strike. The Company anticipates the number of employees to increase by ten (10) within the ensuing twelve (12) months without any supplemental benefits or incentive arrangements.

Item 2. Properties

The Company does not own any real estate property.

Item 3. Legal Proceedings

Republic of the Philippines, represented by AMLC v. Binay et al., CA-G.R. AMLA No. 00134

On 11 May 2015, the Court of Appeals (the "Court") directed that specified bank accounts of Mr. Tiu be frozen. The freezing of the bank accounts of Mr. Tiu was predicated on the allegations made by the Anti-Money Laundering Council ("AMLC") that the multiple transactions involving receipt of inward remittances and inter-branch fund transfers between the Company, Earthright Holdings, Inc. ("Earthright"), and Sunchamp Real Estate Development Corp. ("Sunchamp") as well as the purchase of $20.46 million in foreign exchange from Rizal Commercial Banking Corporation (RCBC) Forex Brokers Corporation were allegedly without any underlying legal or trade obligation, purpose, or economic justification and/or that they were allegedly not commensurate to the business or financial capacity of the individuals involved.

The rules on confidentiality and *sub judice* bar the Company from publicly going into the details of the ongoing proceedings with the Court. However, the Company wishes to draw attention to the following disclosures lodged with the PSE (hence, already public and readily accessible) that would readily belie the claim of the AMLC of any purported "unjustified transactions" between the companies:

(1) Subscription by Earthright to P250 million worth of common shares and P37.5 million worth of preferred shares of the Company;

(2) Sale of the Company's interest in a biomass power plant for P400,522,380.00;

(3) Sale by Earthright of marketable securities to the Company for approximately P255 million;

(4) Acquisition by the Company of additional marketable securities in the amount of P113,744,736.00;

(5) Investment by the Company in Sunchamp for the total consideration of P310 million; and

(6) Receipt by the Company of the unpaid subscription that was due from Earthright and Sunchamp for the total amount of P316,750,000.00. (collectively, the "Material Disclosures")

The Material Disclosures show that the receipts and transmittals involving the Company, Earthright and Sunchamp had economic justifications and involved business transactions, which were timely made public.

Moreover, RCBC Forex Brokers Corporation admitted that Mr. Tiu did not make the $20.46 million purchase of foreign currency erroneously claimed by AMLC.

On 6 November 2015, Mr. Tiu filed a *Motion to Lift Freeze Order* (the"*Motion to Lift*") of even date with the Court of Appeals where it argued, among others, that the alleged unjustified bank transactions of the foregoing corporations were above-board, legal, and duly reported to the appropriate regulatory bodies of the government even prior to any investigation conducted by any government agency.

Without resolving the *Motion to Lift*, the *Freeze Order* on the above bank accounts were motu proprio lifted upon the expiration of the maximum 6-month period to freeze accounts allowed under the law.

Republic of the Philippines v. Binay et. al., Civil Case No. 15-007-53

Upon the lifting of the *Freeze Order*, the Republic of the Philippines, through the Anti-Money Laundering Council, (the "Petitioner") filed a *Verified Ex Parte Petition for Civil Forfeiture (With Urgent Prayer for Issuance of a Provisional Asset Preservation Order and/or Asset Preservation Order)* dated 29 October 2015 (the "*Ex Parte Petition*") with the Regional Trial Court against respondents Binay et. al. In the *Ex Parte Petition*, the Petitioner prayed that (i) a *Provisional Asset Preservation Order* ("PAPO") be issued over specified bank accounts of the Corporation, among others, (ii) the PAPO be converted into an *Asset Preservation Order* after summary hearing, and (iii) the Corporation's bank accounts specified in the *Ex Parte Petition* be forfeited in favor of the Government after due proceedings (the "Case"). On 13 November 2015, the Regional Trial Court issued the PAPO over specific bank accounts of the Corporation.

On 9 December 2015, Mr. Tiu filed an Omnibus Motion of even date in response to Petitioner's Ex Parte Petition where it prayed for the dismissal of the Case on the following grounds:

(i) The Regional Trial Court has no jurisdiction to hear the Case because it was instituted within the one-year ban provided for under Republic Act No. 1379; and

(ii) The report of the Anti-Money Laundering Council, upon which the Ex Parte Petition and the issuance of the PAPO were predicated upon, was prepared in a manner that is violative of the Corporation's right to due process; hence, it cannot be used, relied upon, nor be taken cognizance of by the Regional Trial Court in determining the existence of probable cause that would justify the issuance of the PAPO.

In the Omnibus Motion, Mr. Tiu also prayed for a bill of particulars or a more definite statement of facts so that he could intelligently confront the baseless imputation that the foregoing bank accounts are somehow connected with any illegal activity. A mere perusal of the Ex Parte Petition filed in the Case will readily show that while the foregoing accounts were mentioned, not a single allegation was made connecting any of the funds therein to any specific alleged illegal transaction or unlawful activity involving Vice President Jejomar C. Binay.

Mr. Tiu believes that the arguments and defenses raised in the Omnibus Motion are based on strong legal grounds. Thus, Mr. Tiu fully intends to exhaust all legal remedies available to him in order to protect his interests and vindicate his rights.

Item 4. Submission of Matters to a Vote of Security Holders

The 2014 Annual Stockholders' Meeting of the Company was held on 16 June 2014. In attendance in said meeting were the following:

Total issued and outstanding shares	186,327,856,500
Total no. of shares represented in the meeting	101,747,341,398

The following matters, which were on the agenda, were approved/ratified by the stockholders present or represented in the said stockholders' meeting:

1. Minutes of the Annual Meeting of Stockholders held last 15 November 2013;

2. Annual Report and Financial Statements for the year ended 31 December 2013;

3. Amendment of the By-Laws for the purpose of creating an Executive Committee;

4. Approval of the issuance and listing of five (5) billion primary common shares issued by the Company to Three Star Capital Limited (BVI), in compliance with the PSE Revised Listing Rules;

5. Waiver by the minority stockholders of the right to conduct a public offering in relation to the five (5) billion common shares issued to Three Star Capital Limited (BVI), in compliance with the PSE Revised Listing Rules;

6. Delegation of the appointment of External Auditor for the year 2014 to the Board of Directors upon recommendation of the Audit and Compliance Committee; and

7. Ratification of all acts, resolutions, and decisions of the incumbent Board of Directors and Management for 2013.

At the same meeting, the following were elected Directors of the Company:

1. Antonio L. Tiu
2. George Y. Uy
3. Agustin V. Que
4. Martin C. Subido
5. Kenneth S. Tan
6. Yuan-Ming Zheng
7. Paula Katrina L. Nora
8. Leonor M. Briones (Independent Director)
9. Benjamin P. Lim (Independent Director)

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

SECURITIES

As of 31 December 2015, the Company has an authorized capital stock of Two Billion Pesos (₱2,000,000,000.00) divided into the following:

a. Common Shares, consisting of One Billion Nine Hundred Million (1,900,000,000) shares with a par value of One Peso (₱1.00) per share for a total par value of One Billion Nine Hundred Million Pesos (₱1,900,000,000.00); and

b. Preferred Shares, consisting of One Billion (1,000,000,000) shares with a par value of Ten Centavos (₱0.10) per share for a total par value of One Hundred Million Pesos (₱100,000,000.00)

The total issued and subscribed capital of the Company is ₱1,900,778,568.00 divided into a) 1,800,778,568 common shares with a par value of ₱1.00 per common share or a total par value of ₱1,800,778,568.00; and b) 1,000,000,000 preferred shares with a par value of ₱0.10 per preferred shares or a total par value of ₱100,000,000.00.[2]

Except for those exempt from registration requirements, no sales of unregistered securities were made in the past three (3) years.

No debt securities are registered or contemplated to be registered.

No securities subject to redemption or call exists or are planned to be issued.

On 14 April 2012, the Board of Directors approved the issuance of 7.5 billion warrants to Mr. George Uy, at the issue price of ₱0.001 per warrant under such terms and conditions as may be agreed upon and in accordance with the rules and regulations of the SEC and the PSE.

On 15 August 2012, the Company issued stock warrants (American call option) in favor of Cleantech that would allow the latter to subscribe to 10,489,500,000 primary shares of the Company at a strike price of ₱0.02 within one (1) year from issuance of the warrant ("Warrant 1") and an additional 10,489,500,000 primary shares for ₱0.03 within three (3) years from the warrant's issuance ("Warrant 2"). Warrant 1 was not exercised in 2013. Warrant 2 has not been exercised as of the date of this report.

Market Information

As of 13 May 2015, the shares of the Company are being traded at the PSE at the average trading price of ₱0.370 per share. Trading of the Company's securities was temporarily suspended by the PSE on 13 May 2015.

[2] *Supra* note 1.

The following is a summary of the trading prices at the PSE for each of the quarterly periods of 2015, 2014, and 2013:

Ave. Price	2015		2014*		2013*	
Quarter	Low	High	Low	High	Low	High
1st	0.43	0.61	0.97	1.20	1.80	2.20
2nd	0.35	0.47	0.97	1.10	1.30	1.90
3rd**	N.A.	N.A.	0.99	1.20	1.30	1.70
4th**	N.A.	N.A.	0.35	1.10	1.10	1.40

**Adjusted due to change in par value on 30 October 2014*

*** The Company did not have any trades for the third and fourth quarter of 2015 by reason of the securities' suspension on 13 May 2015. The stock was last traded on 13 May 2015.*

Holders[3]

The Company has a total of 1,026 stockholders of record as of 31 December 2015. The Company issues both common and preferred shares. The top twenty (20) shareholders as of 31 December 2015 reported by the Stock Transfer Agent are as follows:

Stockholder's Name	No. of Shares	% of Ownership
PCD Nominee Corp. (Filipino)	369,640,150	20.5267%
ThomasLloyd Cleantech Infrastucture Fund GmbH	207,768,560	11.5377%
Earthright Holdings, Inc.	187,500,000	10.4122%
Sunchamp Real Estate and Development Corporation[4]	176,000,000	9.7736%
Three Star Capital Limited (BVI)	110,000,000	6.1085%
PPAR Management & Holdings Corporation	58,000,000	3.2208%
Southern Field Limited (BVI)	55,000,000	3.0542%
Jerry G. Yu	52,000,000	2.8876%
Ann Loraine Buencamino	51,500,000	2.8599%
ARC Estate & Project Corporation	50,000,000	2.7766%
Mark Kenrich Duca	50,000,000	2.7766%
Hung Kamtin	40,000,000	2.2213%
Paul Vincent Lee	36,000,000	1.9991%
Jaime L. Tiu	30,000,000	1.6659%
James L. Tiu	30,000,000	1.6659%
Prestejenchrisdan (PSJCD) Inc.	30,000,000	1.6659%
Sure Anthony T. Ching	30,000,000	1.6659%
Jose Marie E. Fabella	30,000,000	1.6659%

[3] The Company is still in the process of implementing the change in par value of its common shares as approved by the SEC. For purposes of this report, the (a) number of shareholders and the (b) number of shares of the top 20 shareholders; (c) percentage of ownership; and (d) public float were rounded off. However, the same are still subject to change/adjustment upon completion of the implementation of the change in par value of common shares of the Company.

[4] On 6 August 2014, the 176,000,000 common shares of the Company (the "Subject Shares") in the name of Sunchamp Real Estate Development Corp. have been assigned to three (3) assignees. The Company recently received the certificates authorizing registration ("CAR") from the Bureau of Internal Revenue over the Subject Shares and immediately forwarded the same to its stock transfer agent to reflect the assignment and to process the issuance of stock certificates in the name of the assignees.

Leonardo S. Gayao	28,000,000	1.5549%
Total	**1,621,408,710**	**90.04%**

Stockholder's Name	No. of Preferred Shares	% of Ownership
Earthright Holdings, Inc.	1,000,000,000	100.0000%

The public float of the Company as of 31 December 2015 is 61.48%.

Background of Major Shareholders (shareholders owning at least 10% of the total outstanding capital)

1. PCD Nominee Corporation

PCD Nominee Corporation ("PC") is a wholly owned subsidiary of the Philippine Central Depository, Inc. ("PCD"), a corporation established to improve operations in securities transactions and to provide a fast, safe, and highly efficient system for securities settlement in the Philippines. PC acts as trustee-nominee for all shares lodged in the PCD system, where trades effected on the PSE are finally settled with the PCD.

PCD, now known as Philippine Depository and Trust Corporation, is a private institution established in March 1995 to improve operations in securities transactions. Regulated by the SEC, PCD is owned by major capital market players in the Philippines, namely: the Philippine Stock Exchange, Bankers Association of the Philippines, Financial Executives Institute of the Philippines, Development Bank of the Philippines, Investment House Association of the Philippines, Social Security System, and Citibank N.A.

All PSE-member brokers are Participants of PCD. Other Participants include custodian banks, institutional investors, and other corporations or institutions that are active players in the Philippine equities market.

2. ThomasLloyd Cleantech Infrastucture Fund GmbH

ThomasLloyd Cleantech Infrastructure Fund GmbH ("Cleantech," formerly Cleantech Projektgesellschaft mbH), was established in 2011 and duly organized under the laws of Germany with registered address at Hanauer Landstraße 291B, 60314 Frankfurt a. M., Deutschland (Germany). It was established to launch a platform of retail and high networth investor funds, specifically to invest in clean technologies and renewable energy. The company is owned by ThomasLloyd Holdings Ltd. and its sole director is T.U. Michael Sieg. To date, the fund has invested in a US-based hybrid car designer and manufacturer, as well as a series of biomass projects in the Philippines.

3. Earthright Holdings, Inc.

Earthright Holdings, Inc. ("EHI") is a domestic company incorporated on 14 November 2011 with the purpose of acquiring, holding, selling, exchanging, dealing, and investing in the shares of stock, bonds, or any kind of securities of any government or any subdivision thereof or any public or private corporation in the Philippines and abroad, and in real or personal property of any kind in the Philippines and abroad, in the same manner and to the same extent as a natural person might, could or would do, to exercise all rights, powers, and privileges or ownership, including the right to vote therein, or consent in respect thereof, for any and all purposes without managing securities portfolio or similar securities or acting as broker of securities.

Dividends

No dividends were distributed in 2015, 2014, and 2013. Except for the required presence of unrestricted retained earnings, there are no restrictions that limit the Company's ability to pay dividends on common equity or that are likely to do so in the future.

Exempt Transactions

Date of Sale	Title of Securities Sold	No. of Securities sold	Underwriters and Other Purchasers	Consideration and Issue Price	Exemption from Registration Claimed
Notice of Exempt Transaction dated September 25, 2014					
2 July 2014 2 May 2013 22 May 2013	Common and preferred shares	i. 375,000,000 preferred shares ii. 4,000,000,000 common shares iii. 17,600,000,000 common shares	**i. Earthright Holdings, Inc.** - 375,000,000 preferred shares **ii. Hung Kamtin** - 4,000,000,000 common shares **iii. Sunchamp Real Estate Development Corp.** - 17,600,000,000 common shares	i. ₱0.10 per share or an aggregate value of ₱37,500,000.00 ii. ₱0.01 per share or an aggregate value of ₱40,000,000.00 iii. ₱0.01 per share or an aggregate value of ₱176,000,000.00	SRC 10.1(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.
Notice of Exempt Transaction dated February 14, 2014					
5 February 2014	Common shares	375,000,000	IT Group, Inc. - 375,000,000 common shares	₱0.01 per share or an aggregate value of P3,750,000.00	SRC 10.1(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.
Notice of Exempt Transaction dated October 8, 2013					
8 October 2013	Common Shares	13,000,000,000	**i. Sure Anthony Ching-** 3,000,000,000 common shares **ii. ARC Estate & Project Corp.-** 5,000,000,000 common shares **iii. Three Star Capital Limited (BVI)-** 5,000,000 common shares	P0.01 per share or an aggregate value of P130,000,000.	SRC 10.1(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.
Notice of Exempt Transaction dated January 29, 2013					
3 January and 31 October 2012	Common Shares	33,700,000,000	**i. Prestejenchrisdan (PSJCD) Inc.** 3,000,000,000 common shares **ii. Jerry G. Yu** - 5,200,000,000 common shares	₱0.01 per share or an aggregate value of ₱337,000,000.00	SRC 10.1(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.

			iii. Paul Vincent Lee - 3,600,000,000 common shares **iv. BG Zenith Inc. -** 1,250,000,000 common shares **v. Cai, Jian-Cheng -** 2,000,000,000 common shares **vi. Marc Kenrich** Duca - 5,000,000,000 common shares **vii. Mark Kenneth Duca -** 2,500,000,000 common shares **viii. Ann Loraine Buencamino -** 2,150,000,000 common shares **ix. Southern Field Ltd.** - 3,000,000,000 common shares **x. Three Star Capital Limited -** 6,000,000,000 common shares		
Notice of Exempt Transaction dated October 15, 2012					
5 October 2012	Warrants	Not applicable.	ThomasLloyd Cleantech Infrastructure Fund GmbH (formerly, Cleantech Projektgesellschaft mbH)	The warrants cover 10,489,500,000 common shares with an exercise price of P0.020 per share exercisable within 1 year from 5 October 2012 and (ii)10,489,500,00 common shares with an exercise price of P0.030 per share exercisable within 3 years from 5 October 2012	SRC 10.1(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.
5 October 2012	Common shares	20,776,856,000	ThomasLloyd Cleantech Infrastructure Fund GmbH (formerly, Cleantech Projektgesellschaft mbH)	P0.02 per share or an aggregate value of P415,537,130	SRC 10.1(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.
Notice of Exempt Transaction dated October 10, 2012					

15 July 2012	Common shares	2,5000,000,000	Southern Field Limited	P0.01 per share or aggregate value of P25,000,000.00	SRC 10.1(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.

Item 6. Management's Discussion and Analysis or Plan of Operation

<u>Management's Discussion and Analysis or Plan of Operation</u>

Income Statement 2015-2014

The Company's revenues for 2015 amounted to P0.02 Million, a decrease from the revenue generated in 2014 which totaled P62.92 Million as the Group did not recognize any reclassification of AFS investment to investment in associate which resulted to a gain from SREDC in 2014 amounting to P62.90 Million and there was a decrease on interest income from banks during the year. The share in loss of associate decreased from P352.40 Million in 2014 to P135.70 Million in 2015 due to lower results of net losses from its associate. Expenses such as impairments and write-offs in receivables investments, advances, pre-payments, and other assets contributed to the net loss of associate's operations during the year.

In 2015, the Company's gross loss was at P153.25 Million equivalent to -778.61% of revenues. In 2014, the Company's gross loss was at P781.22 Million or -1,241.64% of revenues. The Company estimates that its gross profit margins will improve in the next 2 years when returns on the Company's investments become visible, especially on the increase in service income for agri-tourism and sale of harvests from greenhouse projects in one of its subsidiaries.

Administrative expenses in 2015 totaled P15.68 Million, a decrease of 921.81% compared to that in 2014 which amounted to P191.42 Million due to the decrease of accounts written off and impairment in 2015 as compared in 2014. Total accounts written off in 2015 amounted to P1.80 Million while P178.47 Million in 2014. Accounts written off includes receivables, investments, advances, prepayments, and other assets. Provision for impairment in 2015 totaled P0.02 Million, a decrease of 99.99% compared to that in 2014 which amounted to P235.05 Million as no major impairment considered by the management during the year. Impairment of accounts in 2014 includes receivables, input VAT and advances made for waste recycling projects.

Other than the Group's investment in Rosario, Batangas, new business opportunities are being explored by the Company including those in the field of information technology and renewable energy.

As a result of the above, the Company had a consolidated operating loss in 2015 of P153.23 Million.

Balance Sheet Trends

2015-2014

Cash on hand and in banks decreased by P2.18 Million as of 31 December 2015 from P3.83 Million in 2014 to P1.65 Million as of 31 December 2015 due to payments of payables during the year.

Net receivables increased by P250.03 Million as of 31 December 2015 from P1.16 Million in 2014 to P251.19 Million in 2015 due to the reclassification of account from due from related parties to Receivables as a result of the assignment of receivables to Fucang from Cleantech in 2015 amounting to P250.14 Million.

In 2015, due from related parties decreased by P276.93 Million, P1,077.63 Million and P366.05 Million in 2014 and 2013. The decrease is due to reclassification of accounts amounting to P250.14 Million and liquidation of advances given to stockholder for project acquisitions and related project expenses in relation to the Sunchamp Agi-Tourism Park.

Other assets include prepayments, materials and supplies, deferred tax, and input value-added tax.

Available for Sale ("AFS") investment decreased by P0.12 Million from P0.49 Million in 2014 to P0.37 Million in 2015 as a result of a decrease in market price during the year.

Investment in associate account in 2015 amounted to P321.35 Million, 32.32% lower than that in 2014 which amounted to P474.83 Million. The decrease is due to the result of net losses of an associate during 2015 which reduces the carrying amount of investment.

"Property and equipment" decreased due to the depreciation expense during the year.

"Investment properties" pertain to parcel of land and all improvements located in Quezon City, which is for capital appreciation. Subsequent sales of two (2) lots transacted in the beginning of the year 2016 amounting to P14.54 Million.

Total current liabilities increased by P36.94 Million in 2015 from P193.92 Million in 2014 to P230.86 Million in 2015. The increase in 2015 is a result of an additional payable to supplier, advances from related party and deposit from customers amounting to P14.54 Million as cash proceeds received from the sale of investment property in Quezon City.

Loan payable decreased by P31.26 Million in 2015 from P50.0 Million in 2014 to P18.74 Million in 2015 due to partial payments of principal.

Discussion and Analysis of Material Events and/or Uncertainties Known to Management

Given the above and the report under Item 7 hereof, there are no other:

1. 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;

2. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

3. 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;

4. Material commitments for capital expenditures;

5. 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;

6. Significant elements of income or loss that did not arise from the registrant's continuing operations; and

7. Seasonal aspects that had a material effect on the financial condition or results of operations.

The causes for the material changes are included in the discussion under Item 6 (Management's Discussion and Analysis or Plan of Operation and Balance Sheet Trends) above.

Key Performance Indicators

The top five (5) key performance indicators are shown below for the years 2015, 2014 and 2013:

Indicator	2015	2014	2013
Current ratio	4.63:1	5.64:1	25.33:1
Debt to equity ratio	0.20:1	0.18:1	0.03:1
Bank debt to equity ratio	0.02:1	0.04:1	0.00016:1
Loss per share	(0.08)	(0.33)	(0.000082)
Return on Equity	(0.13:1)	(0.53:1)	(0.009:1)

Definition of "Liquidity Ratios"

A class of financial metrics that is used to determine a company's ability to pay off its short-terms debts obligations. Generally, the higher the value of the ratio, the larger the margin of safety that the company possesses to cover short-term debts.

Common liquidity ratios include the current ratio, the quick ratio and the operating cash flow ratio. Different analysts consider different assets to be relevant in calculating liquidity. Some analysts will calculate only the sum of cash and equivalents divided by current liabilities because they feel that they are the most liquid assets, and would be the most likely to be used to cover short-term debts in an emergency.
A company's ability to turn short-term assets into cash to cover debts is of the utmost importance when creditors are seeking payment. Bankruptcy analysts and mortgage originators frequently use the liquidity ratios to determine whether a company will be able to continue as a going concern.

Definition of "Solvency Ratio"

One of many ratios used to measure a company's ability to meet long-term obligations. The solvency ratio measures the size of a company's after-tax income, excluding non-cash depreciation expenses, as compared to the firm's total debt obligations. It provides a measurement of how likely a company will be to continue meeting its debt obligations.

The measure is usually calculated as follows:

$$\text{Solvency Ratio} = \frac{\text{After Tax Net Profit} + \text{Depreciation}}{\text{Long Term Liabilities} + \text{Short Term Liabilities}}$$

Definition of "Debt/Equity Ratio"

A measure of a 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.

$$= \frac{\text{Total Liabilities}}{\text{Shareholders Equity}}$$

Note: Sometimes only interest-bearing, long-term debt is used instead of total liabilities in the calculation.

Also known as the Personal Debt/Equity Ratio, this ratio can be applied to personal financial statements as well as corporate ones.

A high debt/equity ratio generally means that a company has been aggressive in financing its growth with debt. This can result in volatile earnings as a result of the additional interest expense.

If a lot of debt is used to finance increased operations (high debt to equity), the company could potentially generate more earnings than it would have without this outside financing. If this were to increase earnings by a greater amount than the debt cost (interest), then the shareholders benefit as more earnings are being spread among the same amount of shareholders. However, the cost of this debt financing may outweigh the return that the company generates on the debt through investment and business activities and become too much for the company to handle. This can lead to bankruptcy, which would leave shareholders with nothing.

The debt/equity ratio also depends on the industry in which the company operates. For example, capital-intensive industries such as auto manufacturing tend to have a debt/equity ratio above 2, while personal computer companies have a debt/equity of under 0.5.

Definition of "Interest Coverage Ratio"

A ratio used to determine how easily a company can pay interest on outstanding debt. The interest coverage ratio is calculated by dividing a company's earnings before interest and taxes ("EBIT") of one period by the company's interest expenses of the same period:

$$\text{Interest Coverage Ratio} = \frac{\textbf{EBIT}}{\textbf{Interest Expense}}$$

The lower the ratio, the more the company is burdened by debt expense. When a company's interest coverage ratio is 1.5 or lower, its ability to meet interest expenses may be questionable. An interest coverage ratio below 1 indicates the company is not generating sufficient revenues to satisfy interest expenses.

Definition of "Return On Equity – ROE"

The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. ROE is expressed as a percentage and calculated as:

Return on Equity = Net Income/Shareholder's Equity

Net income is for the full fiscal year (before dividends paid to common stock holders but after dividends to preferred stock.) Shareholder's equity does not include preferred shares.

Also known as "return on net worth" ("RONW").

The ROE is useful for comparing the profitability of a company to that of other firms in the same industry.

There are several variations on the formula that investors may use:

1. Investors wishing to see the return on common equity may modify the formula above by subtracting preferred dividends from net income and subtracting preferred equity from shareholders' equity, giving the following: return on common equity (ROCE) = net income - preferred dividends / common equity.

2. Return on equity may also be calculated by dividing net income by *average* shareholders' equity. Average shareholders' equity is calculated by adding the shareholders' equity at the beginning of a period to the shareholders' equity at period's end and dividing the result by two.

3. Investors may also calculate the change in ROE for a period by first using the shareholders' equity figure from the beginning of a period as a denominator to determine the beginning ROE. Then, the end-of-period shareholders' equity can be used as the denominator to determine the ending ROE. Calculating

both beginning and ending ROEs allows an investor to determine the change in profitability over the period.

Definition of "Gross Margin"

A company's total sales revenue minus its cost of goods sold, divided by the total sales revenue, expressed as a percentage. The gross margin represents the percent of total sales revenue that the company retains after incurring the direct costs associated with producing the goods and services sold by a company. The higher the percentage, the more the company retains on each dollar of sales to service its other costs and obligations.

$$\text{Gross Margin (\%)} = \frac{\text{Revenue - Cost of Goods Sold}}{\text{Revenue}}$$

This number represents the proportion of each dollar of revenue that the company retains as gross profit. For example, if a company's gross margin for the most recent quarter was 35%, it would retain $0.35 from each dollar of revenue generated, to be put towards paying off selling, general and administrative expenses, interest expenses and distributions to shareholders. The levels of gross margin can vary drastically from one industry to another depending on the business. For example, software companies will generally have a much higher gross margin than a manufacturing firm.

Definition of "Net Margin"

The ratio of net profits to revenues for a company or business segment - typically expressed as a percentage – that shows how much of each dollar earned by the company is translated into profits. Net margins can generally be calculated as:

$$\text{Net Margins} = \frac{\text{Net Profit}}{\text{Revenue}}$$

$$\text{, where Net Profit} = \text{Revenue - COGS - Operating Expenses - Interest and Taxes}$$

Net margins will vary from company to company, and certain ranges can be expected from industry to industry, as similar business constraints exist in each distinct industry. A company like Wal-Mart has made fortunes for its shareholders while operating on net margins less than 5% annually, while at the other end of the spectrum some technology companies can run on net margins of 15-20% or greater.

Most publicly traded companies will report their net margins both quarterly (during earnings releases) and in their annual reports. Companies that are able to expand their net margins over time will generally be rewarded with share price growth, as it leads directly to higher levels of profitability.

Audit and Audit-Related Fees – 2015 and 2014

The audit fees for the services rendered by the Company's external auditor, Constantino Guadalquiver & Co.,[5] for its services in connection with the statutory and regulatory filings of the Company's financial statements for calendar year 2015 amounted to P250,000.00. For the year 2014, the audit fees of the external auditor of the Company amounted to P400,000.00.

[5] On 9 June 2016, the Company and Reyes Tacandong & Co. mutually agreed to terminate their agreement for the latter to audit the Company's financial statements for the year 2015. Constantino Guadalquiver & Co. replaced Reyes Tacandong & Co. as the external auditor of the Company for the fiscal year 2015.

Tax Fees – 2015 and 2014

For the years 2015 and 2014, there are no fees paid for professional services rendered by the external auditor for tax accounting compliance, advice, planning and any other form of tax services.

All Other Fees – 2015 and 2014

For the years 2015 and 2014, there are no fees paid for products and services provided by the external auditor other than the fees paid as indicated in the "Audit and Audit-Related Fees – 2015 and 2014" indicated above.

Audit Committee's Approval Policies and Procedures for the Above Services

The Audit Committee approved the above fees paid to the external auditors for the calendar years 2015 and 2014.

Financial Statements

The report of the Company's independent public accountant is incorporated and attached to this report, in its entirety.

Attached as **Annex "A"** is the Audited Financial Statements for the year 2015 (Consolidated). Attached as **Annex "B"** is the Audited Financial Statements for the year 2015 (Parent).

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The Board of Directors is made up of eight (8) members with Mr. Antonio L. Tiu at the helm as Chairman. Board Committees have been formed to focus on Nomination and Compensation, Audit and Compliance, and Technical matters.

As of 31 December 2015, the following were the eight (8) individuals comprising the Board of Directors:

Name	Position	Nationality	Age	Term of Office	Period Served
Antonio L. Tiu	Chairman	Filipino	41	5 years	2010 to present
Yuan Ming-Zheng	Director	Chinese	52	2 years	2013 to present
Martin C. Subido	Director	Filipino	39	5 years	2010 to present
Kenneth S. Tan*	Director	Filipino	43	1 year & 6 months	2014 to present
Leonor M. Briones**	Director	Filipino	75	4 years	2011 to present
Paula Katrina L. Nora*	Director	Filipino	33	1 year & 6 months	2014 to present
Antonio Peter R. Galvez***	Director	Filipino	56	1 month	2015 to present
Lisette M. Arboleda***	Director	Filipino	35	1 month	2015 to present

**Elected to the Board of Directors on 16 June 2014*
***Resigned as Director on 31 May 2016*
****Elected to the Board of Directors on 9 December 2015*

ANTONIO L. TIU. Mr. Tiu holds the positions of CEO of Beidahuang Philippines Agro Industrial Development Corp, Chairman/President and CEO of Agrinurture, Inc., Chairman of Sunchamp Real Estate Development Co and Chairman of Earthright Holdings, Inc.. He has held and/or continues to hold chairmanship positions in the Board of Directors of First Class Agriculture Corporation, Fresh & Green Harvest Agricultural Company Inc., Best Choice Harvest Agricultural Corp., Lucky Fruits & Vegetable Products Inc., M2000 IMEX Company Inc., Fruitilicious Company Inc., Ocean Biotech Inc., and Fresh and Green Palawan Agri Ventures. He likewise served as part-time lecturer in International Finance at DLSU Graduate School from 1999 to 2001. In 2009, he was given the Ernst and Young Emerging Entrepreneur of the Year award. He is an active member of the Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries.

Mr. Tiu has a Masters degree in Commerce specializing in International Finance from University of New South Wales, Sydney Australia and BS Commerce major in Management from De La Salle University, Manila.

KENNETH S. TAN. Mr. Kenneth S. Tan serves as the Chief Financial Officer of Greenergy Holdings Incorporated and has been its Treasurer since June 2013. Previously, Mr. Tan served as Alternate Corporate Information and Compliance Officer at Greenergy Holdings Incorporated since December 23, 2010. Mr. Tan served as the Vice President for Admin/Chief Information Officer and Compliance Officer of AgriNurture Inc. He served as an Officer of Citibank and Manulife Financial and was a Part-Time Lecturer in Economics at an international school in Manila.

YUAN MING-ZHENG. Mr. Zheng has served as a director of Mond Brothers, Inc. since 2008. He is currently the Vice Chairman of Nieves Securities Inc. and has been a director of Nieves Securities, Inc. since 2012. He was an independent director of Nihao Mineral Resources, Inc. in 2010 and 2011 and served as a director of the same company from 2009 to 2012.

MARTIN C. SUBIDO. Atty. Subido is a Certified Public Accountant and a member of the Integrated Bar of the Philippines. He graduated with a B.S. Accountancy degree from De La Salle University and obtained his Juris Doctor degree, with honors, from the School of Law of the Ateneo de Manila University. He was a Senior Associate of the Villaraza & Angangco Law Offices before becoming the Managing Partner of The Law Firm of Subido Pagente Certeza Mendoza & Binay Law Offices.

LEONOR M. BRIONES.* Prof. Briones is Director for Policy and Executive Development, National College of Public Administration and Governance, University of the Philippines System, Diliman. She is also a Professor and Faculty Member, Graduate Level, in the same university. Prof. Briones was the Treasurer of the Philippines' Bureau of Treasury from August 1998 to February 2001 and was concurrently the Presidential Adviser for Social Development, with Cabinet Rank, Office of the President.

PAULA KATRINA L. NORA. Atty. Nora is a member of the Integrated Bar of the Philippines. She graduated with a Bachelor of Arts degree in Political Science with a minor in Economics from the Ateneo de Manila University and obtained her Juris Doctor degree from the School of Law of the Ateneo de Manila University.

ANTONIO PETER R. GALVEZ. Mr. Galvez is a holder of an Executive Master's in Business Administration from the Asian Institute of Management. He graduated from the Ateneo de Manila University with a Bachelor's Degree in Economics. At present, he is and Executive and Leadership Coach, Business Coach with the University of Asia and Pacific. He is also a licensed facilitator of Get Clients Now, licensed instructor of GRID International and Director of Pastra.Net. His previous employments include various stints with the Securities Transfer Services, Inc., First Philippine Holdings Corporation and its subsidiaries, Department Trade and Industry and Board of Investments.

LISETTE M. ARBOLEDA. Atty Lisette M. Arboleda graduated from the University of the Philippines in 2002 with a degree in Political Science and obtained her Bachelor of Laws degree from San Beda College of Law in 2008 and was admitted to the Bar in 2009. She worked as a Political Affairs Officers in the House of Representatives from 2007-2010, worked as a Senior Legal Officer at Rapu-

Rapu Processing, Inc. from 2011-2012 and was a Senior Associate of Navarro Law Offices from 2012-2014. She joined Greenergy Holdings, Inc. in December 2015.

*The Independent Directors were never engaged as consultants of the Company.

As at 31 December 2015, the following are the executive officers of the Company:

Name	Position	Age	Citizenship	Business Experience
Antonio L. Tiu	Chairman/President/ Chief Executive Officer	40	Filipino	Mr. Tiu is the President and CEO of the Company. Mr. Tiu is also the CEO of Beidahuang Philippines Agro Industrial Development Corp, Chairman/President of Agrinurture, Inc., and Chairman of Sunchamp Real Estate Development Co. He has held and/or continues to hold chairmanship positions in Board of Directors of First Class Agriculture Corporation, Fresh & Green Harvest Agricultural Company Inc., Best Choice Harvest Agricultural Corp., Lucky Fruits & Vegetable Products Inc., M2000 IMEX Company Inc., Fruitilicious Company Inc., Ocean Biotech Inc., and Fresh and Green Palawan Agri Ventures. He served as part-time lecturer in International Finance at De La Salle University Graduate School from 1999 to 2001. In 2009, he was given the Ernst and Young Emerging Entrepreneur of the Year award. He is an active member of the Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries.
Martin C. Subido	Corporate Secretary/ Information and Compliance Officer	39	Filipino	Atty. Subido is a Certified Public Accountant and a member of the Integrated Bar of the Philippines. He graduated with a B.S. Accountancy degree from De La Salle University and obtained his Juris Doctor degree, with honors, from the School of Law of Ateneo de Manila University. He was a Senior Associate of the Villaraza & Angangco Law Offices before becoming managing partner of The Law Firm of Subido Pagente Certeza Mendoza & Binay.
Kenneth S. Tan	Treasurer/Chief Financial Officer	43	Filipino	Mr. Tan was an officer of Citibank and Manulife Financial. He was a part-time lecturer in Economics at an international school in Manila. He earned his Bachelor of Arts degree from the Ateneo de Manila University.
Paula Katrina L. Nora	Assistant Corporate Secretary/Assistant Information and Compliance Officer	33	Filipino	Atty. Nora is a member of the Integrated Bar of the Philippines. She graduated with a Bachelor of Arts degree in Political Science minor in Economics from the Ateneo de Manila University and obtained her Juris Doctor degree from the School of Law of the Ateneo de Manila University.
Miguel V. De Jesus	Senior Vice President	61	Filipino	Mr. De Jesus started his career with Philippine Refining Corporation/UNILEVER from January 1978 to June 1980 as a Systems Designer. From

				July 1980 to October 1981, he served as Project Engineer for Enertech Systems Inc. Thereafter, he joined Energy Development Corp. and held various positions from Field Mechanical Engineer of the Engineering and Construction Department to Manager of the Power Department until December 2012. Mr. De Jesus obtained his Bachelor of Science degree in Mechanical Engineering from De La Salle University and Masters Certificate in Project Management from George Washington University.
Ma. Pamela Grace C. Muhi	Vice-President	41	Filipino	Ms. Muhi joined the Philippine Department of Energy in 1997 where she held various positions from Science Research Specialist I to Senior Science Research Specialist of the Energy Policy and Planning Bureau until May 2013. Ms. Muhi obtained her Bachelor of Arts degree in Mass Communication major in Broadcast Communication and Master of Arts in Public Administration from the Polytechnic University of the Philippines. She is currently taking her doctorate degree in Public Administration from the University of the Philippines.

Significant Employees

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all of its employees as instrumental to the overall success of the Company's perfomance.

Family Relationships

There are no other existing family relationships within the fourth civil degree either by consanguinity or affinity among the directors or executive officers.

Involvement in Legal Proceedings

To the best of the Company's knowledge, in the last five (5) years up to the latest date of this information statement, only Mr. Antonio L. Tiu ("Mr. Tiu"), Chairman and President/CEO of the Company, has been involved in an event material in evaluating his ability or integrity as such director or officer, to wit:

<u>*Republic of the Philippines, represented by AMLC v. Binay et al.*, CA-G.R. AMLA No. 00134</u>

On 11 May 2015, the Court of Appeals (the "Court") directed that specified bank accounts of Mr. Tiu be frozen. The freezing of the bank accounts of Mr. Tiu was predicated on the allegations made by the Anti-Money Laundering Council ("AMLC") that the multiple transactions involving receipt of inward remittances and inter-branch fund transfers between the Company, Earthright Holdings, Inc. ("Eathright"), and Sunchamp Real Estate Development Corp. ("Sunchamp") as well as the purchase of $20.46 million in foreign exchange from Rizal Commercial Banking Corporation (RCBC) Forex Brokers Corporation were allegedly without any underlying legal or trade obligation, purpose, or economic justification and/or that they were allegedly not commensurate to the business or financial capacity of the individuals involved.

The rules on confidentiality and *sub judice* bar the Company from publicly going into the details of the ongoing proceedings with the Court. However, the Company wishes to draw attention to the following disclosures lodged with the PSE (hence, already public and readily accessible) that would readily belie the claim of the AMLC of any purported "unjustified transactions" between the companies:

(1) Subscription by Earthright to P250 million worth of common shares and P37.5 million worth of preferred shares of the Company;

(2) Sale of the Company's interest in a biomass power plant for P400,522,380.00;

(3) Sale by Earthright of marketable securities to the Company for approximately P255 million;

(4) Acquisition by the Company of additional marketable securities in the amount of P113,744,736.00;

(5) Investment by the Company in Sunchamp for the total consideration of P310 million; and

(6) Receipt by the Company of the unpaid subscription that was due from Earthright and Sunchamp for the total amount of P316,750,000.00. (collectively, the "Material Disclosures")

The Material Disclosures show that the receipts and transmittals involving the Company, Earthright and Sunchamp had economic justifications and involved business transactions, which were timely made public.

Moreover, RCBC Forex Brokers Corporation admitted that Mr. Tiu did not make the $20.46 million purchase of foreign currency erroneously claimed by AMLC.

On 6 November 2015, Mr. Tiu filed a *Motion to Lift Freeze Order* (the"*Motion to Lift*") of even date with the Court of Appeals where it argued, among others, that the alleged unjustified bank transactions of the foregoing corporations were above-board, legal, and duly reported to the appropriate regulatory bodies of the government even prior to any investigation conducted by any government agency.

Without resolving the *Motion to Lift*, the *Freeze Order* on the above bank accounts were motu proprio lifted upon the expiration of the maximum 6-month period to freeze accounts allowed under the law.

Republic of the Philippines v. Binay et. al., Civil Case No. 15-007-53

Upon the lifting of the *Freeze Order*, the Republic of the Philippines, through the Anti-Money Laundering Council, (the "Petitioner") filed a *Verified Ex Parte Petition for Civil Forfeiture (With Urgent Prayer for Issuance of a Provisional Asset Preservation Order and/or Asset Preservation Order)* dated 29 October 2015 (the "*Ex Parte Petition*") with the Regional Trial Court against respondents Binay et. al. In the *Ex Parte Petition*, the Petitioner prayed that (i) a *Provisional Asset Preservation Order* ("PAPO") be issued over specified bank accounts of the Corporation, among others, (ii) the PAPO be converted into an *Asset Preservation Order* after summary hearing, and (iii) the Corporation's bank accounts specified in the *Ex Parte Petition* be forfeited in favor of the Government after due proceedings (the "Case"). On 13 November 2015, the Regional Trial Court issued the PAPO over specific bank accounts of the Corporation.

On 9 December 2015, Mr. Tiu filed an Omnibus Motion of even date in response to Petitioner's Ex Parte Petition where it prayed for the dismissal of the Case on the following grounds:

(i) The Regional Trial Court has no jurisdiction to hear the Case because it was instituted within the one-year ban provided for under Republic Act No. 1379; and

(ii) The report of the Anti-Money Laundering Council, upon which the Ex Parte Petition and the issuance of the PAPO were predicated upon, was prepared in a manner that is violative of the Corporation's right to due process; hence, it cannot be used, relied upon, nor be taken cognizance of by the Regional Trial Court in determining the existence of probable cause that would justify the issuance of the PAPO.

In the Omnibus Motion, Mr. Tiu also prayed for a bill of particulars or a more definite statement of facts so that he could intelligently confront the baseless imputation that the foregoing bank accounts are somehow connected with any illegal activity. A mere perusal of the Ex Parte Petition filed in the Case will readily show that while the foregoing accounts were mentioned, not a single allegation was made connecting any of the funds therein to any specific alleged illegal transaction or unlawful activity involving Vice President Jejomar C. Binay.

Mr. Tiu believes that the arguments and defenses raised in the Omnibus Motion are based on strong legal grounds. Thus, he fully intends to exhaust all legal remedies available to him in order to protect its interests and vindicate its rights.

Item 10. Executive Compensation

The following summarizes the aggregate compensation of the executive officers and directors and the amounts paid to the Chief Executive Officer and four (4) most highly compensated executive officers of the Company:

(A) Name and Position	(B) Year	(C) Salary	(D) Bonus	(E) Other Annual Compensation
1. Antonio L. Tiu, as President/CEO 2. Miguel V. De Jesus, SVP 3. Ma. Pamela Grace C. Muhi, VP	2015	P1,383,044.20	None	None
	2014	P2,164,874.92	None	None
	2013	P1,690,253.39	None	None
4. All other officers and directors as a group unnamed	2015	P1,326,666.76	None	None
	2014	P684,143.64	None	None
	2013	P1,400,000.00	None	None

*The President/CEO, Vice Chairman, Corporate Secretary/Information and Compliance Officer, Treasurer/CFO, and Assistant Corporate Secretary/Assistant Information and Compliance Officer did not receive compensation in the years 2015, 2014, and 2013.

Compensation of Directors

In the years 2015, 2014, and 2013, the Board of Directors, committee chairmen, and members did not receive compensation or director's fees. Effective January 2012, the members of the board were entitled to reimbursement on actual transportation expenses for attendance to any regular or special meetings.

Employment Contracts

Mr. Miguel V. De Jesus, and Ms. Ma. Pamela Grace C. Muhi have existing employment contracts with the Company.

Warrants and Options Outstanding

On 19 October 2011, the stockholders approved to issue 100 Billion warrants relating to 100 Billion common shares at a strike price of P0.01 per share with a term of five years, under such terms and conditions as may be determined by the Board of Directors and as may be warranted and allowed under existing laws, rules and regulations.

On 14 April 2012, the Board of Directors approved the issuance of 7.5 Billion warrants to the Chairman, George Uy at the issue price of P0.001 per warrant under such terms and conditions as may be agreed upon and in accordance with the rules and regulations of the Securities and Exchange Commission and Philippine Stock Exchange.

Securities Subject to Redemption or Call

None.

Item 11. Security Ownership of Certain Beneficial Owners and Management[6]

Security Ownership of Certain Record and Beneficial Owners

As of 31 December 2015, the following persons or groups own more than five percent (5%) of the Company's voting securities equivalent to a total of 1,800,778,568 issued and outstanding common shares:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	*PCD Nominee Corp. (Filipino)* 37/F The Enterprise Center, Ayala Avenue, Makati City *No relationship with the Issuer*	PCD Nominee Corporation, a wholly-owned subsidiary of the Philippine Depository and Trust Corporation, Inc. (PDTC), is the registered owner of the shares in the books of the Company's stock transfer agent. The beneficial owner of such shares entitled to vote the same are PDTC's participants, who hold the shares either in their own behalf or on behalf of their clients. No stockholder owns more than 5% of the outstanding capital stock under the PCD Nominee Corp.	Filipino	369,640,150	20.5267%
Common	*ThomasLloyd Cleantech Infrastructure Fund GmbH (formerly, Cleantech Projektgesellschaft mbH)* Hanauer Landstraße 291B, 60314 Frankfurt a. M., Deutschland *Private placement investor*	ThomasLloyd Cleantech Infrastructure Fund GmbH (formerly, Cleantech Projektgesellschaft mbH)	German	207,768,560	11.5377%
Common	*Earthright Holdings, Inc.** Unit 3C Value Point Executive Bldg., 227 Salcedo St. Legaspi Village Makati City *Private placement investor*	Earthright Holdings, Inc.	Filipino	187,500,000	10.4122%

[6] The Company is still in the process of implementing the change in par value of its common shares as approved by the SEC. For purposes of this report, (a) the number of shares held and (b) the percentage of ownership were rounded off. However, the same are still subject to change/adjustment upon completion of the implementation of the change in par value of common shares of the Company.

Common	*Sunchamp Real Estate[7] Development Corp.* 11th Floor, Salcedo Towers, 169 H.V. De La Costa Street, Salcedo Village, 1227 Makati City *Private placement investor*	Sunchamp Real Estate Development Corp.	Filipino	176,000,000	9.7736%
Common	*Three Star Capital Limited (BVI)**** P.O. Box 2234, IFS Chambers, Road Town, Tortola, British Virgin Islands *Private placement investor*	Three Star Capital Limited (BVI)	British Virgin Islands	110,000,000	6.1085%

*Earthright Holdings, Inc. also owns 1,000,000,000 preferred shares of the Company at ₱0.10 per share

Security Ownership of Directors and Management

The following table shows the ownership of the following directors and executive officers in the Company's common shares as of 31 December 2015:

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Nature of Beneficial Ownership		Percent of Class
Common	Antonio L. Tiu*	Filipino	10,000	Direct	26.3%
			473,500,000	Indirect	
Common	Yuan Ming Zheng	Filipino	10,000	Direct	0.00%
			0	Indirect	0.00%
Common	Martin C. Subido	Filipino	1,000	Direct	0.00%
			1,000	Indirect	
Common	Kenneth S. Tan	Filipino	0	Direct	0.00%
			10,000	Indirect	
Common	Leonor M. Briones	Filipino	0	Direct	0.00%
			1,000	Indirect	
Common	Paula Katrina L. Nora	Filipino	1	Direct	0.00%
			0	Indirect	
Common	Antonio Peter R. Galvez	Filipino	1	Direct	0.00%
			0	Indirect	
Common	Leonor M. Briones	Filipino	1	Direct	0.00%
			0	Indirect	
Total			**475,535,014**	-	**26.41%**

*Indirectly holds 1,000,000,000 preferred shares of the Company through Earthright Holdings, Inc.

Voting Trust Holders of 5% or more

To the knowledge of the Company, no such voting trust exists.

[7]On 6 August 2014, the 176,000,000 common shares of the Company (the "Subject Shares") in the name of Sunchamp Real Estate Development Corp. have been assigned to three (3) assignees. The Company recently received the certificates authorizing registration ("CAR") from the Bureau of Internal Revenue over the Subject Shares and immediately forwarded the same to its stock transfer agent to reflect the assignment and to process the issuance of stock certificates in the name of the assignees.

Changes in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

Item 12. Certain Relationships and Related Transactions

No transaction was undertaken by the Company in which any Director or Executive Officer was involved or had a direct or indirect material interest.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

This portion has been deleted pursuant to SEC Memorandum Circular No. 5, Series of 2013.

Please refer to the Annual Corporate Governance Report attached as **Annex "C."**

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

The following are the reports on SEC Form 17-C, as amended, which were filed during period covered by this Report:

	Disclosures
11 February 2015	Matters approved, adopted and/or ratified during the meeting of the Board of Directors of the Company on 11 February 2015: 1. Appointment of Reyes Tacandong & Co. as external auditor for the fiscal year 2014; and 2. The Company's business address at Penthouse 3, One Corporate Centre, Meralco Avenue corner Julia Vargas Avenue, Ortigas Center, Pasig City.
7 April 2015	The Company disclosed that it received the letter of the Securities and Exchange Commission ("Commission") dated 31 March 2015 imposing a penalty on the Company in the amount of Fifty Seven Thousand Pesos (P57,000.00) for its alleged non-compliance with the financial reporting requirements of the Commission in relation to the Company's 2013 Consolidated Audited Financial Statements. The Company further disclosed that it will review said letter and determine appropriate action on the matter.
10 April 2015	The Company disclosed that it received the letter of the Securities and Exchange Commission ("Commission") dated 10 April 2015 imposing a penalty on the Company in the amount of One Hundred Eight Thousand Four Hundred Ninety Four Pesos (P108,494.00) for its alleged non-compliance with the financial reporting requirements of the Commission in relation to the Company's Consolidated Unaudited Interim Financial Statements for the period ended 30 September 2014.

	The Company further disclosed that it will review said letter and determine appropriate action on the matter.
28 April 2015	Matter approved, adopted and/or ratified during the meeting of the Board of Directors of the Company held on 28 April 2015, among others: Postponement of the Annual Stockholders' Meeting from 12 June 2015 as provided in the By-Laws to 22 June 2015 with a record date of 2 June 2015. The postponement is due to the foreseen difficulty by the Company to obtain the necessary quorum requirement because of the legal holiday on 12 June 2015.
30 April 2015	The Company disclosed that it is in the process of completing its Annual Report (SEC Form 17-A) and the required attachments thereto (the "Report"). The Company further disclosed that it is strictly monitoring its compliance with the Securities Regulation Code in the preparation of the Report.
13 May 2015	The Company disclosed that it received an Order dated 11 May 2015 issued by the Court of Appeals (the "Court") in the case entitled Republic of the Philippines, represented by the Anti-Money Laundering Council vs. Jejomar C. Binay, et. al. docketed as CA-GR AMLA No. 00134, freezing, among others, the bank accounts of the Company, its subsidiary, Sunchamp Real Estate Development Corp., and its Chairman/President Mr. Antonio L. Tiu (the "Order"). The Company maintains that there is no legal and/or factual basis for the Order issued by the Court. As such, the Company shall avail of all legal remedies to protect its rights and interest. The Company disclosed that it filed a request with the Philippine Stock Exchange (the "Exchange") to implement a voluntary suspension of trading of its securities.
18 May 2015	Matters approved, adopted and/or ratified during the meeting of the Special Meeting of Board of Directors of the Company held on 18 May 2015, among others: Postponement of the Annual Stockholders' Meeting from 22 June 2015 to 31 July 2015, with a record date of 10 July 2015. The postponement is to give the Company sufficient time to prepare for additional matters which may have to be presented to the stockholders.
26 June 2015	Further to the disclosure dated 18 May 2015, the Company disclosed that the Annual Stockholders' Meeting previously scheduled on 31 July 2015 will be postponed to 4 September 2015 with a record date of 14 August 2015 because the Company is still awaiting the release of its Audited Financial Statements for the year ended 31 December 2014. The postponement is to give the Company sufficient time to prepare for additional matters which may have to be presented to the stockholders.
21 September 2015	The Company disclosed that it received the letter of the Securities and Exchange Commission ("Commission") dated 21 September 2015 wherein it was "assessed a partial aggregate penalty of Two Hundred Sixty Four Thousand Two Hundred Pesos (P264,200.00)" for its failure to submit within the prescribed period the Annual Report for the fiscal year ended 31 December 2014 and the 1st and 2nd Quarter Reports for the period ended 31 March 2015 and 30 June 2015.
9 December 2015	Matters approved, adopted and/or ratified during the meeting of the Special Meeting of Board of Directors of the Company held on 9 December 2015, among others: 1. Resignation of Mr. George Y. Uy as a Director of the Company due to personal reasons; 2. Election of Atty. Lisette Arboleda and Mr. Antonio R. Galvez as Directors to serve the

	unexpired terms of the resigned directors of Dr. Agustin Que and Mr. George Y. Uy; The Company further disclosed the issuance of one (1) share each to the following individuals: i. Paula Katrina L. Nora; ii. Lisette M. Arboleda; and iii. Antonio R. Galvez. The Company also disclosed the delegation of the authority to appoint the external auditor to the Audit Committee of the Company; The Company likewise disclosed the change of business address to Unit 112 Cedar Mansions II, #7 Escriva Drive, Ortigas Center, Barangay San Antonio, Pasig City; and change of telephone number to (02) 997-5184; Finally, the Company disclosed the postponement of the Annual Stockholders' Meeting scheduled for 10 December 2015 until further notice considering that there are additional matters which may have to be presented to the stockholders.
23 December 2015	The Company disclosed that it received the resignation letter of Mr. Benjamin P. Lim as an Independent Director of the Company effective immediately, who resigned due to personal reasons.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized, in the City of Makati on NOV 0 8 2016.

By:

ANTONIO L. TIU
President and Chief Executive Officer

KENNETH S. TAN
Treasurer and Chief Financial Officer

MARTIN C. SUBIDO
Corporate Secretary

CIARA MAE ONG-LIM
Comptroller

SUBSCRIBED AND SWORN TO before me in Makati City on NOV 0 8 2016, affiants appeared and exhibited to me their competent evidence of identity, bearing their respective photographs and signatures, to wit:

Names	Competent Evidence of Identity	Expiration Date & Place of Issue
Antonio L. Tiu	Passport No. EB4436922	Valid until 11 January 2017; issued at the DFA-Manila
Kenneth S. Tan	Passport No. EB8463839	Valid until 23 June 2018; issued at the DFA-Manila
Martin C. Subido	Passport No. EC1674951	Valid until 20 July 2019; issued at the DFA-Manila
Ciara Mae Ong-Lim	DL No. G 06-03-079582	Valid until 29 July 2017; Issued at LTO-East Ave., Q.C.

Doc. No.: 449;
Page No.: 91;
Book No.: VI;
Series of 2016.

FRANCIS PAUL U. BACLAY
NOTARY PUBLIC
ROLL NO. 64082
MAKATI CITY, PHILIPPINES

ATTY. FRANCIS PAUL U. BACLAY
Notary Public
Until December 31, 2016
Roll of Attorneys No. 64082
IBP Lifetime No. 1008085
PTR No. 5323909/01-05-2016/Makati City
Notarial Commission No. M-421/Makati City
TIN 251-319-717
5th Floor, Prince Building, 117 Rada Street
Legaspi Village, Makati City

ANNEX "A"

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 0 9 2 - 0 0 5 8 9

COMPANY NAME

G R E E N E R G Y H O L D I N G S
I N C O R P O R A T E D A N D S U B S I D I A R I E S

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

5 4 N A T I O N A L R O A D , D A M P O L I I - A
P U L I L A N , B U L A C A N

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	CED/CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
kenneth.tan@ani.com.ph	(02) 893 - 2687	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,026	Second Friday of June	DECEMBER 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Kenneth Tan	kenneth.tan@ani.com.ph	(02) 893 - 2687	N/A

CONTACT PERSON'S ADDRESS

No. 7 St. Jose Maria Escriva Drive, Unit 112, Cedar Mansion, Ortigas Center, Pasig 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.*

GREENERGY Holdings

GREENERGY HOLDINGS INCORPORATED
(formerly Music Semiconductors Corp.)
54 National Road, Dampol II
Pulilan, Bulacan

October 24, 2016

The Securities and Exchange Commission
SECBuilding, EDSA, Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The management of **Greenergy Holdings Inc and Its Subsidiaries** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with the prescribed financial reporting framework. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submit the same to the stockholders or members.

Constantino Guadalquiver & Co., the independent auditor and appointed by the stockholders for the period December 31, 2015 and 2014, respectively has examined the financial statements of the company in accordance with Philippine Standards on Auditing and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

ANTONIO L. TIU
Chairman of the Board

ANTONIO L. TIU
President

KENNETH S. TAN
Treasurer/Chief Financial Officer

24 OCT 2016

SUBSCRIBED AND SWORN to before me this _____ day of ______, affiant exhibiting to me his Community Tax Certificate No. _______________, issued at ___________on __________, _____.

Doc. No. 93
Page No. 19
Book No. XXXVI-A
Series of 14

ATTY. BENJAMIN F. ALFONSO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2017
PTR NO. 2147797 / 01-04-2016 / Q.C.
IBP NO. 1015354 / 01-04-2016 / Q.C.
ROLL NO. 13296
MCLE COMPLIANCE NO. 1-0018824

CG&Co

an independent member of
BAKER TILLY
INTERNATIONAL

Constantino Guadalquiver & Co.
Certified Public Accountants
22nd Floor Citibank Tower
8741 Paseo de Roxas Street
Salcedo Village, Makati City, Philippines
Telephone (+632) 848-1051
Fax (+632) 728-1014
E-mail address:mail@cgco.com.ph

INDEPENDENT AUDITORS' REPORT

The Stockholders and Board of Directors
Greenergy Holdings Incorporated and Subsidiaries
54 National Road, Dampol II-A
Pulilan, Bulacan

Report on Consolidated financial statements

We have audited the accompanying consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Greenergy Holdings Incorporated and Subsidiaries as of December 31, 2015 and 2014, and their financial performance and their cash flows for the years then ended December 31, 2015 and 2014 in accordance with Philippine Financial Reporting Standards.

CONSTANTINO GUADALQUIVER & CO.
BOA Registration No. 0213, valid until December 31, 2016
SEC Accreditation No. (AN) 003-FR-3, valid until November 10, 2017 (Group A)
TIN 000-451-068-000
BIR AN 08-001507-0-2014, valid until January 5, 2018

By:

ROGELIO M. GUADALQUIVER
Partner
CPA License No. 13608
PTR No. 5359248
October 24, 2016

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014
(Amounts in Philippine Pesos)

	Note	**2015**	2014
ASSETS			
Current Assets			
Cash	6	**₱1,650,178**	₱3,826,833
Receivables–net	7	**251,190,236**	1,164,943
Due from related parties	18	**800,704,464**	1,077,625,516
Deposit for land acquisition	8	**11,000,000**	11,000,000
Other current assets	10	**3,324,775**	643,703
Total Current Assets		**1,067,869,653**	1,094,260,995
Noncurrent Assets			
Available–for–sale (AFS) investments	11	**370,000**	490,000
Investment in an associate	12	**321,347,141**	474,834,629
Property and equipment–net	14	**1,608,546**	2,086,452
Investment properties	15	**33,096,141**	33,096,141
Other noncurrent assets		**179,006**	179,006
Total Noncurrent Asset		**356,600,834**	510,686,228
		₱1,424,470,487	₱1,604,947,223

	Note	**2015**	2014
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	16	**₱33,607,662**	₱16,922,480
Deposit for future stock subscription	18	**177,000,000**	177,000,000
Due to related parties	18	**5,221,883**	–
Current portion of loan payable	17	**15,030,000**	–
Total Current Liabilities		**230,859,545**	193,922,480
Noncurrent Liability			
Loan payable	17	**3,710,000**	50,000,000
Total Liabilities		**234,569,545**	243,922,480

(Forward)

(Carryforward)

	Note	**2015**	2014
Equity			
Equity attributable to equity holders of Parent Company			
Capital stock	19	**₱1,803,278,568**	₱1,803,278,565
Additional paid-in capital		**268,090,531**	268,090,531
Deficit		**(1,013,153,859)**	(863,390,634)
Equity in other comprehensive income of an associate-net		**(10,046,002)**	7,731,244
Fair value loss on AFS investment		**(390,600)**	(316,200)
		1,047,778,638	1,215,393,506
Non-controlling interest	23	**142,122,304**	145,631,237
Total Equity		**1,189,900,942**	1,361,024,743
		₱1,424,470,487	₱1,604,947,223

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	2015	2014	2013
INCOME				
Realized foreign exchange gain		**₱9,069**	₱–	₱–
Interest income	6	**8,086**	6,937	1,260,713
Gain on reclassification of AFS investment to investment in associates	11	**–**	62,897,949	–
Miscellaneous income		**2,527**	13,300	94,852
		19,682	62,918,186	1,355,565
EXPENSES				
Equity in net loss of associate	12	**135,710,242**	352,367,493	675,999
General and administrative	20	**15,676,768**	191,419,164	6,836,740
Interest expense	17	**1,837,172**	1,258,452	–
Provision for impairment	7, 10, 13, 18	**21,826**	235,048,036	7,133,533
Foreign exchange loss	9	**–**	1,123,523	–
		153,246,008	781,216,668	14,646,272
LOSS BEFORE INCOME TAX		**(153,226,326)**	(718,298,482)	(13,290,707)
INCOME TAX BENEFIT (EXPENSE)	21	**(232)**	(266)	5,058
NET LOSS		**(₱153,226,558)**	(₱718,298,748)	(₱13,285,649)
OTHER COMPREHENSIVE INCOME (LOSS)				
Equity in other comprehensive income (loss) of an associate	12			
Exchange differences on translation of foreign operations of associate	12	**(19,335,085)**	8,216,682	–
Remeasurement on pension liability of associate net of tax	12	**1,557,839**	(485,438)	–
Fair value gain (loss) on AFS investments	11	**(120,000)**	116,816,496	(48,430,340)
		(17,897,246)	124,547,740	(48,430,340)
		(₱171,123,804)	(₱593,751,008)	(₱61,715,989)

(Carryforward)

	Note	**2015**	2014	2013
NET LOSS ATTRIBUTABLE TO:				
Equity holders of Parent Company		**(₱149,763,225)**	(₱600,072,323)	(₱13,753,280)
Non-controlling interests	23	**(3,463,333)**	(118,226,425)	467,631
		(153,226,558)	(718,298,748)	(13,285,649)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**(167,614,871)**	(475,330,783)	(62,183,620)
Non-controlling interests	23	**(3,508,933)**	(118,420,225)	467,631
		(₱171,123,804)	(₱593,751,008)	(₱61,715,989)
BASIC LOSS PER SHARE	22	**(₱0.08)**	(₱0.33)	(₱0.000082)

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Amounts in Philippine Pesos)

	Note	2015	2014	2013
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY				
CAPITAL STOCK	19			
Authorized–1.9 billion common shares at ₱1.00 par value in 2015 and 2014 and 200.0 billion common shares at ₱0.01 par value in 2013				
Balance at beginning of year		**₱1,800,778,565**	₱1,859,528,565	₱1,428,528,565
Issuance during the year		**3**	3,750,000	431,000,000
Converted to preferred shares		**–**	(62,500,000)	–
Balance at end of year		**1,800,778,568**	1,800,778,565	1,859,528,565
Authorized–1.0 billion preferred shares at ₱0.10 par value				
Balance at beginning of year		**100,000,000**	–	–
Issuance during the year		**–**	37,500,000	–
Converted from common shares		**–**	62,500,000	–
Balance at end of year		**100,000,000**	100,000,000	–
Subscriptions receivable				
Beginning of the year		**97,500,000**	535,250,000	328,250,000
Increase (decrease) during the year		**–**	(437,750,000)	207,000,000
		97,500,000	97,500,000	535,250,000
Balance at end of year		**1,803,278,568**	1,803,278,565	1,324,278,565
ADDITIONAL PAID-IN CAPITAL	19	**268,090,531**	268,090,531	268,090,531
FAIR VALUE LOSS ON AFS INVESTMENTS	11			
Balance at beginning of year		**(316,200)**	(54,428,547)	(5,998,207)
Fair value gain (loss) during the year		**(74,400)**	117,010,296	(48,430,340)
Reclassification to profit or loss		**–**	(62,897,949)	–
Balance at end of year		**(390,600)**	(316,200)	(54,428,547)

(Forward)

(Carryforward)

	Note	2015	2014	2013
EQUITY IN OTHER COMPREHENSIVE INCOME OF AN ASSOCIATE	12			
Balance at beginning of year		**₱7,731,244**	₱–	₱–
Exchange differences on translation of foreign operations		**(19,335,085)**	8,216,682	–
Remeasurement on pension liability net of tax		**1,557,839**	(485,438)	–
Balance at end of year		**(10,046,002)**	7,731,244	–
DEFICIT				
Balance at beginning of year		**(863,390,634)**	(290,671,044)	(276,917,764)
Net loss for the year		**(149,763,225)**	(600,072,323)	(13,753,280)
Effect of business combination		**–**	25,046,132	–
Effect of deconsolidation		**–**	2,306,601	–
Balance at end of year		**(1,013,153,859)**	(863,390,634)	(290,671,044)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT		**1,047,778,638**	1,215,393,506	1,247,269,505
NON-CONTROLLING INTEREST	23			
Balance at beginning of year		**145,631,237**	266,362,276	265,894,645
Net profit (loss) during the year		**(3,463,333)**	(118,226,425)	467,631
Share in fair value loss on AFS investments		**(45,600)**	(193,800)	–
Effect of deconsolidation		**–**	(265,477,186)	–
Effect of business combination		**–**	263,166,372	–
		142,122,304	145,631,237	266,362,276
		₱1,189,900,942	₱1,361,024,743	₱1,513,631,781

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Amounts in Philippine Pesos)

	Notes	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(₱153,226,326)**	(₱718,298,482)	(₱13,290,707)
Adjustments for:				
Equity in net loss of associates	12	**135,710,242**	352,367,493	675,999
Accounts written off	7, 10, 20	**1,798,525**	178,470,555	–
Depreciation	14, 20	**587,426**	489,468	473,031
Provision for impairment loss	10, 13, 18	**21,826**	235,048,036	7,133,533
Interest income	6	**(8,086)**	(6,937)	(1,260,713)
Effect of business combination		–	288,212,504	–
Effect of deconsolidation		–	(263,170,585)	–
Gain on reclassification of AFS investment to investment in associates	11	–	(62,897,949)	–
Operating income (loss) before working capital changes		**(15,116,393)**	10,214,103	(6,268,857)
Decrease (increase) in:				
Receivables	7	**117,339**	(958,167)	102,042
Other current assets	10	**(2,804,827)**	(36,051)	3,037,564
Increase (decrease) in trade and other payables	16	**2,141,183**	14,989,014	(2,192,699)
Net cash provided by (used in) operations		**(15,662,698)**	24,208,899	(5,321,950)
Interest received	6	**8,086**	6,937	1,260,713
Income taxes paid		**(232)**	(2,163)	(17,468)
Net cash provided by (used in) operating activities		**(15,654,844)**	24,213,673	(4,078,705)
CASH FLOWS FROM AN INVESTING ACTIVITIES				
Payments received from related parties	18	**28,790,324**	17,256,082	–
Deposit received from sale of investment property	16	**14,544,000**	–	–
Advances made to related parties	18	**(3,708,498)**	(791,375,039)	(98,117,687)
Additions to property and equipment	14	**(109,520)**	(1,471,512)	–
Net assets of deconsolidated subsidiary	9	–	665,309,169	–
Additions to AFS investments	11	–	(513,971,599)	(68,214,061)
Net increase in investment in associate	12	–	(58,802,195)	(55,000,000)
Additions to investment property	15	–	(33,096,141)	(71,999)

(Forward)

(Carryforward)

	Note	**2015**	2014	2013
CASH FLOWS FROM AN INVESTING ACTIVITIES				
Deposit for land acquisition	8	**₱–**	(₱11,000,000)	₱–
Additions to assets classified as held for sale	9	**–**	–	(465,309,169)
Decrease in other noncurrent assets		**–**	87,160	635,932
Net cash provided by (used in) investing activities		**39,516,306**	(727,064,075)	(686,076,984)
CASH FLOW FROM A FINANCING ACTIVITIES				
Payments of loan payable	17	**(31,260,000)**	–	–
Advances received from related parties	18	**5,221,883**	–	–
Proceeds from issuance of capital stock	19	**–**	479,000,000	224,000,000
Deposits received from future stock subscription	18	**–**	177,000,000	–
Proceeds from loan availment	17	**–**	50,000,000	–
Payments made to related parties	18	**–**	(344,126)	(5,446,487)
Net cash provided by (used in) financing activities		**(26,038,117)**	705,655,874	218,553,513
NET INCREASE (DECREASE) IN CASH		**(2,176,655)**	2,805,472	(471,602,176)
CASH AT BEGINNING OF YEAR		**3,826,833**	1,021,361	472,623,537
CASH AT END OF YEAR	6	**₱1,650,178**	₱3,826,833	₱1,021,361

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Greenergy Holdings, Incorporated and Subsidiaries (formerly MUSX Corporation, singly as the Parent Company or GHI and collectively as the Group) was registered with the Philippine Securities and Exchange Commission (SEC) in January 29, 1992. The Parent Company's shares are listed with the Philippine Stock Exchange (PSE).

The Parent Company, formerly engaged in the manufacture and sale of semiconductors products, changed its primary purpose to that of a Holding Parent Company. The change was approved by the SEC on December 15, 2008.

The Parent Company's primary purpose is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures , notes, evidence of indebtedness, marketable securities, deposit substitutes in any valid currency, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefore in money or by exchanging therefore stocks, bonds, or other evidences of indebtedness or securities of this or any other corporation, stocks, bonds, debentures, contracts, or obligations, to receive, collect, and dispose of the interest, dividends, proceeds and income arising from such property; and to possess and exercise in respect therefore all voting powers of any stock so owned, provided that the corporation shall not engage as stock brokers or dealers in securities.

The Parent Company's principal office is located at 54 National Road, Dampol II-A, Pulilan, Bulacan.

On June 22, 2011, the SEC approved the amendment of the Parent Company's Articles of Incorporation which provided for the following:

- Change in the registered business name from MUSX Corporation to its current name;
- Change in the principal office and place of business of the Corporation from L14 Net Cube Centre, 3rd Avenue corner 30th Street, E- Square Crescent Park, West Bonifacio Global City, Taguig to 54 National Road, Dampol II-A, Pulilan, Bulacan;
- Decrease in par value from ₱0.10 per share to ₱0.01 per share; and
- Increase in authorized capital stock from ₱500.0 million divided into 5.0 billion shares at ₱0.10 par value per share to ₱1.0 billion divided into 100 billion shares at ₱0.01 par value per share.

On March 8, 2012, the SEC approved the increase in authorized capital stock of the Parent Company from ₱1.0 billion divided into 100 billion shares at ₱0.01 par value per share to ₱2.0 billion divided into 200 billion shares at ₱0.01 par value per share.

On June 27, 2013, the Board of Directors (BOD) approved the restructuring of the authorized capital stock of the Parent Company from 200 billion shares at ₱0.01 to 2.9 billion shares divided into 1.9 billion common shares at ₱1.0 par value per share and 1.0 billion preferred shares at ₱0.10 par value per share. The application for the restructuring of the authorized capital stock was approved by the SEC on September 11, 2014.

As of December 31, 2015 and 2014, the Parent Company holds investments in the following subsidiaries and associates:

Investee	Country of Incorporation	Principal Activity	Principal place of business	Percentage of Ownership	
				2015	2014
Subsidiaries					
1. Winsun Green Ventures, Inc. (WGVI)	Philippines	Renewable energy system	Pulilan, Bulacan	**100%**	100%
2. Agrinurture Development Holdings, Inc. (ADHI)	Philippines	Investment Holding	Makati City	**100%**	100%
3. Sunchamp Real Estate Development Corporation (SREDC)	Philippines	Real Estate	Makati City	**62%**	62%
4. Total Waste Management Recovery System, Inc. (TWMRSI)	Philippines	Waste Management Facility	Pulilan, Bulacan	**51%**	51%
5. Lite Speed Technologies Inc. (LSTI)	Philippines	Information Technology	Makati City	**51%**	51%
Associates					
1. Agrinurture, Inc. (ANI)	Philippines	Trading	Pulilan, Bulacan	**30%**	30%
2. Isabela Alcogas Corporation (IAC)*	Philippines	Manufacturing	Makati City	**-**	50%
3. Music Semiconductor Philippines, Inc. (MSPI)**	Philippines	Logistics and Manufacturing	Muntinlupa City	**-**	39%

**Written off in 2014*

<u>*Winsun Green Ventures Inc. (WGVI)*</u>
On June 22, 2012, the SEC approved the incorporation of WGVI with the primary purpose of engaging in renewable energy projects.

WGVI has not yet started its commercial operations as of October 21, 2016.

WGVI has a capital deficiency amounting to ₱66.3 million as of December 31, 2015 and 2014. Due to this, the management of the Parent Company believes that its investment in WGVI is impaired. Accordingly, in 2014, a full allowance for impairment loss was provided in the Parent Company financial statements.

Agrinurture Development Holdings Inc. (ADHI)
ADHI was registered with the SEC on June 17, 2014, as a wholly-owned subsidiary, to operate as a holding company of the agriculture portfolio of the Group. As of October 24, 2016, ADHI has not yet started its normal operation.

Sunchamp Real Estate Development Corp. (SREDC)
On October 2, 2013, the Parent Company acquired 20% of the voting shares of SREDC. SREDC is a real estate company that focuses on the development of self-sustaining agri-tourism areas.

In 2014, the Parent Company acquired additional 310,000,000 common shares of SREDC at the issue price of ₱1.0 per share or a total of ₱310,000,000 which increased its ownership to 62.39% making SREDC a subsidiary of the Parent Company.

On January 18, 2013, SREDC entered into an agreement with a third party, for the transfer of all the rights, titles and interest over a 150-hectare land in Rosario, Batangas, where a planned project for a self-sustaining agri-tourism park (the "Park") will be located (see Note 8).

The Park, which will be called "Sunchamp Agri-Tourism Park", is intended to re-shape the people's perception of agriculture. The Park will showcase the farm-to-plate business model that promotes agriculture as a commercially viable and growing business activity. The Park will also use the latest techniques for organic and natural farming.

In 2015, the Park constructed 30 greenhouses, out of which 17 greenhouses are already being utilized for high value crops such as bell pepper and lettuce, as well as a 3-hectare asparagus farm. It is also in the process of developing a 20-hectare area for root crops.

In order to encourage Filipinos to become "agri-entrepreneurs" or professionals in the agriculture industry, the Park will offer agri-tourism and lifestyle center activities where families will have a hands-on agriculture and culinary experience. The commercial operation of the tourism aspect of the Park, which will showcase the Filipino farmers' creativity and hospitality as well as educate children about the future of and in agriculture, is targeted in 2017.

Total Waste Management Recovery System Inc. (TWMRSI)
On October 19, 2011, the Parent Company's stockholders approved the acquisition of 51% of TMWRSI, a domestic corporation engaged in the business of building, operating and managing waste recovery facilities and waste management systems within the Philippines. The Parent Company advanced ₱235.0 million which was used to acquire machineries and equipment and steel structure for TWMRSI's waste recycling project (see Note 13).

On March 27, 2012, the Parent Company acquired the 51% ownership in TMWSI when the SEC approved the application for increase in authorized capital stock of TWMRSI.

The operation of its facilities is geared toward efficient, hygienic and economical collection, segregation, recycling, composting, filling, disposing, treating and managing of household, office, commercial and industrial garbage.

Currently, the TWMRSI has a waste recovery property in Santiago Street, Brgy. Lingunon Valenzuela City which was initially expected to be in full operation in 2014. As of reporting date, TWMRSI has yet to finalize the site for installation of equipment in strategic areas which includes those near landfills and dumpsites all over the country.

TWMRSI has not yet started its commercial operations as of October 21, 2016. TWMRSI has no employees. Its accounting and administrative functions are handled by the Parent Company at no cost to TWMRSI.

TWMRSI has a capital deficiency amounting to ₱233.5 million and ₱233.4 million as of December 31, 2015 and 2014, respectively. Due to this, the management of the Parent Company believes that its investment in TWMRSI is impaired. Accordingly, in 2014, a full allowance for impairment loss was provided in the Parent Company financial statements.

Lite Speed Technologies Inc. (LSTI)
On June 16, 2014, the BOD of the Parent Company approved the incorporation of LSTI, a 51% owned subsidiary. LSTI was registered with the SEC on August 14, 2014 to engage in the business of information and communication technology.

LSTI has not yet started its commercial operations as of October 24, 2016. Target start of commercial operations is on 2017.

Biomass Holdings Inc. (BHI)
On October 31, 2012, the SEC approved the incorporation of BHI, a 60%-40% joint venture arrangement with ThomasLloyd Cleantech Infrastructure Fund GMBH (TLCIF). BHI was incorporated with the primary purpose of investing in any other entity engaged in the business and/or operation of renewable energy systems and/or harnessing renewable energy resources. Subsequently, BHI invested in San Carlos Biomass, Inc. (SCBI), a biomass power plant in Negros Occidental (see Note 9).

In 2013, due to differences in the direction of BHI, both parties have agreed that the Parent Company will sell its stake in BHI at cost. Consequently, on October 2, 2013, the BOD authorized the Parent Company to explore the sale of all or a portion of the Parent Company's 60% equity in BHI.

On March 26, 2014, the BOD approved the sale of the Parent Company's 60% equity in BHI at cost. Hence, the assets in BHI were presented as "assets classified as held for sale" and liabilities in BHI as "liabilities directly associated with assets classified as held for sale".

On April 2, 2014, the Parent Company disclosed to the public that it has bound itself to divest its 60% equity interest in BHI in favor of TLCIF or the latter's assignee.

On June 30, 2014, the Parent Company disclosed to the public that it has received the total consideration amounting to ₱400,522,380 for its 60% interest in BHI. As of July 1, 2014, the parties finally executed pertinent deed of absolute sales and deed of assignment of subscription. BHI is no longer consolidated with GHI as of December 31, 2014 (see Note 9).

Further to the Parent Company's disclosure last June 30, 2014, the Parent Company disclosed to the investing public that the following deeds were executed on July 1, 2014 between the Parent Company and TLCIF in relation to the divestment by the Parent Company of its 600,000,000 common shares equivalent to 60% equity interest in BHI.

1. Deed of Absolute Sale covering the 300,000,000 fully paid common shares of the Company in BHI for the total purchase price of ₱300,000,000; and
2. Deed of Assignment of Subscription covering the 300,000,000 partially paid common shares of the Company in BHI for the total purchase price of ₱100,522,380. TLCIF shall assume payment of the balance of the subscription to BHI.

Isabela Alcogas Corporation (IAC)
On December 11, 2012, the Parent Company's stockholders approved a 50% investment in IAC, a company registered with the SEC on October 17, 2007. IAC's primary purpose is to engage in the business of manufacturing of goods such as ethanol and other biofuel and to trade the same on a wholesale or retail basis.

The Group's investment was provided with full allowance as management believes that the investment can no longer be recovered.

Music Semiconductor Philippines, Inc. (MSPI), MUSIC Semiconductors, Inc. (MSI), Museum Electronic N.V. (MENV) and Protelcon, Inc. (PI)
On December 23, 2010, the stockholders approved the Parent Company's initiative to venture into other business opportunities such as renewable energy and waste management systems by reducing its interest in the semiconductor business. Accordingly, the Parent Company, in 2011, divested all of its interests in MSI, MENV and PI but retained 39% from 100% interest in MSPI.

In connection with the divestment, MSPI issued a three (3) year convertible bond in favor of the Parent Company equivalent to ₱118.5 million. The convertible bond of ₱118.5 million was fully impaired and written-off in 2011 as management has assessed that these bonds may not be realized.

Going-Concern
The Group's financial statements have been prepared on a going-concern basis, which assumes that the Group will be able to continue towards increasing revenues and improving operations despite heavy losses from operations. Currently the Group has a net loss attributable to the equity holders of the Parent Company of ₱148.3 million and ₱600.1 million for the years ended December 31, 2015 and 2014, respectively.

On December 15, 2008, the SEC approved the application of the Parent Company to change its primary purpose to a holding company. At present, the Parent Company continues to operate as a holding company with the intention of merging its associates and subsidiaries, thus, it made various investments in diversified industries but not limited to renewable energy, food and agriculture, and information technology. Key subsidiaries and associate are fully operational with their respective cash flows; or pre-operating stages with various projects in the pipeline under modest spending guidelines. With these investments, the Group continues to generate sufficient cash flows to sustain operations and complete its current and future plans.

The accompanying consolidated financial statements of the Parent Company and Subsidiaries as of and for the year ended December 31, 2015 and 2014 were approved and authorized for issue by the BOD on October 24, 2016.

2. Basis of Preparation

The principal accounting policies adopted in preparing the consolidated financial statements of the Group are as follows:

Basis of Preparation of Financial Statements
The consolidated financial statements of the Group have been prepared using the historical cost basis, except for available-for-sale investments which are measured at fair values. These consolidated financial statements are presented in Philippine Peso, which is the Group's functional and reporting currency under Philippine Financial Reporting Standard (PFRS). All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance
The accompanying consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS includes statements named PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations International Financial Reporting Interpretations Committee (IFRIC) issued by the Financial Reporting Standards Council.

Principles of Consolidation
The consolidated financial statements consist of the financial statements of the Parent Company and its subsidiaries as of December 31 of each year. The consolidated financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated.

When the Group loses control over a subsidiary, at the date when control is lost, it: (a) derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amount; (b) derecognizes the carrying amount of any noncontrolling interests including any components of other comprehensive income attributable to them; (c) recognizes the fair value of the consideration received; (d) recognizes the fair value of any investment retained in the former subsidiary at its fair value; (e) account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the parent had directly disposed of the related assets and liabilities, (f) recognizes any resulting difference as gain or loss in profit or loss attributable to the parent.

Non-controlling interests represent interests in certain subsidiaries not held by the Parent Company and are presented separately in the consolidated statements of income, consolidated statements of comprehensive income and consolidated statements of changes in equity and within equity in the consolidated statements of financial position, separately from equity attributable to the equity holders of Parent Company.

3. Changes in Accounting and Financial Reporting Policies

The accounting policies adopted by the Group are consistent with those of the previous financial year except for the following amended PFRS, amended PAS and interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) which became effective in 2015:

Amendments to PAS 19, *"Employee Benefits - Defined Benefit Plans: Employee Contributions"*
The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the re-measurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans.

The amendments have no significant impact to the Group's financial statements as the Group has no retirement fund.

Annual Improvements to PFRS (2010 to 2012 cycle)
The annual improvements to PFRS (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 13, *"Fair Value Measurement - Short-term Receivables and Payables"*
  The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.

  The amendment has no significant impact on the Group's consolidated financial statements.

- PFRS 2, *"Share-based Payment - Definition of Vesting Condition"*
  The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues.

  The amendment does not apply to the Group as it currently has no share-based payments.

- PFRS 3, *"Business Combinations - Accounting for Contingent Consideration in a Business Combination"*
  The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32, Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss (FVPL) whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted).

  The amendment does not apply to the Group as it has no business combination transactions in 2015.

- PFRS 8, *"Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets"*
  The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker.

  The amendments affect disclosures only and have no impact on the Group's consolidated financial statements.

- PAS 16, *"Property, Plant and Equipment: Revaluation Method - Proportionate Restatement of Accumulated Depreciation"*
  The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.

  b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

  This applies to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period.

  The amendment has no impact on the Group's consolidated financial statements since it has no property and equipment carried at revalued amounts.

- PAS 24, *"Related Party Disclosures - Key Management Personnel"*
  The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the Parent Company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity.

  The amendments affect disclosures only and have no impact on the Group's consolidated financial statements.

- PAS 38, *"Intangible Assets: Revaluation Method - Proportionate Restatement of Accumulated Amortization"*
  The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.

  b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

  These amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period.

  The amendments are currently not applicable to the Group since it has no intangible assets carried at revalued amounts.

Annual Improvements to PFRS (2011 to 2013 cycle)
The annual improvements to PFRS (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *"First-time Adoption of Philippine Financial Reporting Standards - Meaning of Effective PFRS"*
  The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements.

  This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.

- PFRS 3, *"Business Combinations - Scope Exceptions for Joint Arrangements"*
  The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

  The amendment is currently not applicable to the Group.

- PFRS 13, *"Fair Value Measurement - Portfolio Exception"*
  The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts.

  The amendment has no impact on the Group's consolidated financial statements.

- PAS 40, *"Investment Property"*
  The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3.

  The amendment has no significant impact on the Group's consolidated financial statements.

New Accounting Standards, Amendments to Existing Standards Annual Improvements and Interpretations Effective Subsequent to December 31, 2015
The standards, amendments, annual improvements and interpretations which have issued but are not yet effective are discussed below and in the subsequent pages. The Group will adopt these standards, amendments and annual improvements and interpretations when these become effective and applicable to the Group. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its consolidated financial statements.

Effective in 2016
- PFRS 10, PFRS 12 and PAS 28, *"Investment Entities: Applying the Consolidation Exception"*
  The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with PFRS 10. Consequential amendments have also been made to PAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

  The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

  Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

  Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by PFRS 12 Disclosure of Interests in Other Entities.

  The amendments to PFRS 10 are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendments are not relevant to the Group.

- PFRS 11, *"Accounting for Acquisitions of Interests in Joint Operations"*
  The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business. The acquirer of an interest in a joint operation in which the activity constitutes a business is required to apply the principles on business combinations accounting. Previously held interest in joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. Amendments do not apply when the parties sharing joint control, including the reporting entity, are under the common control of the same ultimate controlling party.

The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier adoption permitted. The amendments are currently not applicable to the Group.

- 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.

  The standard is currently not applicable to the Group.

- PAS 1, *"Presentation of Financial Statements: Disclosure Initiative"*
  The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in PAS 1 had in some cases been read to prevent the use of judgment. Certain key highlights in the amendments are follows:

  - An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

  - An entity need not provide a specific disclosure required by a PFRS if the information resulting from that disclosure is not material.

  - In the other comprehensive income section of a statement of profit or loss and other comprehensive income, the amendments require separate disclosure for the following items:

    - The share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified subsequently to profit or loss;

    - The share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified subsequently to profit or loss.

  The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Group does not expect that the amendments will have significant impact on the financial statements.

- PAS 16, *"Property, Plant and Equipment" and PAS 38, "Intangible Assets: Classification of Acceptable Methods of Depreciation and Amortization"*
  The amendments clarify that revenue-based methods to calculate the depreciation of an asset is inappropriate because revenue generated by an activity that includes the use of an asset reflects factors other than the consumption of the economic benefits embodied in 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.

These amendments are effective from annual periods beginning on or after January 1, 2016, with earlier application permitted and are applied prospectively. The amendments are not expected to have an impact on the Group's financial position or performance.

- PAS 16, *"Property, Plant and Equipment" and PAS 41, "Agriculture: Bearer Plants"*
  The amendment clarifies that biological assets that meet the definition of bearer plants will be accounted for in the same way as property, plant and equipment PAS 16 Property, Plant and Equipment. The amendment also clarifies that produce growing on bearer plants continues to be accounted under PAS 41. For government grants related to bearer plants, PAS 20, Accounting for Government Grants and Disclosure of Government Assistance will apply.

  These amendments are effective from annual periods beginning on or after January 1, 2016, with earlier application permitted. The Group will assess the impact of the amendments on the consolidated financial statements.

- PAS 27, *"Separate Financial Statements: Equity Method in Separate Financial Statements"*
  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 the 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.

  These amendments are effective from annual periods beginning on or after January 1, 2016, with earlier application permitted and to be applied retrospectively. The Group does not expect that these amendments to have impact on the consolidated financial statements.

Annual Improvements to PFRS (2012 - 2014 Cycle)
The annual improvements to PFRS (2012-2014 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 5,*" Noncurrent Assets Held for Sale and Discontinued Operations: Changes in Methods of Disposal"*
  The amendment clarifies the accounting for a change in a disposal plan from a plan to sell to a plan to distribute a dividend in kind to its shareholders (or vice versa) when an entity reclassifies an asset (or disposal group) directly from one method of disposal to other should not be considered a new plan rather as 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 date of classification.

  This is currently not applicable to the Group.

- PFRS 7, *"Financial Instruments: Disclosure – Servicing Contracts"*
  This amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity is required to disclose any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will be applied retrospectively. An entity that first applies the amendments is not required to provide comparative disclosures for any period beginning before the annual period of first application.

The Group does not expect that this amendment will have significant impact on its consolidated financial statements.

- PFRS 7, *"Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements"*
  The amendment 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. This amendment is applied.

  The Group does not expect that this amendment will have significant impact on its consolidated financial statements.

- PAS 19, *"Employee Benefits: Regional Market Issue Regarding Discount Rate"*
  This amendment clarifies that the rate used to discount post-employment benefit obligations (both funded and unfunded) shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. Where there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds shall be used. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated term of the postemployment benefit obligations.

  This amendment is not expected to have any impact on the Group's consolidated financial statements.

- PAS 34, *"Interim Financial Reporting Disclosure of information elsewhere in the Interim Financial Report"*
  These amendments clarify that an entity discloses information elsewhere in the interim financial report when it incorporates disclosures by cross-reference to information in another statement and wherever they are included within the greater interim financial report (e.g., management commentary or risk report).

  This amendment is not expected to have significant impact on the Group's consolidated financial statements.

Effective in 2018
PFRS 9, *"Financial Instruments: Classification and Measurement"*
PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at FVPL. For liabilities designated as at FVPL using the FVO, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI.

The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for nonfinancial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting. This is not expected to have a significant impact on the Group's consolidated financial statements.

Deferred

- Philippine Interpretation IFRIC 15, *"Agreements for the Construction of Real Estate"*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippine 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. Management will continuously assess the impact of this interpretation. Currently, management believes that the adoption of the interpretation will not have a significant impact on the Group's consolidated financial statements.

- PFRS 10, *"Consolidated Financial Statements" and PAS 28," Investments in Associates and Joint Ventures: 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 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that full gain or loss is recognized when a transaction involves a business (whether it is a 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. These amendments will be effective for annual periods beginning on or after January 1, 2016, with early application permitted. The amendments are currently not expected to have significant impact on the Group's consolidated financial statements.

Standards issued by the IASB but not yet been adopted by the FRSC
IFRS 15, *Revenue from Contracts with Customers*

- 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, 2017 with early adoption permitted.

  The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- IFRS 16, "*Leases*"
  IFRS 16 was issued in January 2016. Under the new standard, lessees will no longer classify their lease as either operating or finance leases in accordance with PAS 17. Rather, leases will apply the single-asset model, wherein lessees will recognize the assets and the related liabilities for most leases in their balance sheets and, subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. The new standard is effective for annual periods beginning on or after January 1, 2019, with an early adoption.

The Company will continue to assess the relevance and impact of the above standards, amendments to standards and interpretations. The revised disclosures on the financial statements required by the above standards and interpretations will be included in the Company's financial statements when these are adopted.

4. Summary of Accounting and Financial Reporting Policies

The principal accounting and financial reporting policies adopted in preparing the consolidated financial statements of the Group are summarized below and in the succeeding pages the policies have been consistently applied to all years presented unless otherwise stated.

<u>Fair Value Measurement</u>
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy.

Financial Assets and Liabilities

Date of recognition
The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial recognition
Financial assets and financial liabilities are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The fair value of the consideration given or received is determined by preference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rate of interest for similar instruments with similar maturities. The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction costs.

Determination of fair value
Fair value is determined by preference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value is determined by using appropriate valuation techniques.

Valuation techniques include net present value model where the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities. Other valuation techniques include comparing to similar instruments for which market observable prices exist; recent arm's length market transaction; option pricing model and other relevant valuation models.

Financial Assets
The Group determines the classification at initial recognition and, where allowance is appropriate, re-evaluates this designation every reporting date. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Subsequent to initial recognition, the Group classifies its financial assets in the following categories:

- *Financial asset at fair value through profit or loss (FVPL)*
  A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the near term or upon initial recognition, it is designated by the management as at FVPL. Derivatives are also categorized as held at FVPL, except those derivatives designated as effective hedging instruments. Assets classified in this category are carried at fair value in the Group statements of financial position. Changes in the fair value of such assets are accounted for in the Group statements of comprehensive income. Financial instruments held at FVPL are classified as current if they are expected to be realized within 12 months from the end of financial reporting period.

  The Group has no financial assets at fair value through profit or loss as of December 31, 2015 and 2014.

- *Loans and receivables*
  Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Such assets are carried initially at its cost and at amortized cost after its initial recognition in the Group statements of financial position. Amortization is determined using the effective interest method. Loans and receivables are included in current assets if maturity is within 12 months from the end of financial reporting period. Otherwise, these are classified as non-current assets.

  The Group's cash, receivables and due from related parties are included in this category (see Notes 6, 7, and 18).

- *Held-to-maturity investments*
  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at cost or amortized cost in the Group statements of financial position. Amortization is determined by using the effective interest method. Assets under this category are classified as current assets if maturity is within 12 months from the end of financial reporting period and as non-current assets if maturity is more than a year from the end of financial reporting period.

  As of December 31, 2015 and 2014, the Group has no held-to-maturity investments.

- *Available-for-sale financial assets*
  Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognized as separate component of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the Group statements of comprehensive income.

  The fair value of investments that are actively traded in organized financial market is determined by reference to quoted market bid prices at the close of business on the end of financial reporting period. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include recent arm's length market transaction, reference to the current market value of another instrument which is substantially the same, discounted cash flows analysis and option pricing models.

  The Group's investment in shares of stocks with listed and non-listed companies which the Group does not have significant influence and control are included in this category (see Note 11).

Financial Liabilities

- *Financial liability at FVPL*
  Financial liabilities are classified in this category if these result from trading activities or derivatives transaction that are not accounted for as accounting hedges, or when the Group elects to designate a financial liability under this category.

  As of December 31, 2015 and 2014, the Group has no financial liabilities at FVPL.

- *Other financial liabilities*
  This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g. payables excluding statutory regulated payables, accruals) or borrowing (e.g., long-term debt).

  The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

  As of December 31, 2015 and 2014, the Group's trade and other payables, loan payable and due to related parties are included in this category (see Notes 16, 17, and 18).

Impairment of Financial Assets

The Group assesses at each end of financial reporting period whether a financial asset or group of financial assets is impaired.

- *Assets carried at amortized cost.* If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in the Group statements of comprehensive income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial asset is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the Group statements of comprehensive income to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

- *Assets carried at cost.* If there is objective evidence that an impairment loss has been incurred in an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

- *Available-for-Sale Financial Assets.* If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the Group statements of comprehensive income, is transferred from equity to the statements of comprehensive income. Reversals in respect of equity instruments classified as available-for-sale financial assets are not recognized in the statements of comprehensive income. For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

  Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the Group statements of comprehensive income, is removed from equity and recognized in the Group statements of comprehensive income. Impairment losses on equity investments are not reversed through the statements of comprehensive income; increases in their fair value after impairment are recognized directly in equity.

Derecognition of Financial Assets and Liabilities

Financial Assets
A financial asset is derecognized when (1) the rights to receive cash flows from the financial instruments expire, (2) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement, or (3) the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows of an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the assets, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where the existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in Group statements of comprehensive income.

A financial instrument is classified as debt if it provides for a contractual obligation to: (a) deliver cash or another financial asset to another entity; or (b) exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or (c) satisfy the obligation other than by exchange of a fixed amount of cash or other financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

<u>Classification of Financial Instrument between Debt and Equity</u>
Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest relating to a financial instrument or a component that is a financial liability is reported as expenses.

A financial instrument is classified as debt if it provides for a contractual obligation to: (a) deliver cash or another financial asset to another entity; or (b) exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or (c) satisfy the obligation other than by exchange of a fixed amount of cash or other financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

<u>Offsetting Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount is reported in the Group statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the Group statements of financial position.

<u>Cash</u>
Cash is stated at face value and includes cash on hand and cash in banks.

Advances to Officers and Employees
Advances to officers and employees for business expenses that are yet to be received such as purchases of goods and services subject to liquidation are recognized at the actual cash amount advanced to employees, less any impairment. These are subsequently applied to the related assets, costs or expenses incurred.

Deposit for Land Acquisition and Other Current Assets
This account comprises the following:

- Deposit for land acquisition. Deposit for land acquisition mainly represents usufruct rights over a property and is stated at cost, less impairment losses, if any.

- Input Tax. Input tax is recognized when the Group purchases goods or services from a Value Added Tax (VAT)-registered supplier. This account is offset, on a per entity basis, against any output tax previously recognized.

- Materials and supplies. Materials and supplies are stated at cost less any allowance for obsolescence. Cost is determined by the first-in, first-out method. Inventories are classified as current when they are expected to be realized within the normal operating cycle. Supplies inventory is presented under "Other current assets" in the statements of financial position.

Other current assets that are expected to be realized for no more than 12 months after the reporting period are classified as current asset. Otherwise, these are classified as other noncurrent asset. Other current assets are stated at their realizable value (cost less impairment).

Investment in an Associates
Investment in shares of stock where the Group holds 20% or more ownership, or where it has the ability to significantly influence the investee company's operating activities is accounted for under the equity method. Under the equity method, the cost of the investment is increased or decreased by the Group's equity in net earnings or losses of the investee company since the date of acquisition.

Asset Held-for-Sale
Asset classified as held-for-sale includes properties that the Group intends to sell to a third party. These are measured at the lower of carrying amounts of assets, immediately prior to their classification as held for sale and their fair value less costs to sell.

Advances for a Waste Recycling Project
Advances for waste recycling project is stated at cost less any impairment. This includes cost of machinery and equipment and other direct costs for the construction of a waste recycling machinery and equipment. The asset is not depreciated until such time as the relevant assets are completed and put into operational use.

Property and Equipment
The initial cost of property and equipment comprises its purchase price or construction cost and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenses incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets follow:

Category	Estimated useful life
Transportation equipment and others	5 years
Furniture, fixture and equipment	5 years

The estimated recoverable reserves, useful lives and depreciation methods are reviewed periodically to ensure the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Group statements of comprehensive income in the year the asset is derecognized. Transfers to or from property and equipment are measured at carrying value of the assets transferred.

Investment Property

Investment property mainly pertains to properties held for capital appreciation. These are initially recorded at cost, including transaction cost. The carrying amount includes the cost of replacing part of an existing property at the time the costs are incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of investment property. Subsequent to initial recognition, investment property is carried at cost less any impairment in value.

Investment property is derecognized when disposed of or when the investment property is permanently withdrawn from use and there is no future economic benefit expected to arise from the continued use of the properties. Any gain or loss on the retirement or disposal of said properties are recognized in the consolidated statements of income in the year of retirement or disposal. Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by: (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property; (b) commencement of development with a view to sale, for a transfer from investment property to inventories; (c) end of owner occupation, for a transfer from owner-occupied property to investment property; or, (d) commencement of an operating lease to another party, for a transfer from inventories to investment property. Transfers to or from investment properties are measured at the carrying value of the assets transferred.

Impairment of Nonfinancial Assets

The carrying values of assets such as deposit for land acquisition, other current assets, investment in associates, property and equipment and investment property are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts.

The recoverable amount of the asset is the greater of net selling price or value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is charged to operations in the period in which it arises unless the asset is carried at a revalued amount in which case the impairment is charged to the revaluation increment of the said asset.

An assessment is made at each end of financial reporting period to determine whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

<u>Equity</u>

- *Capital stock* is determined using the nominal value of shares that have been issued.
- *Additional paid-in capital* includes any premiums received on the initial issuance of capital stocks. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.
- *Net unrealized loss* on available-for-sale investment accounts for the excess of the carrying amounts over the fair market value of these investments. When fluctuation is deemed permanent, the gain or loss resulting from such fluctuation will be reversed and charged to Group consolidated statements of income in the year that the permanent fluctuation is determined.
- *Retained earnings (deficit)* include all current and prior period results of operations as disclosed in the Group consolidated statements of comprehensive income.

<u>Deposit for Future Stocks Subscription</u>

Deposit for future stocks subscription represents funds received by the Group from existing and potential stockholders to be applied as payment for subscriptions of unissued shares or shares from an increase in authorized capital stock.

Proceeds are recognized as equity when all of the requirements set forth by the SEC have been met, otherwise, it is recognized as a liability.

An entity shall classify deposit for stock subscription as part of equity if and only if, all of the following elements are present as at the end of the period:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is BOD approval on the proposed increase in authorized capital stock;
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the SEC.

Earnings (Loss) per share
Earnings (loss) per share (EPS) is determined by dividing net income (loss) by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transactions will flow to the Group and the amount of revenue, related cost incurred or to be incurred/cost to complete the transactions can be measured reliably. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is measured at the fair value of the consideration received or receivable taking into account any trade discounts, prompt settlement of discounts and volume rebates allowed by the Group, if any. Revenue recognized excludes any value added taxes. The following specific recognition criteria must also be met before revenue is recognized:

- *Interest income.* Interest income is recognized as the interest accrues, taking into account the effective yield on the asset. Interest income from bank deposits is recognized on a time proportion basis on the principal outstanding and at the rate applicable.

- *Realized gains and losses.* Realized gains and losses are recognized when the sale transaction occurs.

- *Other income.* Revenue is recognized as other income accrues.

Cost and Expense Recognition
Expenses are recognized in the Group's consolidated statements of comprehensive income upon utilization of the service or at the date they are incurred.

Expenses are recognized in the Group consolidated statements of comprehensive income upon utilization of the assets or services or at the date they are incurred.

VAT
Revenues, expenses and assets are recognized, net of the amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from or payable to the taxation authority is presented separately as asset in the consolidated statements of financial position.

Short-term benefits
Short-term employee benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the financial reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

Foreign Currency Transactions and Translation
The Group financial statements are presented in Philippine Pesos, which is the Group's functional and presentation currency. Items included in the Group financial statements are measured using the functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency rate of exchange as of the financial reporting date.

Gains or losses arising from these transactions and translations are recognized in the Group statements of comprehensive income. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Income Tax
Income taxes represent the sum of the tax currently due and deferred tax.

The tax currently due or recoverable from tax authorities is based on taxable income for the year. Taxable income differs from income as reported in the Group consolidated statements of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted at the end of financial reporting period.

Deferred tax is provided, using the balance sheet liability method. Deferred tax assets and liabilities are recognized for future tax consequence attributable to differences between the financial reporting bases of assets and liabilities and their related tax bases and carryforward benefits of minimum corporate income tax (MCIT). Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets and liabilities are measured using the tax rate that is expected to apply to the period when the asset is realized or the liability is settled.

The carrying amount of deferred tax assets is reviewed at each end of financial reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Related Party Transactions and Relationships
Related party transactions are transfers of resources, services or obligations between the company and its related parties, regardless whether a price is charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as a financial expense.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefit is probable.

Events After End of Financial Reporting Period
Post year-end events that provide additional information about the Group's position at the end of financial reporting period, if any, are reflected in the financial statements. However, post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. **Significant Accounting Judgments and Estimates**

The preparation of the Group's consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of date of the consolidated financial statements. Actual results could differ from such estimates, and such estimates will be adjusted accordingly.

The following is a summary of these significant estimates and judgments and the related impact and associated risks on the consolidated financial statements.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

- *Assessment of Going Concern*
  Management has made an assessment of the Group's ability to continue as going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

- *Determination of Control*
  The Group determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the equity. The Group controls an entity if and only if the Group has all of the following:

  a. Power over the entity;
  b. Exposure, or rights, to variable returns from its involvement with the entity; and,
  c. The ability to use its power over the entity to affect the amount of the Group's returns.
  d. The Group regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Group determined that it exercises control on all of its subsidiaries as it has all the elements of control listed above.

- *Determination of Functional Currency*
  Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the sale of real properties, services, and investments and the costs of providing the services and of the sold investments.

- *Classification of Financial Instruments*
  The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of the financial instrument, rather than its legal form, governs its classification in the Group consolidated statements of financial position.

- *Determination of Fair Value of Financial Instruments*
  The Group carries certain instruments at fair value and discloses also the fair values of financial instruments, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect profit or loss and equity.

  The summary of the carrying values and fair values of the Group's financial instruments as of December 31, 2015 and 2014 is shown in Note 24.

- *Distinction Between Investment Property and Owner-Occupied Property*
  The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that the attributable not only to property but also to the other assets used in the supply process.

  Some properties are for capital appreciation and other properties are for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in providing services or for administrative purposes.

Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property in making its judgment.

Estimates
The key assumptions concerning the future and other key sources of estimation at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- *Estimation of Allowance for Impairment of Financial Assets*
  Recoverability of specific receivables including amounts due from related parties is evaluated based on best available facts and circumstances, the length of the Group's relationship with its debtors, the debtors' payment behavior and known market factors. These specific reserves are re-evaluated and adjusted as additional information received affects the amount estimated to be uncollectible. Any increase in allowance would increase operating expenses and decrease related accounts.

  The Group's allowance for impairment amounted to ₱49.9 million and ₱65.1 million as at December 31, 2015 and 2014, respectively, (see Notes 7 and 18). Accounts written off amounted to ₱16.9 million in 2015 and ₱63.2 million in 2014 (see Notes 7 and 18).

- *Estimation of Impairment of AFS Investments*
  The computation for the impairment of AFS investments requires an estimation of the present value of the expected future cash flows and the selection of an appropriate discount rate. An impairment issue arises when there is an objective evidence of impairment, which involves significant judgment. In making this judgment, the Group evaluates the financial health of the issuer, among others. In the case of available-for-sale equity investments, the Group expands its analysis to consider changes in the issuer's industry and sector performance, legal and regulatory framework, changes in technology, and other factors that affect the recoverability of the Group's investment.

  The carrying values of AFS investments amounted ₱370,000 and ₱490,00 as of December 31, 2015 and 2014, respectively. Accounts written off amounted to ₱22.5 million in 2014 (see Note 11).

- *Estimation of Useful Lives of Property and Equipment*
  The useful life of each of the Group's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets.

  The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction on the estimated useful life of any property and equipment would increase the recorded operating expenses and decrease noncurrent assets. Any reduction in the estimated useful lives of property and equipment would increase the Group's recorded operating expenses and decrease on the related asset accounts.

  As of December 31, 2015 and 2014, the carrying value of the Group's depreciable property and equipment amounted to ₱1.6 million and ₱2.1 million, respectively (see Note 14).

- *Estimation of Impairment of Nonfinancial Assets*
  The Group reviews deposit for land acquisition and other current assets, investment in associates, property and equipment and investment property for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

  As described in the accounting policy, the Group estimates the recoverable amount as the higher of the net selling price and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect deposit for land acquisition and other assets, investment in associates, property and equipment and investment property.

  The Group's allowance for impairment loss for nonfinancial assets amounted to ₱236.0 million and ₱235.9 million as at December 31, 2015 and 2014, respectively (see Notes 10 and 13). Accounts written off amounted to ₱0.1 million in 2015 and ₱92.8 million in 2014 (see Notes 10 and 12).

- *Estimation of Deferred Tax Assets and Deferred Tax Liabilities*
  Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

  No deferred tax asset was recognized for allowance for impairment and for NOLCO and MCIT as management believes that these could not be utilized prior to its expiration.

- *Estimation of Provisions for Contingencies*
  The Group is a party to certain lawsuits involving recoveries of sum of money arising from the ordinary course of business.

  The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. These are recognized in the books only when the claims are finally settled or when judgment is rendered.

  The Group has no provisions as of December 31, 2015 and 2014.

6. **Cash**

This account consists of:

	2015	2014
Cash in banks	**₱1,650,178**	₱3,819,032
Cash on hand	**–**	7,801
	₱1,650,178	₱3,826,833

Cash in banks pertain to savings and current accounts that generally earn interest based on prevailing respective bank deposit rates of less than 1% annually. Interest income on cash in banks recognized in the Group statements of comprehensive income amounted to ₱8,086 in 2015, ₱6,937 in 2014, and ₱1.3 million in 2013.

In May 2015, the Court of Appeals has ordered the freezing of three (3) bank accounts of the Group. As of December 31, 2014, the freeze order of these accounts has been lifted. However, the 3 bank accounts with a total deposit of ₱632,795 were subsequently included in the civil forfeiture case docketed as AMLC Case No. 15-007-53 pending with the Regional Trial Court of Manila, Branch 53 (see Note 28).

7. **Receivables** - Net

This account consists of:

	2015	2014
Nontrade receivables	**₱260,796,340**	₱10,510,455
Advances to officers and employees	**405,220**	706,029
Loan receivable	**–**	8,023,363
Advances to projects	**–**	7,133,333
Other advances	**183,504**	143,287
	261,385,064	26,516,467
Allowance for impairment loss	**(10,194,828)**	(25,351,524)
	₱251,190,236	₱1,164,943

On December 29, 2014, ThomasLlyod Cleantech Infrastructure Fund GMBH (TLCIF), a stockholder, assigned its payable to GHI amounting to ₱250,142,630 to Zhong Shan Fu Chang Ltd (ZSFCL) subject to the consent of GHI and the following terms and conditions (see Note 18):

a. ZSFCL shall pay the TLCIF receivable on or before December 31, 2016 in cash or non-cash assets acceptable to GHI; and
b. If the TLCIF receivable will be paid with non-cash assets, the appraised value thereof shall be determined by an independent appraiser mutually acceptable to ZSFCL and GHI.

In 2015, GHI agreed to the assignment of receivables to ZSFCL. Accordingly, the assigned receivables were reclassified from due from related parties account to nontrade receivables.

Nontrade receivables also include amount due from Lodestar Investment Holding, Inc. (LIHC) amounting to ₱10.2 million as of December 31, 2015 and 2014. An allowance for impairment loss was provided amounting to ₱10.2 million as of December 31, 2015 and 2014. Nontrade receivables amounting to ₱426,134 was written off in 2014.

Loan receivable pertains to a 5-year interest-bearing loan granted by the Group to its employees and BOD (Eligible Members) for the purchase of the issued shares of the Parent Company. The shares to be acquired by the Eligible Members will be held as collateral for the loan and will only be released to them after the loan is repaid. The Group provided a full allowance for impairment as it believes that these receivables are not recoverable. In 2015, the management believes that the loan receivable is fully impaired and decided to write off the whole amount. Loan receivable amounting to ₱8,023,363 was written off in 2015.

Advances to officers and employees are noninterest-bearing and will be realized twelve months after the reporting period. These advances are made for various business related expense which are subject to liquidation on demand. Advances to officers and employees amounting to ₱96,089 assessed by management as no longer recoverable, was written off in 2014. Also, bonds receivable amounting to ₱5,000 was written off in 2014.

Advances to projects pertains to deposits made by the Parent Company to Tianjin Tianbao Investment and Development Corporation amounting to ₱7.1 million. In 2013, the project did not push through and the management considered the whole advances as fully impaired and an allowance for impairment was set up in full. In 2015, the management believes that the advances to projects is fully impaired and decided to write off the whole amount. Advances to projects amounting to ₱7,133,333 was written off in 2015.

Other advances include funds advanced to the Parent Company's lawyer which will be charged to expense upon utilization and SREDC's receivable from SSS.

Also in 2014, SREDC carefully assessed that receivables from third parties amounting to ₱159,034 as at December 31, 2013 can no longer be collected and recovered and were written off accordingly.

The movement of allowance for impairment losses in 2015 and 2014 is shown below:

	2015	2014
Balance at beginning of year	**₱25,351,724**	₱25,351,724
Accounts written off	**(15,156,696)**	–
	₱10,195,028	₱25,351,724

None of the Group's receivables were used as pledged in the Group' s loan payables.

8. Deposit for Land Acquisition

On January 18, 2013, the Group, through SREDC, entered into an agreement (the "Agreement") with Mr. Laureano R. Gregorio Jr. ("Mr. Gregorio"), a third party, for the transfer of all the rights, titles and interest over a 150-hectare land in Rosario, Batangas, where a planned project for a self-sustaining agri-tourism park (the "Park") will be located. The initial total consideration was ₱400.0 million to be paid in cash or listed shares in the PSE to be agreed upon by both parties based on the deliverables of Mr. Gregorio. The consideration shall be adjusted depending on the fair market value of the Park as may be determined by a mutually acceptable appraisal company.

A partial payment consisting of ₱6.0 million paid on January 28, 2013 and ₱5.0 million on July 2, 2014, recognized as deposit for land acquisition, was made. Pending the delivery of the documents and titles evidencing the real and enforceable rights over the Park which shall be delivered within two years from the date of agreement, SREDC was granted usufructuary rights over the property. The parties may, however, agree to extend the period as the circumstances may warrant.

The fair value of the Park as of February 8, 2013 is ₱446.1 million which is based on the appraised value made by an independent appraiser as stated in its appraisal report dated February 20, 2013. The details of the appraised value are as follow:

Land (150 hectares at ₱1.8 million per hectare or ₱180 per square meter)	₱270,000,000
Buildings	75,823,000
Other land improvements	100,250,000
	₱446,073,000

As stated in the agreement, the initial total consideration of ₱400.0 million was changed to the appraised value of ₱446.1 million.

On February 16, 2013, the Board of SREDC approved the proposed budget for the development of the Park, which includes the construction and operation of at most thirty (30) greenhouses for high value crops in 2015 and 2014, eight-hectare asparagus farm in 2014 and 12-hectare asparagus farm for 2015. In connection with this, the Board approved to advance ₱200.0 million to one of its stockholders to be adjusted as may be deemed appropriate.

The advances made by SREDC to its stockholder totaling ₱448.2 million in 2014 were made subject to liquidation for the following purposes (see Note 18):

a. To cover the post-dated checks issued by the stockholder as payment to Mr. Gregorio for the Park pursuant to the Agreement.

b. To pay for the improvements that will be acquired and introduced on the Park.

c. To pay for the day-to-day operations of the Park.

In 2015, the stockholder paid for the improvements made in the Park including the construction of additional 30 greenhouses with estimated cost of ₱10.5 million which will be liquidated upon completion of the project.

On December 10, 2014, the Agreement between Mr. Gregorio and SREDC was extended for another three years or until January 17, 2018 to allow Mr. Gregorio to meet the conditions of the Agreement. Moreover, the parties agreed to defer the encashment of the post-dated checks issued as payment for the Park.

9. Assets Classified as Held for Sale

This account pertains to the 60% equity of the Parent Company to Biomass Holdings, Inc. (BHI) amounting to ₱400.5 million as of December 31, 2013. On October 2, 2013, the BOD authorized the sale of the Parent Company's equity in BHI. Accordingly, in 2013, the Group's investment in BHI was classified as asset held for sale (see Note 1).

On July 1, 2014, the Parent Company executed deeds of sale with ThomasLloyd Cleantech Infrastructure Fund GMBH, a foreign entity, to divest its 60% equity in BHI for an aggregate amount of ₱400,522,380.

The subject assets and liabilities are as follow:

Assets classified as held for sale	
Investment in San Carlos Biopower, Inc.	**₱667,537,300**
Cash	**3,567,289**
	₱671,104,589

Liabilities directly associated with assets classified as held for sale	
Accrued expenses	**₱854,687**
Advances from officers	**2,516,427**
Due to related parties	**2,424,306**
	₱5,795,420

As of December 31, 2014, the Group has received the total consideration for the sale substantially in US Dollars which resulted to a foreign exchange loss amounting to ₱1,123,523 upon conversion to peso.

10. Other Current Assets

This account consists of:

	2015	2014
Materials and supplies	**₱2,580,456**	₱116,719
Input VAT	**1,599,966**	1,459,741
Deposit to supplier	**99,168**	–
Prepaid tax	**10,349**	10,581
	4,289,939	1,587,041
Allowance for impairment loss	**(965,164)**	(943,338)
	₱3,324,775	₱643,703

Materials and supplies include bird feeds like banana, sweet potato and apple. Materials and supplies amounting to ₱101,930 which the management assessed as no longer recoverable, was written off in 2015.

Allowance for impairment loss is provided for the input VAT.

The movement of provision for impairment losses in 2015 and 2014 were shown below:

	2015	2014
Balance at beginning of year	**₱943,338**	₱943,338
Provision during the year	**21,826**	–
	₱965,164	₱943,338

Prepaid tax amounting to ₱86,354 which the management assessed as no longer recoverable, was directly written off in 2014.

11. **Available-for-Sale Investments**

This account consists of:

	2015	2014
Quoted equity investments	**₱370,000**	₱490,000

The movement of the AFS investments as at December 31, 2015 and 2014 are as follows:

	Note	**2015**	2014
Balance at beginning of year		**₱490,000**	₱97,928,047
Gain (loss) on fair value during the year		**(120,000)**	116,816,496
Additions during the year		–	513,971,599
Reclassification to investment in associates	12	–	(705,726,142)
Written off during the year		–	(22,500,000)
Balance at end of year		**₱370,000**	₱490,000

The movement in fair value loss on AFS investment is as follows:

	2015	2014
Balance at beginning of year	**₱510,000**	₱54,428,547
Change in fair value during the year	**120,000**	(116,816,496)
Reclassification to profit or loss	–	62,897,949
Balance at end of year	**₱630,000**	₱510,000

ANI

On July 2, 2014, GHI acquired 60,902,450 secondary common shares through the open market for an aggregate consideration of ₱255,000,000 inclusive of taxes, fees and commission or ₱4.19 per share. The acquisition is equivalent to 9.67% of the total issued and outstanding shares of ANI.

On July 3, 2014, GHI subscribed additional 85,990,533 common shares at the issue price of ₱3 per share or a total subscription price of ₱257,971,599 payables in full upon execution of the subscription agreement. The acquisition is equivalent to 13.8% of the total issued and outstanding shares of ANI. After the additional subscription, the Parent Company holds a total ownership of 25.92%. Accordingly, the AFS investment in ANI at fair value as of July 3, 2014 was reclassified to investment in associate (see Note 12).

The rollforward analysis of the carrying value of investment in ANI is shown below:

	Note	2014
Balance at beginning of year		₱75,428,047
Additions		512,971,599
Reclassification to investment in associate	12	(705,726,142)
Change in fair value during the year		117,326,496
Balance at end of year		₱–

The movement of fair value loss on AFS investment in ANI is as follows:

	2014
Balance at beginning of year	₱54,428,547
Change in fair value during the year	(117,326,496)
Reclassification to profit or loss	62,897,949
Balance at end of year	₱–

GHI
In 2014, the Company acquired 176.0 million shares at ₱1.0 per share of GHI's shares. On August 6, 2014, the Company sold its shares in GHI amounting to ₱176.0 million equivalent to 176.0 million shares at ₱1.0 per share as duly disclosed in the PSE.

GHTCL
In 2013, WGVI acquired 15% equity interest in GHTCL for ₱22.5 million.

On December 29, 2014, the results of operations of GHTCL was presented to the BOD relative to the project of manufacturing spray and seal tire and sealant kit. In the report, GHTCL incurred a net loss of ₱97.5M which caused the project to be discontinued and the equipment be classified as held for sale in the near future. After the discussion, it was carefully assessed by the management of the Company that the investment can no longer be recovered. Consequently, the BOD approved the write off of the investment.

As of December 31, 2015 and 2014, the Group's outstanding AFS investment amounted to ₱370,000 and ₱490,000, respectively.

12. Investment in Associates

This account pertains to investment in ANI amounting to ₱321,347,141 and ₱474,834,629 as of December 31, 2015 and 2014, respectively.

On July 3, 2014, the Group, upon acquisition by GHI of additional shares, reclassified its AFS investment in ANI to investment in associate amounting to ₱705,726,142 (see Note 11).

On July 7, 2014, GHI acquired 27,000,000 common shares of ANI through open market for an aggregate consideration of ₱113,744,736 inclusive of taxes, fees and commission at ₱4.21 per share. The acquisition is equivalent to 4.34% of the total issued and outstanding shares of ANI.

After the transactions, the Group holds a total of 30.26% of the total issued and outstanding shares of ANI.

As of December 31, 2015 and 2014, the market value of investment in ANI amounted to ₱889,829,784 and ₱410,111,824 based on the price per share amounting to ₱4.73 and ₱2.18, respectively. As of reporting date, the market value of investment in ANI amounted to ₱720,517,563 at a price per share of ₱3.83.

Rollforward analysis of the carrying value of the investments in associates follows:

	Note	**2015**	2014
Beginning balance		**₱474,834,629**	₱147,640,485
Equity in net loss of an associate		**(135,710,242)**	(352,367,493)
Equity in other comprehensive income of an associate		**(17,777,246)**	7,731,244
Reclassification from AFS investments	11	**–**	705,726,142
Additions during the year		**–**	113,744,736
Accounts written off		**–**	(92,697,944)
Reclassification to investment in subsidiary		**–**	(54,942,541)
		₱321,347,141	₱474,834,629

Summarized financial information of ANI follows:

	2015	2014
Current assets	**1,073,091,626**	₱2,345,061,249
Noncurrent assets	**1,813,047,193**	1,544,055,755
Current liabilities	**1,847,501,057**	2,430,393,162
Noncurrent liabilities	**326,933,981**	214,824,694
Net assets	**711,703,781**	1,292,032,750
Revenue	**2,337,615,990**	3,153,020,569
Net loss	**(437,824,211)**	(1,164,466,269)
Other comprehensive income (loss)	**(54,788,757)**	25,549,386

In 2014, management assessed that the investments in MSPI and IAC amounting to ₱68.5 million and ₱24.2 million, respectively, will not be recovered and were written off accordingly.

13. Advances for Waste Recycling Project

Advances for waste recycling project amounting to ₱235,008,036 as of December 31, 2013, represents the Company's machineries, equipment and steel structures for the construction of a waste recycling machinery equipment which will function as a wet process recovery system for solid waste. As of October 5, 2016, the Company has not started the assembly and installation of the parts as it is still finalizing the arrangement for the site where the project will be located. As of April 20, 2015, the appraised market value of the facility amounted to ₱113,759,000. The management believes however, that the appraised market value of the facility may no longer be recoverable. Consequently, a full provision for impairment loss was made in 2014.

14. **Property and Equipment** – Net

The rollforward analysis of this account is shown below:

	2015		
	Transportation equipment and others	Furniture, fixtures and equipment	Total
Cost			
Balance at beginning of year	₱3,756,189	₱161,243	₱3,917,432
Additions	43,685	65,835	109,520
Balance at end of year	3,799,874	227,078	4,026,952
Accumulated depreciation			
Balance at beginning of year	1,756,789	74,191	1,830,980
Depreciation	556,168	31,258	587,426
Balance at end of year	2,312,957	105,449	2,418,406
Net book value	₱1,486,917	₱121,629	₱1,608,546

	2014		
	Transportation equipment and others	Furniture, fixtures and equipment	Total
Cost			
Balance at beginning of year	₱2,293,176	₱152,744	₱2,445,920
Additions	1,463,013	8,499	1,471,512
Balance at end of year	3,756,189	161,243	3,917,432
Accumulated depreciation			
Balance at beginning of year	1,298,154	43,358	1,341,512
Depreciation	458,635	30,833	489,468
Balance at end of year	1,756,789	74,191	1,830,980
Net book value	₱1,999,400	₱87,052	₱2,086,452

Depreciation expense for the years ended December 31, 2015 and 2014 are shown as part of general and administrative expenses in the Group statements of comprehensive income (see Note 20).

The Group's management had reviewed the carrying values of the property and equipment as of December 31, 2015 and 2014 for any impairment. Based on the evaluation, there are no indications that the property and equipment might be impaired.

There are no contractual commitments to purchase property and equipment. There are also no property and equipment that are pledged as securities for liabilities. Further, there is no property whose title is restricted from use of the Group in both periods.

15. Investment Property

This account consists of the following:

Property	Location	Lot	Area	Cost
Land and improvements	Quezon City	1	448 sq. m	₱29,938,581
		2	448 sq. m	
		3	448 sq. m	
		4	448 sq. m	
		5	448 sq. m	
	Batangas		23,234 sq. m	2,091,060
			11,850 sq. m	1,066,500
				₱33,096,141

The cost of parcels of land located in Quezon City which was acquired in 2013 include additional costs incurred in 2014 amounting to ₱378,028. The parcels of land in Batangas amounting to ₱3,157,560 were acquired in 2014.

Lots 1 and 3, was sold subsequently in January 2016. Proceeds for the purchase price of the sale amounting to₱14,544,000 was received in 2015 and presented under trade and other payable (see Note 16).

In 2014, the Company obtained a loan from a local bank totaling ₱50.0 million of which ₱31.6 million is secured by the property located in Quezon City (see Note 17).

The Company's management had reviewed the carrying values of the investment property for any impairment as of December 31, 2015 and 2014. Based on the evaluation, there are no indications that the property might be impaired.

16. Trade and Other Payables

This account consists of:

	Note	2015	2014
Accounts payable		**₱16,517,780**	₱16,016,702
Deposits from customers	15	**14,544,000**	-
Accrued expenses		**2,042,895**	770,895
Government payables		**172,488**	127,758
Others		**330,499**	7,125
		₱33,607,662	₱16,922,480

Accounts payable are noninterest bearing.

Deposit from customers pertains to cash proceeds received from the buyer of the investment property in Quezon City (see Note 15).

Accrued expenses include professional fees and penalties.

Government payables are dues and remittances which represents contributions of employees that will be remitted to various government agencies. It also includes taxes withheld from salaries of employees and income payment to suppliers, which will be remitted in the subsequent month.

Other payables include accrual of travel, communication, and other expenses payable upon demand.

17. Loan Payable

Loan payable pertains to loan obtained in 2014 from Philtrust Bank amounting to ₱50.0 million which will mature on July 28, 2017 with an interest rate of 6% per annum. The portion of the loan amounting to ₱31.6 million is secured by a parcel of land with a carrying value of ₱29.9 million and the remaining ₱18.4 million is unsecured (see Note 15).

The loan is payable on or before July 28, 2017, in monthly installment of ₱1,670,000 commencing on April 27, 2016, balance at maturity with interest payable in advance every thirty days.

In 2015, the Company paid ₱31.3 million of its loan. Interest expense recognized amounted to ₱1.8 million in 2015 and ₱0.9 million in 2014.

The maturity profile of the loan payable as of December 31, 2015 and 2014 follows:

	2015	2014
Due within one year	**₱15,030,000**	₱–
Due more than one year to five years	**3,710,000**	50,000,000
	₱18,740,000	₱50,000,000

18. Related Party Transactions

The Group enters into transactions with related parties. For financial statements disclosure purposes, an affiliate is an entity under common control of the Parent Company's stockholders.

The following are the details of related party transactions.

a. The Group availed an extended unsecured noninterest-bearing cash advances from and to its related parties with no definite repayment dates for working capital requirements.

b. The Group extended noninterest-bearing and unsecured cash advances to one of its stockholder for the acquisition and development of the Park amounting to ₱448.2 million in 2014 (see Notes 1 and 8).

c. As of December 31, 2015 and 2014 details and outstanding balances of due to and from related parties follow:

	2015	2014
Due from:		
Stockholders	**₱764,065,971**	₱1,042,823,252
Associates	**61,336,369**	57,719,519
Affiliates	**15,020,046**	16,800,667
	840,422,386	1,117,343,438
Allowance for impairment – Associates	**(39,717,922)**	(39,717,922)
	₱800,704,464	₱1,077,625,516

	2015	2014
Due to:		
Associates	**₱4,426,102**	₱–
Stockholders	**795,781**	–
	₱5,221,883	₱–

The rollforward analysis of related party accounts follow:

	Note	**2015**	2014
Due from:			
Balance at beginning of year		**₱1,077,625,516**	₱366,046,559
Reclassification to receivables	7	**(250,142,630)**	–
Payments received during the year		**(28,790,324)**	(17,256,082)
Advances made during the year		**3,708,498**	791,375,039
Accounts written off		**(1,696,596)**	(62,500,000)
Provision for impairment loss		**–**	(40,000)
Balance at end of year		**₱800,704,464**	₱1,077,625,516

	2015	2014
Due to:		
Balance at beginning of year	₱–	₱344,126
Advances received during the year	5,221,883	–
Payments made during the year	–	(344,126)
Balance at end of year	₱5,221,883	₱–

d. On July 2, 2014, the Parent Company executed a subscription agreement with Earthright Holdings, Inc. (EHI). Subject to the application and approval of the SEC of the increase in its authorized capital stock to ₱3.0 billion, EHI subscribed ₱250.0 million worth of common shares of which ₱177.0 million shall be paid in cash upon execution of the subscription agreement with the balance due upon approval by the SEC of the increase. EHI also subscribed to ₱37.5 million worth of preferred shares at ₱0.10 per share. Full payment was received upon execution of the subscription agreement.

The deposit will be converted to equity once proper documentation and approval from the SEC have been obtained. As of October 24, 2016, the Parent Company has not filed its application for the increase with the SEC.

e. The summary of the Group's related party transactions follows:

	2015			
Category	Amount/Volume	Outstanding Balance - Asset (Liability)	Terms and Condition/ Settlement	Guaranty/ Settlement /Provision
Stockholders				
1. Due from		₱764,065,971	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Reclassification to receivables (Note 7)	(₱250,142,630)			
• Payments received	(28,694,665)			
• Advances made	80,014			
2. Due to		(795,781)	No definite repayment dates; collectible in cash on demand and noninterest-bearing	Unsecured; no significant warranties and covenants
• Advances received	795,781			
3. Deposit for future stocks subscription		(177,000,000)	To be converted into equity upon approval of SEC; noninterest-bearing	Unsecured; no significant warranties and covenants
• Deposits received	–			

(Forward)

(Carryforward)

Category	Amount/Volume	Outstanding Balance - Asset (Liability)	Terms and Condition/ Settlement	Guaranty/ Settlement /Provision
		2015		
Associates				
4. Due from–net		₱21,618,447	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances made	₱3,616,850			
5. Due to		(4,426,102)	No definite repayment dates; collectible in cash on demand and noninterest-bearing	Unsecured; no significant warranties and covenants
• Advances received	4,426,102			
Affiliates				
6. Due from		15,020,046	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Accounts written off	(1,696,596)			
• Payments received	(95,660)			
• Advances made	11,634			

Category	Amount/Volume	Outstanding Balance - Asset (Liability)	Terms and Condition/ Settlement	Guaranty/ Settlement /Provision
		2014		
Stockholders				
1. Due from		₱1,042,823,252	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances made	₱766,898,653			
• Payments received	16,872,110			
2. Deposit for future stocks subscription		(177,000,000)	To be converted into equity upon approval of SEC; noninterest-bearing	Unsecured; no significant warranties and covenants
• Deposits received	177,000,000			

(Forward)

(Carryforward)

		2014		
Category	Amount/Volume	Outstanding Balance - Asset (Liability)	Terms and Condition/ Settlement	Guaranty/ Settlement /Provision
Associates				
3. Due from–net		18,001,597	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Accounts written off	(62,500,000)			
• Advances made	7,762,643			
• Reclassification	(383,972)			
• Allowance for impairment	(40,000)			
4. Due to		–	No definite repayment dates; collectible in cash on demand and noninterest-bearing	Unsecured; no significant warranties and covenants
• Payments made	344,126			
Affiliates				
5. Due from		16,800,667	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances made	16,713,743			

f. Compensation paid to key management personnel for the years then ended December 31, 2015 and 2014 amounted to ₱2,054,817 and ₱2,848,619, respectively.

Below are the account balances as of December 31, 2015 and 2014 on the separate financial statements of the companies within the Group which were eliminated upon consolidation:

- Receivables/Payables

	2015					
	Payables					
	TWMRSI	WGVI	SREDC	ADHI	LTSI	Total
Receivables:						
GHI	₱233,392,618	₱65,887,634	₱9,756,532	₱103,230	₱110,250	₱309,250,264
WGVI	120,870	–	181,613	–	–	302,483
	₱233,643,864	₱66,336,303	₱9,938,145	₱103,230	₱110,250	₱309,552,747

	2014					
	Payables					
	TWMRSI	WGVI	SREDC	ADHI	LTSI	Total
Receivables:						
GHI	₱233,522,494	₱–	₱–	₱–	₱–	₱233,522,494
GHI	–	66,269,531	–	–	–	66,269,531
GHI	–	–	7,196,093	–	–	7,196,093
GHI	–	–	–	₱4,280	–	4,280
GHI	–	–	–	–	6,250	6,250
	₱233,522,494	66,269,531	₱7,196,093	₱4,280	₱6,250	₱306,998,648

19. Equity

Capital Stock

On March 8, 2012, the SEC approved the increase in authorized capital stock from ₱1.0 billion divided into 100 billion shares with a ₱0.01 par value per share to ₱2.0 billion divided into 200.0 billion shares with a ₱0.01 par value per share.

On June 27, 2013, the BOD approved the restructuring of the authorized capital stock from 200.0 billion shares at ₱0.01 per share to 2.9 billion divided into 1.9 billion common shares at ₱1.0 par value per share and 1.0 billion preferred shares at ₱0.10 par value per share. The BOD likewise approved the conversion of ₱62.5 million worth of issued common shares to EHI into 625.0 million preferred shares with a par value of ₱0.10 per share. This was approved by SEC on September 11, 2014.

Further in July 2, 2014, the Parent Company issued additional 375.0 million preferred shares to EHI for ₱37.5 million at ₱0.10 par value per share.

The movement in the Group's common capital stock is shown below:

	2015	2014
Balance at beginning of year	**₱1,800,778,565**	₱1,859,528,565
Issuances and subscriptions of shares	**3**	3,750,000
Converted to preferred shares	**–**	(62,500,000)
Balance at end of year	**₱1,800,778,568**	₱1,800,778,565

The movement in the Group's preferred capital stock is shown below

	2015	2014
Balance at beginning of year	**₱100,000,000**	₱–
Converted from common shares	**–**	62,500,000
Issuances of shares	**–**	37,500,000
Balance at end of year	**₱100,000,000**	₱100,000,000

The rollforward analysis of the subscription receivable account from common capital stock is shown below:

	2015	2014
Balance at beginning of year	**₱97,500,000**	₱535,250,000
Collections during the year	**–**	(437,750,000)
Balance at end of year	**₱97,500,000**	₱97,500,000

In 2014, movement in subscription receivable balance pertains to payment made for the amount due to the Group.

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

Date of SEC Approval	Authorized Shares
September 11, 2014	2,000,000,000
March 8, 2012	200,000,000,000
June 22, 2011	100,000,000,000
October 15, 2009	5,000,000,000
June 24, 2008	2,450,000,000
December 28, 2007	1,120,000,000
September 7, 2007	160,000,000

The total number of shareholders of the Company is 1,026 and 1,025 as at December 31, 2015 and 2014, respectively.

The principal market for the Group's capital stock is the PSE. The high and low trading prices of the Group's shares are as follows:

Quarter	High	Low
January 2015 to December 2015		
First	₱0.47	₱0.46
Second	0.40	0.35
Third	0.37	0.37
Fourth	0.37	0.37

	High	Low
January 2014 to December 2014		
First	₱0.010	₱0.010
Second	0.010	0.010
Third	0.010	0.010
Fourth	0.520	0.490

Under an Investment Agreement dated August 15, 2012 with TLCIF, the latter subscribed to 20,776,856,000 primary shares of the Parent Company at an issue price of ₱0.02 per share, equivalent to ₱415,537,300, and the Parent Company issued two (2) Warrant 13 Certificates under the American call option covering 10,489,500,000 shares with a strike price of ₱0.02 per share and 10,489,500,000 shares of the Parent Company with a strike price of ₱0.03 per share, exercisable within 1 year and 3 years from issuance, respectively. The Parent Company may also issue stock warrants that would allow subscription of up to 8,123,999,500 shares of the Parent Company from its unissued authorized capital stock. The additional warrants shall contain the same terms and conditions as the warrants issued to TLCIF. The first warrant 13 certificates were not exercised in 2013. The second warrant was not exercised in 2015.

On November 15, 2012, the stockholders approved the issuance and listing of warrants in favor of the Parent Company's officers and directors under such terms and conditions to be determined by the BOD.

On May 13, 2015, Parent Company requested for a voluntary suspension in the trading of its securities in PSE (see Note 28).

20. General and Administrative Expenses

This account consists of:

	Notes	2015	2014	2013
Contractual services		**₱2,919,330**	₱3,470,368	₱2,712,029
Penalties and fines		**2,003,244**	154,748	–
Accounts written off	7,10,11,12,18	**1,798,525**	178,470,555	–
Professional fee		**1,529,435**	961,516	458,000
Utilities		**1,476,810**	1,249,737	41,299
Stock transfer and listing cost		**683,629**	897,667	1,907,329
Taxes and licenses		**131,638**	3,103,747	46,001
Depreciation	14	**587,426**	489,468	473,031
Repairs and maintenance		**525,350**	71,169	14,956
Fuel and oil		**216,847**	105,719	45,234
Representation and entertainment		**113,345**	174,900	264,491
Office supplies		**99,722**	34,897	129,510
Transportation and travel		**84,229**	425,937	504,465
Others		**3,507,238**	1,808,736	240,395
		₱15,676,768	₱191,419,164	₱6,836,740

Others includes training and seminars, bank charges, insurance, separation pay, research and development and office expenses.

21. Income Taxes

a. The current income tax expense in 2015 and 2014 pertains to minimum corporate income tax.

b. The reconciliation between the income tax expense computed at the statutory tax rate and the income tax shown in statements of comprehensive income follows:

	Note	2015	2014	2013
Income tax expense computed at statutory tax rate		**(₱45,967,898)**	(₱215,489,545)	(₱3,987,212)
Income tax effects of:				
Equity in net loss associate	12	**40,713,073**	105,710,248	202,800
Unrecognized deferred tax asset		**4,091,833**	4,522,943	4,073,025
Nondeductible expenses		**1,165,417**	124,127,820	82,646
Interest income subjected to final tax	6	**(2,425)**	(2,081)	(378,214)
Gain on reclassification of AFS investment to investment in associates	11	**–**	(18,869,385)	–
Unrecognized DTA on MCIT		**232**	266	1,897
		₱232	₱266	(₱5,058)

c. The Group has NOLCO which can be claimed as deduction against future taxable income for the next three years as follows:

Year	Amount	Expired	Ending Balance	Year of Expiry
2015	₱13,639,444	₱–	₱13,639,444	2018
2014	15,076,476	–	15,076,476	2017
2013	6,443,216	–	6,443,216	2016
2012	18,924,429	18,924,429	–	2015
	₱54,083,565	₱18,924,429	₱35,159,136	

d. The carryforward benefits of excess MCIT can be claimed as deduction from regular corporate income tax for the next three (3) years as follows:

Year	Amount	Expired	Ending Balance	Year of Expiry
2015	₱232	₱–	₱232	2018
2014	266	–	266	2017
2013	1,897	–	1,897	2016
2012	17,468	17,468	–	2015
	₱19,863	₱17,468	₱2,395	

e. RA No. 9504 that was enacted in 2008 amended various provisions in the existing 1997 National Internal Revenue Code among the forms introduced by the said RA was the option granted to corporation to avail of the optional standard deduction at 40% of gross income in lien of the itemized deduction scheme.

The Parent Company opted for the itemized deduction scheme for its income tax reporting in 2015 and 2014.

22. Loss per Share

Basic loss per share

	2015	2014
Net loss attributable to the equity holders of the Parent Company	**(₱149,763,225)**	(₱600,072,323)
Issued and subscribed common shares at beginning of year	**1,800,778,565**	1,859,258,565
Effect of issuance and subscription of common shares	**3**	3,437,500
Effect of conversion of common stocks to preferred stocks	–	(20,833,333)
Divided by weighted average number of common shares	**1,800,778,568**	1,842,132,732
Basic loss per share	**(₱0.08)**	(₱0.33)

The Group has no dilutive shares as of December 31, 2015 and 2014.

23. Non-controlling Interest

Noncontrolling interests represents the equity in subsidiaries not attributable directly or indirectly to the Parent Company. The details of the account are as follows:

	2015			
	Balance at beginning of year	Net loss for the year	Other comprehensive loss for the year	Balance at end of year
SREDC	₱259,853,612	(₱3,354,075)	(₱45,600)	₱256,453,937
TWMRSI	(114,297,142)	(58,298)	–	(114,355,440)
LSTI	74,767	(50,960)	–	23,807
	₱145,631,237	(₱3,463,333)	(₱45,600)	₱142,122,304

	2014					
	Balance at beginning of year	Effect of deconsolidation	Effect of business combination	Net loss for the year	Other comprehensive loss for the year	Balance at end of year
BHI	₱265,477,186	(₱265,477,186)	₱–	₱–	₱–	₱–
SREDC	–	–	263,036,045	(2,988,633)	(193,800)	259,853,612
LSTI	–	–	130,327	(55,560)	–	74,767
TWMRSI	885,090	–	–	(115,182,232)	–	(114,297,142)
	₱266,362,276	(₱265,477,186)	₱263,166,372	(₱118,226,425)	(₱193,800)	₱145,631,237

Other comprehensive loss pertains to fair value loss on AFS investment for the year attributable to non-controlling interest.

24. Financial Instruments

The following tables set forth the carrying values and estimated fair values of the Company's financial asset and liabilities recognized as of December 31, 2015 and 2014:

		2015			
	Note	Carrying value	Fair value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)
Financial assets:					
Cash	6	₱1,650,178	₱1,650,178	₱–	₱1,650,178
Receivables*	7	250,142,630	250,142,630	–	250,142,630
Due from related parties	18	800,704,464	800,704,464	–	800,704,464
AFS investments	11	370,000	370,000	370,000	–
		₱1,052,867,272	₱1,052,867,272	₱370,000	₱1,052,497,272
Financial liabilities:					
Trade and other payables**	16	₱18,891,174	₱18,891,174	₱–	₱18,891,174
Due to related parties	18	5,221,883	5,221,883	–	5,221,883
Loans payable	17	18,740,000	18,740,000	–	18,740,000
		₱42,853,057	₱42,853,057	₱–	₱42,853,057

		2014			
	Note	Carrying value	Fair value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)
Financial assets:					
Cash	6	₱3,826,833	₱3,826,833	₱–	₱3,826,833
Due from related parties	18	1,077,625,516	1,077,625,516	–	1,077,625,516
AFS investments	11	490,000	490,000	490,000	–
		₱1,081,942,349	₱1,081,942,349	₱490,000	₱1,081,452,349
Financial liabilities:					
Trade and other payables*	16	₱16,794,722	₱16,794,722	₱–	₱16,794,722
Loans payable	17	50,000,000	50,000,000	–	50,000,000
		₱66,794,722	₱66,794,722	₱–	₱66,794,722

**Excludes nonfinancial assets*

***Excludes deposit from customers and government payables.*

Methods and Assumption Used to Estimate Fair Value

The carrying value of cash, receivables, accounts payable and accrued expenses and due to and from related parties approximate the fair value due to the short-term nature of the transactions.

AFS investment in a listed company included in Level 1 is valued based on published prices. Loan payable is carried at the outstanding principal amount of the loan. The fair value of financial assets and liabilities included in Level 2 which are not traded in an active market are determined based on the expected cash flows of the underlying asset and liability based on the instrument where the significant inputs required to determine the fair value of such instrument are directly or indirectly observable.

The Group has no financial instruments that are carried at FVPL.

25. Financial Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks, which resulted from its operating, investing and financing activities. The Group's principal financial instruments comprise of cash, receivables, AFS investment, accounts payable and accrued expenses, loan payable and due to and from related parties. The main purpose of investing these financial instrument (assets) is to maximize interest yield and for capital appreciation. The main purpose of loan is to finance the Group's operations.

The Group's policies and guidelines cover credit risk, liquidity risk, interest rate risk and foreign currency risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's results and financial position. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principles.

- Credit Risk
  Credit risk refers to the risk that counterparty will default and/or fail to honor its financial or contractual obligations, resulting in financial loss to the Group. The Group only transacts with recognized and creditworthy counterparties, like investing in creditworthy equities.

  a. Credit Quality

  Below is the credit quality per class of the Group's financial assets as of December 31, 2015 and 2014

	2015			
	Neither past due nor impaired		Past due and	
	High Grade	Standard Grade	Impaired	Total
Cash	₱1,155,550	₱494,628	₱–	₱1,650,178
Receivables – net*	250,142,630	–	10,194,828	260,337,458
Due from related parties	800,704,464	–	39,717,922	840,422,386
AFS investment	370,000	–	–	370,000
	₱1,052,372,644	₱494,628	₱49,912,750	₱1,102,780,022

	2014			
	Neither past due nor impaired		Past due and	
	High Grade	Standard Grade	Impaired	Total
Cash	₱3,759,183	₱67,650	₱–	₱3,826,833
Receivables – net*	–	–	25,351,524	25,351,524
Due from related parties	1,077,625,516	–	39,717,922	1,117,343,438
AFS investment	490,000	–	–	490,000
	₱1,081,874,699	₱67,650	₱65,069,446	₱1,147,011,795

**Excludes nonfinancial asset.*

  High grade cash are placed, invested, or deposited in local banks belonging to the top 25 banks in the Philippines in terms of resources and profitability, otherwise cash in banks are considered standard.

  Standard grade accounts consist of receivables from its debtors with good financial condition and with relatively low defaults. Substandard grade accounts on the other hand, are receivables from other counterparties with history of defaulted payments.

  These counterparties include banks, customers and related parties who pay on or before due date.

  b. Credit risk exposure
  With respect to credit risk arising from other financial assets of the Group, which comprise of cash, receivables and due from related parties, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The table below summarizes the maximum exposure to credit risk for the components of the Group's financial assets as of December 31, 2015 and 2014.

	2015	2014
Cash in banks	**₱1,650,178**	₱3,819,032
Receivables–net*	**250,142,630**	–
Due from related parties–net	**800,704,464**	1,077,625,516
AFS investments	**370,000**	490,000
	₱1,052,867,272	₱1,081,934,548

**Excludes nonfinancial assets.*

c. Risk concentrations of the maximum exposure to credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

The Group is not exposed to large concentration of credit risks.

d. Impairment assessment
The Group recognizes impairment losses based on the results of the specific/individual assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is inability to pay principal or interest overdue, if any, beyond a certain threshold. These and other factors constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The Company applies specific/individual assessment methodology in assessing and measuring impairment.

Under specific/individual assessment, the Group assesses each individual significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment. Among the items and factors considered by the Company when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; (e) the availability of other sources of financial support; and, (f) the existing realizable value of collateral, if any. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

- Liquidity Risk
  The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and cover its operating costs. The Group's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. Additional short-term funding is obtained from related party advances.

  Maturity Profile
  The maturity profile of the Group's financial assets and liabilities are presented below:

	2015			
	On demand	Less than one year	Due beyond one year but not more than five years	Total
Financial assets				
Cash	₱1,650,178	₱–	₱–	₱1,650,178
Receivables*	–	250,142,630	–	250,142,630
Due from related parties	800,704,464	–	–	800,704,464
AFS investments	–	370,000	–	370,000
	₱802,354,642	₱250,512,630	₱–	₱1,052,867,272
Financial Liabilities				
Trade and other payables**	₱–	₱18,891,174	₱–	₱18,891,174
Due to related parties	5,221,883	–	–	5,221,883
Loans payable	–	15,030,000	3,710,000	18,740,000
	₱5,221,883	₱33,921,174	₱3,710,000	₱42,853,057

	2014			
	On demand	Less than one year	Due beyond one year but not more than five years	Total
Financial assets				
Cash	₱3,826,833	₱–	₱–	₱3,826,833
Due from related parties	1,077,625,516	–	–	1,077,625,516
AFS investments	–	490,000	–	490,000
	₱1,081,452,349	₱490,000	₱–	₱1,081,942,349
Financial Liabilities				
Trade and other payables**	₱–	₱16,794,722	₱–	₱16,794,722
Loans payable	–	–	50,000,000	50,000,000
	₱–	₱16,794,722	₱50,000,000	₱66,794,722

**Excludes nonfinancial assets*
***Excludes deposit from customers and government payables*

- Foreign Currency risk
  Currency risk arises when transactions are denominated in foreign currency. The company is not exposed to significant foreign currency risk given that the company's foreign currency denominated financial assets which pertains to cash in bank is not significant in amount.

- Market risks
  Market risk refers to the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates, and agricultural production and prices will affect the Group's income. That objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

  There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk. The Group is subject to the following market risks:

  a. *Interest Rate Risk*
  The Group is exposed to interest rate fluctuations on their cash in banks and loan payable. Other financial assets and liabilities which principally arise in the ordinary course of its operations are generally short-term and non-interest bearing.

  Historically, the rate fluctuations relative to its cash in banks are minimal. Interest rates in 2015 and 2014 are less than 1%.

  b. *Equity Price Risk*
  Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. Changes in fair value of available-for-sale equity instruments due to a reasonably possible change in equity indices, with all other variables held constant will increase equity by ₱3,700, if equity prices will increase by 1%. An equal change in the opposite direction would have decreased equity by the same amount.

26. **Capital Management**

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and maintains healthy ratios in order to support its business and maximize shareholders' value.

The Group considers the following accounts as its capital:

	2015	2014
Capital stock	**₱1,803,278,568**	₱1,803,278,565
Additional paid-in capital	**268,090,531**	268,090,531
Deficit	**(1,013,153,859)**	(863,390,634)
Equity in other comprehensive income (loss) of an associate	**(10,046,002)**	7,731,244
Fair value loss on AFS investments	**(390,600)**	(316,200)
	₱1,047,778,638	₱1,215,393,506

The Group manages capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity.

The debt-to-equity ratios as at December 31, 2015 and 2014 follow:

	2015	2014
Total debt	**₱234,569,545**	₱243,922,479
Total equity	**1,047,778,638**	1,215,393,506
Debt-to-equity ratio	**0.224:1.00**	0:201:1.00

The Group had not been subjected to externally imposed capital requirements in 2015 and 2014. No changes were made pin the objectives, policies, and processes during the years ended December 31, 2015 and 2014.

27. **Segment Reporting**

Business Segments
For management purposes, the Group is organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The industry segments where the Group operates are as follows:
a. The Holding segment is engaged in investment holding;
b. The Renewal energy segment is engaged in the business and/or operation of renewable energy system and/or harnessing renewable energy resources;
c. The Waste management segment is engaged in the business of building, operating and managing waste recovery facilities; and
d. The Semiconductor segment is engaged in the manufacturing, development, sales, marketing and logistics of semiconductor products.

Segment Assets and Liabilities
Segment assets and liabilities include all operating assets used by a segment and consists principally of operating cash, receivables, due to related parties, property and equipment and investment property. Segment liabilities include all operating liabilities and consist principally of trade and other payables and loans.

Segment Transactions
Segment income, expenses and performance include income and expenses from operations. Intercompany transactions are eliminated in consolidation.

Segment Financial Information

The segment financial information is presented as follows:

2015	Holding	Renewable Energy	Waste Management	Real Estate	Information technology	Total
Share in loss of an associate	(₱135,710,242)	₱–	₱–	₱–	₱–	(₱135,710,242)
General and administrative expenses	(7,908,586)	(59,165)	(118,999)	(6,898,592)	(104,000)	(15,089,342)
Depreciation	(489,892)	–	–	(97,534)	–	(587,426)
Other operating expense - net	(21,826)	–	–	–	–	(21,826)
Foreign exchange gain (loss)	9,069	–	–	–	–	9,069
Interest income	1,749	1,848	23	4,466	–	8,086
Income tax expense	(185)	–	–	(47)	–	(232)
Miscellaneous income	160	–	–	2,367	–	2,527
Interest expense	–	–	–	(1,837,172)	–	(1,837,172)
Net loss	(144,119,753)	(57,317)	(118,976)	(8,826,512)	(104,000)	(153,226,558)
Income tax expense	185	–	–	47	–	232
Depreciation	489,892	–	–	97,534	–	587,426
EBITDA	(₱143,629,676)	(₱57,317)	(₱118,976)	(₱8,728,931)	(₱104,000)	(₱152,638,900)
Assets and Liabilities						
Segment assets	₱740,281,533	₱460,839	₱41,118	₱683,421,024	₱265,973	₱1,424,470,487
Segment liabilities	₱195,554,129	₱1,198,116	₱11,850	₱37,744,840	₱60,610	₱234,569,545

2014	Holding	Renewable Energy	Waste Management	Real Estate	Information technology	Total
Share in loss of an associate	(₱352,367,493)	₱–	₱–	₱–	₱–	(₱352,367,493)
General and administrative expenses	(98,813,337)	(85,042,980)	(58,005)	(6,901,987)	(113,387)	(190,929,696)
Gain on reclassification of AFS investment to investment in associates	62,897,949	–	–	–	–	62,897,949
Foreign exchange loss	(1,123,523)	–	–	–	–	(1,123,523)
Depreciation	(489,468)	–	–	–	–	(489,468)
Interest expense	(294,000)	–	–	(964,452)	–	(1,258,452)
Other operating expense - net	(40,000)	(235,008,036)	–	–	–	(235,048,036)
Miscellaneous income	13,300	–	–	–	–	13,300
Interest income	5,478	75	260	1,124	–	6,937
Income tax expense	(256)	–	–	(10)	–	(266)
Net loss	(390,211,350)	(320,050,941)	(57,745)	(7,865,325)	(113,387)	(718,298,748)
Income tax expense	256	–	–	10	–	266
Depreciation	489,468	–	–	–	–	489,468
EBITDA	(₱389,721,626)	(₱320,050,941)	(₱57,745)	(₱7,865,315)	(₱113,387)	(₱717,809,014)
Assets and Liabilities						
Segment assets	₱902,321,503	₱4,420	₱157,249	₱702,198,078	₱265,973	₱1,604,947,223
Segment liabilities	₱193,429,863	₱29,900	₱84,673	₱50,317,433	₱60,610	₱243,922,479

Currently, the Group's operation is only in the Philippines, hence no geographical segment. The Group however has its operating segments in different regions of the country.

28. **Other matters**

On Voluntary Trading Suspension

On May 13, 2015, the Parent Company requested for a voluntary suspension in the trading of its securities in the PSE. The request was filed in order to prevent any unusual volatility in the trading of the Parent Company's securities that may cause investor panic as a result of a news article on the inclusion of certain bank accounts of the Parent Company being included in a Freeze Order issued by the Court of Appeals.

On said date, the PSE suspended the trading of the Parent Company's securities until further notice.

On Civil Forfeiture

On December 14 and 15, 2015 the Regional Trial Court of the City of Manila, Branch 53, (the "Court") placed under asset preservation specified bank accounts of (i) Parent Company and (ii) SREDC, a subsidiary of the Parent Company (the "Order"). The Order was predicated solely on the allegation made by the Anti-Money Laundering Council ("AMLC") that multiple transactions involving receipt of inward remittances and inter-branch fund transfers between Parent Company, SREDC, and related corporations were allegedly without any underlying legal or trade obligation, purpose, or economic justification and/or that they were allegedly not commensurate to the business or financial capacity of the parties involved.

The rules on confidentiality and *sub judice* bar the Parent Company from publicly going into the details of the ongoing proceedings with the Court; however, the Parent Company wishes to draw attention to the disclosures dated June 30, 2014 and July 1, 2, 3, 7 and 10, 2014 (Material Disclosures") lodged by the Parent Company with the PSE (hence, already public and readily accessible) that would show that the receipts and transmittals involving the corporations had economic justifications and involved business transactions, which were timely made public.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SUMMARY OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS
DECEMBER 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics				
PFRSs Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Annual Improvements (2009-2011 Cycle): Repeated Application of PFRS 1			✓
	Annual Improvements (2009-2011 Cycle): First-time Adoption of PFRS – Borrowing Cost			✓
	Annual Improvements (2011-2013 Cycle): First-time Adoption of PFRS – Meaning of Effective PFRS			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓**
	Annual Improvements (2010-2012 Cycle): Definition of Vesting Condition			✓**
PFRS 3 (Revised)	Business Combinations			✓**
	Annual Improvements (2010-2012 Cycle): Accounting for Contingent Consideration in a Business Combination			✓
	Annual Improvements (2011-2013 Cycle): Scope Exceptions for joining Arrangements			✓

*These are effective subsequent to December 31, 2014.
**Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓**
	Annual Improvements (2012-2014 Cycle): Noncurrent Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*		✓	
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓**
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓**
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓**
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities			✓**
	Annual Improvements (2012-2014 Cycle): Financial Instruments: Disclosure – Servicing Contracts*		✓	
	Annual Improvements (2012-2014 Cycle): Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*		✓	
PFRS 8	Operating Segments	✓		
	Annual Improvements (2010-2012 Cycle): Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*		✓	
PFRS 9	Financial Instruments*		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓**
	Amendments to PFRS 9: Financial Instruments – Classifications and Measurement*		✓	
PFRS 10	Consolidated Financial Statements			✓
	Amendments for Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities – Applying the Consolidation Exception*		✓	
	Amendment to PFRS 10: Consolidated Financial Statements and PAS 28: Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate and Joint Venture*		✓	

*These are effective subsequent to December 31, 2015.
**Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11, Accounting for Acquisitions of Interests in Joint Operations*		✓	
PFRS 12	Disclosure of Interests in Other Entities	✓**		
	Amendments for Investment Entities*		✓	
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements (2010-2012 Cycle): Short-term Receivables and Payables	✓		
	Annual Improvements (2011-2013 Cycle): Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts*		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓**
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Annual Improvements (2009-2011 Cycle): Clarification of the Requirements for Comparative Information	✓		
	Amendment to PAS 1: Presentation of Financial Statements – Disclosure Initiative*		✓	
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓**
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements (2009-2011 Cycle): Classification of Servicing Equipment			✓**
	Annual Improvements (2010-2012 Cycle): Revaluation Method – Proportionate Restatement of Accumulated Depreciation			✓**
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable

*These are effective subsequent to December 31, 2015.
**Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amendment to PAS 16: Property, Plant and Equipment and PAS 38: Intangible Assets – Classification of Acceptable Methods of Depreciation and Amortization*		✓	
	Amendment to PAS 16: Property, Plant and Equipment and PAS 41: Agriculture – Bearer Plants*		✓	
PAS 17	Leases			✓**
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures*		✓	
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19 – Defined Benefit Plans: Employee Contributions			✓
	Annual Improvements (2012 – 2014 Cycle): Employee Benefits – Regional Market Issue Regarding Discount Rate*		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓**
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓**
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements (2010-2012 Cycle): Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments in Investment Entities			✓
	Amendments to PAS 27: Separate Financial Statements – Equity Method in Separate Financial Statements*		✓	
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		

*These are effective subsequent to December 31, 2015.
**Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓**
	Amendment to PAS 32: Classification of Rights Issues			✓**
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Annual Improvements (2009-2011 Cycle): Presentation – Tax effect of Distribution to Holders of Equity Instruments			✓**
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Annual Improvements (2009-2011 Cycle): Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓**
	Annual Improvements (2012 – 2014 Cycle): Interim Financial Reporting – Disclosure of information elsewhere in the Interim Financial Report*		✓	
PAS 36	Impairment of Assets	✓		
	Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets			✓**
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Annual Improvements (2010-2012 Cycle): Revaluation Method – Proportionate Restatement of Accumulated Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓**
	Amendments to PAS 39: The Fair Value Option			✓**
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓**
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓**
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✓**
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓**
	Amendment to PAS 39: Eligible Hedged Items			✓**
	Amendment to PAS 39: Novations of Derivatives and Continuation of Hedge Accounting			✓**

*These are effective subsequent to December 31, 2015.
**Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 40	Investment Property	✓		
	Annual Improvements (2011-2013 Cycle): Investment Property			✓
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓**
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓**
IFRIC 8	Scope of PFRS 2			✓**
IFRIC 9	Reassessment of Embedded Derivatives			✓**
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓**
IFRIC 10	Interim Financial Reporting and Impairment			✓**
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓**
IFRIC 12	Service Concession Arrangements			✓**
IFRIC 13	Customer Loyalty Programmes			✓**
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓**
IFRIC 15	Amendments to Philippine Interpretations IFRIC- 15, Agreements for Construction of Real Estate*		✓	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓**
IFRIC 17	Distributions of Non-cash Assets to Owners			✓**
IFRIC 18	Transfers of Assets from Customers			✓**
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓**
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
SIC-7	Introduction of the Euro			✓

*These are effective subsequent to December 31, 2015.
**Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓**
SIC-15	Operating Leases - Incentives	✓		
SIC 21	Income Taxes – Recovery of Revalued Non-depreciable assets	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓**
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓**
SIC-32	Intangible Assets - Web Site Costs			✓**

*These are effective subsequent to December 31, 2015.
**Adopted but no significant impact

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BAKER TILLY
INTERNATIONAL

ConstantinoGuadalquiver& Co.
Certified Public Accountants

22nd Floor Citibank Tower
8741 Paseo de Roxas Street
Salcedo Village, Makati City, Philippines
Telephone (+632) 848-1051
Fax (+632) 728-1014
E-mail address:mail@cgco.com.ph

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and Board of Directors
Greenergy Holdings Incorporated and Subsidiaries
54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries as at December 31, 2015 and 2014, and for each of the two years ended December 31, 2015 included in this Form 17-A and have issued our report thereon dated October 24, 2016. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purpose of complying with the Securities Regulation Code Rule 68.1 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respect the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

CONSTANTINO GUADALQUIVER & CO.
BOA Registration No. 0213, valid until December 31, 2016
SEC Accreditation No. (AN) 0003-FR-3, valid until November 10, 2017 (Group A)
TIN 000-451-068-000
BIR AN 08-001507-0-2014, valid until January 5, 2018

By:

ROGELIO M. GUADALQUIVER
Partner
CPA License No. 13608
SEC AN 0017-AR-3, valid until December 16, 2017 (Group A)
TIN 123-305-015-000
BIR AN 08-001507-1-2014, valid until January 5, 2018
PTR No. 5359248, issued on January 27, 2016, Makati City

Makati City, Philippines
October 24, 2016

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2015

TABLE OF CONTENTS

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS

		Carrying Value		Fair Value
Cash on hand	₱	-	₱	-
Loans and receivables				
Cash in bank		1,650,178		1,650,178
Receivables		250,142,630		250,142,630
Due from a related parties		800,704,464		800,704,464
AFS investments		370,000		370,000
	₱	1,052,867,272	₱	1,052,867,272

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE
:IAL STATEMENTS

Intercompany Receivable and Payables

	Payables					
	TWMRSI	WGVI	SREDC	ADHI	LTSI	Total
Receivables:						
GHI	233,392,618	65,887,634	9,756,532	103,230	110,250	309,250,264
WGVI	120870	–	181,613	–	–	302,483
	233,513,488	65,887,634	9,938,145	103,230	110,250	309,552,747

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE E – LONG-TERM DEBTS

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Availed	Outstanding balance	Short-term Debt	Long-term Debt: Current Portion of Long-term Debt	Noncurrent Portion of Long-term Debt: Maturity Date	Noncurrent Portion of Long-term Debt: Amount
In the books of the Subsidiaries							
Philtrust Bank (SREDC)	50,000,000	50,000,000	18,740,000	–	15,030,000	2017	3,710,000
	50,000,000	50,000,000	18,740,000	–	15,030,000		3,710,000

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCK

Title of Issue	Number of Shares: Authorized	Number of Shares: Issued and Outstanding	No. of Shares Reserved for Options, etc.	Number of Shares Held by: Affiliates	Number of Shares Held by: Directors, Officers, and Employees	Number of Shares Held by: Others
Common share at P1 par value	1,900,000,000	1,803,278,568	-	621,268,563	-	1,182,010,005
Preferred share at P0.10 par value	1,000,000,000	100,000,000	-	100,000,000	-	-
	2,900,000,000	1,903,278,568	-	721,268,563	-	1,182,010,005

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Fax (+632) 728-1014
E-mail address:mail@cgco.com.ph

SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Greenergy Holdings Incorporated and Subsidiaries
54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries as at December 31, 2015 and 2014, and for each of the two years ended December 31, 2015 and have issued our report thereon dated October 24, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Financial Soundness Indicators is the responsibility of the Group's management. This schedule is presented for purpose of complying with the Securities Regulation Code Rule 68, As Amended (2011), and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respect the information required to be set forth therein in relation to the basic financial statements taken as a whole.

CONSTANTINO GUADALQUIVER & CO.
BOA Registration No. 0213, valid until December 31, 2016
SEC Accreditation No. (AN) 003-FR-3, valid until November 10, 2017 (Group A)
TIN 000-451-068-000
BIR AN 08-001507-0-2014, valid until January 5, 2018

By:

ROGELIO M. GUADALQUIVER
Partner
CPA Certificate No. 13608
SEC AN 0017-AR-3, valid until December 16, 2017 (Group A)
TIN 123-305-015-000
BIR AN 08-001507-1-2014, valid until January 5, 2018
PTR No. 5359248, issued on January 27, 2016, Makati City

Makati City, Philippines
October 24, 2016

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

FINANCIAL KEY PERFORMACE INDICATOR	DEFINITION	FOR THE YEAR ENDED 2015	2014
Current/Liquidity Ratio			
Current ratio	Current Assets / Current Liabilities	4.63	5.64
Quick ratio	Current Assets - Inventory - Prepayments / Current Liabilities	4.61	5.58
Solvency ratio / Debt to equity ratio	Total Liabilities / Equity	0.20	0.15
Asset to equity ratio	Total Assets / Equity	1.20	6.58
Interest rate coverage ratio	Income Before Tax / Finance Cost	(83.40)	(571.70)
Profitability Ratio			
Return on assets	Net Income / Average Total Assets	(0.10)	(0.46)
Return on equity	Net Income / Average Total Equity	(0.12)	(0.50)

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
LIST OF TOP 20 STOCKHOLDERS OF RECORD

Name of Stockholder	Subscribed	Outstanding
Common		
PCD Nominee Corp. (Filipino)	369,640,150	20.53%
ThomasLloyd Cleantech Infrastucture Fund GmbH	207,768,560	11.54%
Earthright Holdings, Inc.	187,500,000	10.41%
Sunchamp Real Estate and Development Corporation*	176,000,000	9.77%
Three Star Capital Limited (BVI)	110,000,000	6.11%
PPAR Management & Holdings Corporation	58,000,000	3.22%
Southern Field Limited (BVI)	55,000,000	3.05%
Jerry G. Yu	52,000,000	2.89%
Ann Loraine B. Tiu	51,500,000	2.86%
ARC Estate & Project Corporation	50,000,000	2.78%
Mark Kenrich Duca	50,000,000	2.78%
Hung Kamtin	40,000,000	2.22%
Paul Vincent Lee	36,000,000	2.00%
Jaime L. Tiu	30,000,000	1.67%
James L. Tiu	30,000,000	1.67%
Prestejenchrisdan (PSJCD) Inc.	30,000,000	1.67%
Sure Anthony T. Ching	30,000,000	1.67%
Jose Marie E. Fabella	30,000,000	1.67%
Leonardo S. Gayao	28,000,000	1.55%
Mark Kenneth Duca	25,000,000	1.39%
Others	154,369,858	8.57%
	1,800,778,568	100.00%

**On 6 August 2014, the 176,000,000 common shares of the Company in the name of SREDC were sold. However, as of 31 December 2015, the Certificates Authorizing Registration ("CARs") covering the sale of the common shares had not yet been issued by the Bureau of Internal Revenue ("BIR").*

Name of Stockholder	Total Numbers of Shares Subscribed	Percent to Total Outstanding
Preferred		
Earthright Holdings, Inc.	100,000,000	100.00%
	100,000,000	100.00%

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SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Greenergy Holdings Incorporated and Subsidiaries
54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries as at December 31, 2015 and 2014, and for each of the two years ended December 31, 2015 and have issued our report thereon dated October 24, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Retained Earnings Available for Dividend Declaration is the responsibility of the Group's management. This schedule is presented for the purpose of complying with SEC Memorandum Circular No. 11, Series of 2008 and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states in all material respect the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

CONSTANTINO GUADALQUIVER & CO.
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TIN 000-451-068-000
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By:

ROGELIO M. GUADALQUIVER
Partner
CPA License No. 13608
SEC AN 0017-AR-3, valid until December 16, 2017 (Group A)
TIN 123-305-015-000
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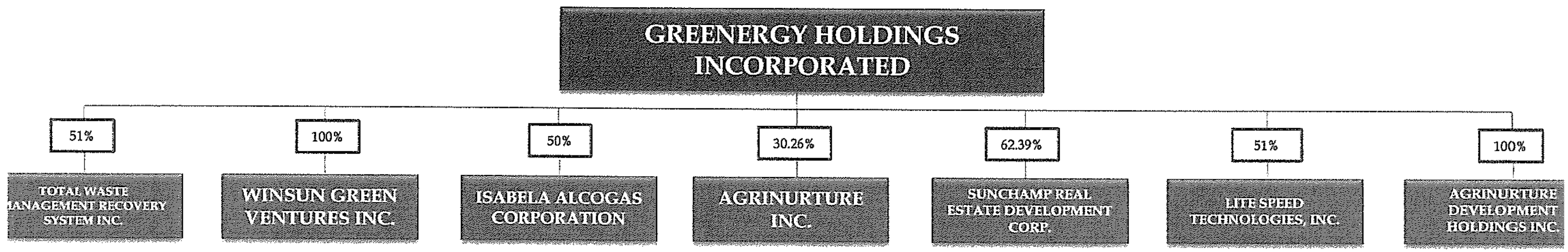
PTR No. 5359248, issued on January 27, 2016, Makati City

Makati City, Philippines
October 24, 2016

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2015

Unappropriated Retained Earnings, beginning	₱	(713,298,494)
Add (Deduct): Non-actual losses (Net profit on the face of audited financial statements)		(505,922,525)
Less: Non-actual/unrealized income net of tax		
· Equity in net income of associate/joint venture		–
· Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents) unrealized actuarial gain		–
· Fair value adjustment (M2M gains)		–
· Fair value adjustment of investment property resulting to gain adjustment due to deviation from PFRS/GAAP-gain		–
· Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (Income tax benefit)		
- Gain on reclassification from AFS investment to investment in associate		–
- Change in deferred tax assets (excluding net change in deferred tax asset in Other comprehensive income and loss)		–
· Depreciation on revaluation increment (after tax)		–
· Adjustment due to deviation from PFRS /GAAP - loss		–
· Loss on fair value adjustment of investment property (after tax)		–
Net Income Actual/Realized		(505,922,525)
Unappropriated Retained Earnings, as adjusted, ending	**₱**	**(1,219,221,019)**


GREENERGY HOLDINGS INCORPORATED
51%
TOTAL WASTE MANAGEMENT RECOVERY SYSTEM INC.
100%
WINSUN GREEN VENTURES INC.
50%
ISABELA ALCOGAS CORPORATION
30.26%
AGRINURTURE INC.
62.39%
SUNCHAMP REAL ESTATE DEVELOPMENT CORP.
51%
LIFE SPEED TECHNOLOGIES, INC.
100%
AGRINURTURE DEVELOPMENT HOLDINGS INC.

ANNEX "B"

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 0 9 2 - 0 0 5 8 9

Company Name

G R E E N E R G Y   H O L D I N G S

I N C O R P O R A T E D

Principal Office (No./Street/Barangay/City/Town)Province)

5 4   N A T I O N A L   R O A D ,   D A M P O L   I I - A

P U L I L A N ,   B U L A C A N

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
kenneth.tan@ani.com.ph	(02) 893-2687	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1,026	Second Friday of June	Dec-31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
KENNETH TAN	kenneth.tan@ani.com.ph	(02) 893-2687	N/A

Contact Person's Address

NO. 7 ST. JOSE MARIA ESCRIVA DRIVE, UNIT 112, CEDAR MANSION, ORTIGAS CENTER, PASIG CITY

Note: In case of death, resgination 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.

GREENERGY Holdings

GREENERGY HOLDINGS INCORPORATED
(formerly Music Semiconductors Corp.)
54 National Road, Dampol II
Pulilan, Bulacan

October 24, 2016

The Securities and Exchange Commission
SECBuilding, EDSA, Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The management of **Greenergy Holdings Inc** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with the prescribed financial reporting framework. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submit the same to the stockholders or members.

Constantino Guadalquiver & Co., the independent auditor and appointed by the stockholders for the period December 31, 2015 and 2014, respectively has examined the financial statements of the company in accordance with Philippine Standards on Auditing and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

ANTONIO L. TIU
Chairman of the Board

ANTONIO L. TIU
President

Kenneth Tan

KENNETH S. TAN
Treasurer/Chief Financial Officer

24 OCT 2016

SUBSCRIBED AND SWORN to before me this _____ day of ______, affiant exhibiting to me his Community Tax Certificate No. _______________, issued at ___________on __________, _____.

Doc. No. 94
Page No. 19
Book No. XXXVI-A
Series of 16

B. F. Alfonso
ATTY. BENJAMIN F. ALFONSO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2017
PTR NO. 2147797 / 01-04-2016 / Q.C.
IBP NO. 1015354 / 01-04-2016 / Q.C.
ROLL NO. 13296
MCLE COMPLIANCE NO. 1-0018824

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E-mail address:mail@cgco.com.ph

INDEPENDENT AUDITORS' REPORT

The Stockholders and Board of Directors
Greenergy Holdings Incorporated
54 National Road, Dampol II-A
Pulilan, Bulacan

Report on Financial Statements

We have audited the accompanying Parent Company financial statements of Greenergy Holdings Incorporated which comprise the Parent Company statements of financial position as of December 31, 2015 and 2014, and the Parent Company statements of comprehensive income, Parent Company statements of changes in equity and Parent Company statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Parent Company financial statements in accordance with Philippine Financial Reporting, and for such internal control as management determines is necessary to enable the preparation of Parent Company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Parent Company financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Parent Company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Greenergy Holdings Incorporated as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended December 31, 2015 and 2014, in accordance with Philippine Financial Reporting Standards.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010 and 2-2014

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information under Revenue Regulations 15-2010 and 2-2014 on Note 23 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management of Greenergy Holdings Incorporated. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

CONSTANTINO GUADALQUIVER & CO.
BOA Registration No. 0213, valid until December 31, 2016
SEC Accreditation No. (AN) 003-FR-3, valid until November 10, 2017 (Group A)
TIN 000-451-068-000
BIR AN 08-001507-0-2014, valid until January 5, 2018

By:

ROGELIO M. GUADALQUIVER
Partner
CPA License No. 13608
PTR No. 5359248
Makati City, Philippines
October 24, 2016

BUREAU OF INTERNAL REVENUE
RDO NO. 25A - PLARIDEL, BULACAN
RECEIVED
OCT 26 2016
ERMINIA H. NICOLAS
COLLECTION SECTION

GREENERGY HOLDINGS INCORPORATED

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

(Amounts in Philippine Pesos)

	Note		2015		2014
ASSETS					
Current Assets					
Cash	6	₱	**231,789**	₱	2,139,958
Receivables - net	7		**250,782,649**		458,914
Due from related parties - net	15		**172,281,299**		425,966,750
Other current assets - net	9		**551,859**		589,066
Total Current Assets			**423,847,596**		429,154,688
Noncurrent Assets					
Investment in an associate	11		**321,347,141**		819,470,878
Investment in subsidiaries - net	12		**365,221,873**		365,221,873
Property and equipment - net	13		**133,547**		623,439
Total Noncurrent Assets			**686,702,561**		1,185,316,190
		₱	**1,110,550,157**	₱	1,614,470,878
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	14	₱	**18,318,547**	₱	16,502,327
Deposit for future stock subscription	15		**177,000,000**		177,000,000
Due to a related party	15		**185,581**		-
Total Current Liabilities			**195,504,128**		193,502,327
Equity					
Capital stock	16		**1,803,278,568**		1,803,278,565
Additional paid-in capital			**268,090,531**		268,090,531
Deficit			**(1,156,323,070)**		(650,400,545)
Total Equity			**915,046,029**		1,420,968,551
		₱	**1,110,550,157**	₱	1,614,470,878

See accompanying Notes to Financial Statements.

GREENERGY HOLDINGS INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	2015	2014
GENERAL AND ADMINISTRATIVE EXPENSES	17	₱ **506,445,092**	₱ 419,688,944
OTHER INCOME (CHARGES)			
Reversal of allowance for impairment losses		**511,773**	-
Realized foreign exchange gain (loss)	6, 8	**9,070**	(1,123,523)
Interest income	6	**1,749**	5,478
Gain on reclassification of AFS investment to investment in associate	10	**-**	62,897,949
Interest expense		**-**	(294,000)
Miscellaneous income		**160**	12,800
		522,752	61,498,704
LOSS BEFORE INCOME TAX		**505,922,340**	358,190,240
INCOME TAX EXPENSE	18	**185**	256
NET LOSS		₱ **505,922,525**	₱ 358,190,496

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
RDO 25A - PLARIDEL, BULACAN
RECEIVED
OCT 26 2016
HERMINIA H. NICOLAS
COLLECTION SECTION

GREENERGY HOLDINGS INCORPORATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Amounts in Philippine Pesos)

	Note	2015	2014
CAPITAL STOCK	16		
Authorized – 1,900,000,000 common shares at P1.00 par value			
Balance at beginning of year		₱ **1,800,778,565**	₱ 1,859,528,565
Issuance during the year		**3**	3,750,000
Converted to preferred shares		–	(62,500,000)
Balance at end of year		**1,800,778,568**	1,800,778,565
Authorized – 1,000,000,000 preferred shares at P0.10 par value			
Balance at beginning of year		**100,000,000**	–
Issuance during the year		–	37,500,000
Converted from common shares		–	62,500,000
Balance at end of year		**100,000,000**	100,000,000
Subscription receivable			
Beginning of the year		**97,500,000**	535,250,000
Increase (decrease) during the year		–	(437,750,000)
Balance at end of year		**97,500,000**	97,500,000
		1,803,278,568	1,803,278,565
SHARE PREMIUM			
Balance at beginning and end of year		**268,090,531**	268,090,531
FAIR VALUE LOSS ON AFS INVESTMENTS	10		
Balance at beginning of year		–	(54,428,547)
Unrealized loss during the year		–	117,326,496
Reclassification to profit or loss		–	(62,897,949)
Balance at beginning and end of year		–	–
DEFICIT			
Balance at beginning of year		**(650,400,545)**	(292,210,049)
Net loss for the year		**(505,922,525)**	(358,190,496)
Balance at end of year		**(1,156,323,070)**	(650,400,545)
		₱ **915,046,029**	₱ 1,420,968,551

See accompanying Notes to Financial Statements.

GREENERGY HOLDINGS INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**₱ (505,922,340)**	₱ (358,190,240)
Adjustments for:			
Provision for impairment losses	9, 11, 12, 15, 17	**498,145,563**	325,519,525
Accounts written off	7, 9, 11, 15	**1,798,525**	88,174,956
Reversal of allowance for impairment loss	15	**(511,773)**	-
Depreciation	13, 17	**489,892**	489,468
Interest income	6	**(1,749)**	(5,478)
Gain on reclassification fom AFS investment to investment in associate	10	**-**	(62,897,949)
Operating loss before working capital changes		**(6,001,882)**	(6,909,718)
Increase in:			
Receivables	7	**(181,102)**	(6,751)
Other current assets	9	**(86,734)**	(198,060)
Increase in trade and other payables	14	**1,816,220**	14,688,793
Net cash generated from (used in) operations		**(4,453,498)**	7,574,264
Interest received	6	**1,749**	5,478
Income taxes paid		**-**	(2,153)
Net cash provided by (used in) operating activities		**(4,451,749)**	7,577,589
CASH FLOWS FROM AN INVESTING ACTIVITIES			
Payments received from related parties	15	**8,440,760**	17,256,082
Advances made to related parties	15	**(6,082,761)**	(142,741,353)
Additions to AFS investments	10	**-**	(512,971,599)
Proceeds from sale of assets classified as held for sale	8	**-**	400,522,380
Additions to investment in subsidiaries	12	**-**	(310,221,873)
Additions to investment in associate	11	**-**	(113,744,736)
Additions to property and equipment	13	**-**	(8,499)
Net cash provided by (used in) investing activities		**2,357,999**	(661,909,598)
CASH FLOWS FROM A FINANCING ACTIVITIES			
Advances received from a related party	15	**185,581**	-
Proceeds from issuance of capital stock	16	**-**	479,000,000
Payments made to related parties	15	**-**	(336,626)
Deposits received from future stock subscription	16	**-**	177,000,000
Net cash provided by financing activities		**185,581**	655,663,374
NET INCREASE (DECREASE) IN CASH		**(1,908,169)**	1,331,365
CASH AT BEGINNING OF YEAR		**2,139,958**	808,593
CASH AT END OF YEAR		**₱ 231,789**	₱ 2,139,958

See accompanying Notes to Financial Statements.

1. Corporate Information

Greenergy Holdings Incorporated (the "Parent Company") was registered and incorporated with the Philippine Securities and Exchange Commission (SEC) on January 29, 1992 as MUSX Corporation to primarily engage in the manufacture and sale of semiconductor products. In 2011, SEC approved the amendment of its Article of Incorporation to change the registered name to Greenergy Holdings Incorporated. The Parent Company's shares are publicly-listed with the Philippine Stock Exchange (PSE).

The Parent Company's primary purpose is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidence of indebtedness, marketable securities, deposit substitutes in any valid currency, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefore in money or by exchanging therefore stocks, bonds, or other evidences of indebtedness or securities of this or any other corporation, stocks, bonds, debentures, contracts, or obligations, to receive, collect, and dispose of the interest, dividends, proceeds and income arising from such property; and to possess and exercise in respect therefore all voting powers of any stock so owned, provided that the corporation shall not engage as stock brokers or dealers in securities.

The Parent Company's principal office is located at 54 National Road, Dampol II-A, Pulilan, Bulacan.

On June 22, 2011, the SEC approved the amendment of the Company's Articles of Incorporation which provided for the following:

- Change in the registered business name from MUSX Corporation to its current name;
- Change in the principal office and place of business of the corporation from L14 Net Cube Centre, 3rd Avenue corner 30th Street, E- Square Crescent Park, West Bonifacio Global City, Taguig to 54 National Road, Dampol II-A, Pulilan, Bulacan;
- Decrease in the par value from ₱0.10 per share to ₱0.01 per share; and
- Increase in authorized capital stock from ₱500.0 million divided into 5.0 billion shares at ₱0.10 par value per share to ₱1.0 billion divided into 100 billion shares at ₱0.01 par value per share.

On March 8, 2012, the SEC approved the increase in authorized capital stock from ₱1.0 billion divided into 100 billion shares at ₱0.01 par value per share to ₱2.0 billion divided into 200 billion shares at ₱0.01 par value per share.

On June 27, 2013, the Board of Directors (BOD) approved the restructuring of the authorized capital stock from 200 billion shares at ₱0.01 to 2.9 billion shares divided into 1.9 billion common shares at ₱1.0 par value per share and 1.0 billion preferred shares at ₱0.10 par value per share as of December 31, 2014. The application for the restructuring of the authorized capital stock was approved by the SEC on September 11, 2014.

On October 31, 2012, the SEC approved the incorporation of Biomass Holdings, Inc. ("BHI"), a 60/40 company arrangement between the Parent Company and ThomasLloyd Cleantech Infrastructure Fund GMBH ("TCIF"), a foreign entity. BHI was incorporated with the primary purpose of investing in any other entity engaged in the business and/or operation of renewable energy systems and/or harnessing renewable energy resources. Subsequently, BHI invested in San Carlos Biomass, Inc., a biomass power plant in Negros Occidental.

In 2013, due to differences in the direction of BHI, both parties have agreed that the Parent Company will sell its stake in BHI at cost. Consequently, on July 1, 2014, the Parent Company divested its 60% equity in BHI to TCIF, for an aggregate amount of ₱400,522,380 which includes the three (3) shares of nominee shareholders (see Note 8).

As of December 31, 2015 and 2014, the Company holds investments in the following subsidiaries and associates:

				Percentage of Ownership	
Investee	Country of Incorporation	Principal Activity	Principal place of business	**2015**	2014
Subsidiaries					
1. Winsun Green Ventures, Inc. (WGVI)	Philippines	Renewable energy system	Pulilan, Bulacan	**100%**	100%
2. Agrinurture Development Holdings, Inc. (ADHI)	Philippines	Investment Holding	Makati City	**100%**	100%
3. Sunchamp Real Estate Development Corp. (SREDC)*	Philippines	Real Estate	Makati City	**62%**	62%
4. Lite Speed Technologies, Inc. (LSTI)	Philippines	Information Technology	Makati City	**51%**	51%
5. Total Waste Management Recovery System, Inc. (TWMRSI)	Philippines	Waste Management Facility	Pulilan, Bulacan	**51%**	51%
Associates					
1. Isabela Alcogas Corporation (IAC)**	Philippines	Manufacturing	Makati City	**50%**	50%
2. Music Semiconductor Philippines, Inc. (MSPI)**	Philippines	Logistics and Manufacturing	Muntinlupa City	**39%**	39%
3. Agrinurture, Inc. (ANI)	Philippines	Trading	Pulilan, Bulacan	**30.26%**	30.26%

**SREDC is an associate as of December 31, 2013.*

***Written off in 2014.*

Going Concern
The financial statements have been prepared on a going concern basis, which assumes that the Parent Company will be able to continue towards increasing revenues and improving operations despite heavy losses from operations. Currently, the Parent Company has incurred a deficit of ₱656.7 million and ₱650.4 million as of December 31, 2015 and 2014, respectively.

On December 15, 2008, the SEC approved the application of the Parent Company to change its primary purpose to a holding Parent Company. At present, the Parent Company continues to operate as a holding company with the intention of merging its associates and subsidiaries, thus, it made various investments in diversified industries but not limited to renewable energy, food and agriculture, and information technology. Key subsidiaries and affiliates are fully operational with their respective cash flows; or pre operating stages with various projects in the pipeline under modest spending guidelines. With these investments, the Parent Company continues to generate sufficient cash flows to sustain operations and complete its current and future plans.

The accompanying financial statements of the Parent Company as of and for the years ended December 31, 2015 and 2014 were authorized for issue by the BOD on October 24, 2016.

2. **Basis of Preparation**

The principal accounting policies adopted in preparing the financial statements of the Parent Company are as follows:

Basis of Preparation of Financial Statements
The financial statements of the Parent Company have been prepared using the historical cost basis, except for available-for-sale investments which are measured at fair values.

These financial statements are presented in Philippine Pesos, which is the Parent Company's functional and reporting currency under Philippine Financial Reporting Standard (PFRS). All values are rounded to the nearest peso, except when otherwise indicated.

The Parent Company also prepares and issues consolidated financial statements for the same period as the separate financial statements present, in compliance with PFRS, which may be obtained from SEC.

Statement of Compliance
The accompanying financial statements have been prepared in compliance with PFRS. PFRS includes statements named PFRS and Philippine Accounting Standards (PAS), including interpretations issued by Financial Reporting Standards Council.

3. Changes in Accounting and Financial Reporting Policies

Changes in Accounting Policies
The accounting policies adopted by the Parent Company are consistent with those of the previous financial year except for the following amended PFRS, amended PAS and interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) which became effective in 2015:

Amendments to PAS 19, *"Employee Benefits - Defined Benefit Plans: Employee Contributions"*
The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the re-measurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans.

The amendments have no significant impact to the Parent Company's financial statements as the Parent Company has no retirement fund.

Annual Improvements to PFRS (2010 to 2012 Cycle)
The annual improvements to PFRS (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 13, *"Fair Value Measurement - Short-term Receivables and Payables"*
  The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.

  The amendment has no significant impact on the Parent Company's financial statements.

- PFRS 2, *"Share-based Payment - Definition of Vesting Condition"*
  The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues.

  The amendment does not apply to the Parent Company as it currently has no share-based payments.

- PFRS 3, *"Business Combinations - Accounting for Contingent Consideration in a Business Combination"*
  The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32, contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss (FVPL) whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted).

  The amendment does not apply to the Parent Company as it has no business combination transactions in 2015.

- PFRS 8, *"Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets"*
  The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker.

The amendments affect the disclosures of consolidated financial statements only of the Parent Company and its subsidiaries.

- PAS 16, *"Property, Plant and Equipment: Revaluation Method - Proportionate Restatement of Accumulated Depreciation"*
  The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses, or

  b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

  This applies to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period.

  The amendment has no impact on the Parent Company's financial statements since it has no property and equipment carried at revalued amounts.

- PAS 24, *"Related Party Disclosures - Key Management Personnel"*
  The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity.

  The amendments affect disclosures only and have no impact on the Parent Company's financial statements.

- PAS 38, *"Intangible Assets: Revaluation Method - Proportionate Restatement of Accumulated Amortization"*
  The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.

  b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

These amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period.

The amendments are currently not applicable to the Parent Company since it has no intangible assets carried at revalued amounts.

Annual Improvements to PFRS (2011 to 2013 cycle)
The annual improvements to PFRS (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *"First-time Adoption of Philippine Financial Reporting Standards - Meaning of Effective PFRS"*
  The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements.

  This amendment is not applicable to the Parent Company as it is not a first-time adopter of PFRS.

- PFRS 3, *"Business Combinations - Scope Exceptions for Joint Arrangements"*
  The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

  The amendment is currently not applicable to the Parent Company.

- PFRS 13, *"Fair Value Measurement - Portfolio Exception"*
  The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts.

  The amendment has no impact on the Parent Company's financial statements.

- PAS 40, *"Investment Property"*
  The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3.

  The amendment has no significant impact on the Parent Company's financial statements.

New Accounting Standards, Amendments to Existing Standards Annual Improvements and Interpretations Effective Subsequent to December 31, 2015
The standards, amendments, annual improvements and interpretations which have issued but are not yet effective are discussed below and in the subsequent pages. The Parent Company will adopt these standards, amendments, annual improvements and interpretations when these become effective and applicable to the Parent Company. Except as otherwise indicated, the Parent Company does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its financial statements.

Effective in 2016

- PFRS 10, PFRS 12 and PAS 28, *"Investment Entities: Applying the Consolidation Exception"*
  The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with PFRS 10. Consequential amendments have also been made to PAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

  The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

  Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

  Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by PFRS 12 Disclosure of Interests in Other Entities.

  The amendments to PFRS 10 are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendments are currently not applicable to the Parent Company since it is not a subsidiary of an investment entity.

- PFRS 11, *"Accounting for Acquisitions of Interests in Joint Operations"*
  The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business. The acquirer of an interest in a joint operation in which the activity constitutes a business is required to apply the principles on business combinations accounting. Previously held interest in joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. Amendments do not apply when the parties sharing joint control, including the reporting entity, are under the common control of the same ultimate controlling party.

  The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier adoption permitted. The amendments are currently not applicable to the Parent Company.

- 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.

  The standard is currently not applicable to the Parent Company.

- PAS 1, *"Presentation of Financial Statements: Disclosure Initiative"*
  The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in PAS 1 had in some cases been read to prevent the use of judgment. Certain key highlights in the amendments are follows:

  - An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

  - An entity need not provide a specific disclosure required by a PFRS if the information resulting from that disclosure is not material.

  - In the other comprehensive income section of a statement of profit or loss and other comprehensive income, the amendments require separate disclosure for the following items:

    - The share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified subsequently to profit or loss;

    - The share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified subsequently to profit or loss.

  The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Parent Company does not expect that the amendments will have significant impact on the financial statements.

- PAS 16, *"Property, Plant and Equipment" and PAS 38, "Intangible Assets": Classification of Acceptable Methods of Depreciation and Amortization*
  The amendments clarify that revenue-based methods to calculate the depreciation of an asset is inappropriate because revenue generated by an activity that includes the use of an asset reflects factors other than the consumption of the economic benefits embodied in 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.

  These amendments are effective from annual periods beginning on or after January 1, 2016, with earlier application permitted and are applied prospectively. The amendments are not expected to have an impact on the Parent Company's financial statements.

- PAS 16, *"Property, Plant and Equipment" and* PAS 41, *"Agriculture": Bearer Plants*
  The amendment clarifies that biological assets that meet the definition of bearer plants will be accounted for in the same way as property, plant and equipment PAS 16 Property, Plant and Equipment. The amendment also clarifies that produce growing on bearer plants continues to be accounted under PAS 41. For government grants related to bearer plants, PAS 20, Accounting for Government Grants and Disclosure of Government Assistance will apply.

  These amendments are effective from annual periods beginning on or after January 1, 2016, with earlier application permitted. The Parent Company does not expect that the amendment will have impact on the financial statements since it has no bearer plants as biological assets.

- PAS 27, *"Separate Financial Statements": Equity Method in Separate Financial Statements*
  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 the 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.

  These amendments are effective from annual periods beginning on or after January 1, 2016, with earlier application permitted and to be applied retrospectively. The Parent Company does not expect these amendments to have an impact on the financial statements.

Annual Improvements to PFRS (2012 – 2014 Cycle)
The annual improvements to PFRS (2012-2014 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 5," Noncurrent *Assets Held for Sale and Discontinued Operations: Changes in Methods of Disposal"*
  The amendment clarifies the accounting for a change in a disposal plan from a plan to sell to a plan to distribute a dividend in kind to its shareholders (or vice versa) when an entity reclassifies an asset (or disposal group) directly from one method of disposal to other should not be considered a new plan rather as 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 date of classification.

  This is currently not applicable to the Parent Company's financial statements.

- PFRS 7, *"Financial Instruments: Disclosure – Servicing Contracts"*
  This amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity is required to disclose any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will be applied retrospectively. An entity that first applies the amendments is not required to provide comparative disclosures for any period beginning before the annual period of first application.

  The Parent Company does not expect that this amendment will have significant impact on its financial statements.

- PFRS 7, *"Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements"*
  The amendment 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. This amendment is applied.

  The Parent Company does not expect that this amendment will have significant impact on its financial statements.

- PAS 19, *"Employee Benefits": Regional Market Issue Regarding Discount Rate*
  This amendment clarifies that the rate used to discount post-employment benefit obligations (both funded and unfunded) shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. Where there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds shall be used. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.

  This amendment is not expected to have any impact on the Parent Company's financial statements.

- PAS 34, *"Interim Financial Reporting" Disclosure of Information 'elsewhere in the Interim Financial Report'*
  These amendments clarify that an entity discloses information elsewhere in the interim financial report when it incorporates disclosures by cross-reference to information in another statement and wherever they are included within the greater interim financial report (e.g., management commentary or risk report).

  This amendment will not have significant impact on the Parent Company's financial statements.

Effective in 2018

PFRS 9, *"Financial Instruments: Classification and Measurement"*
PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at FVPL. For liabilities designated as at FVPL using the FVO, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI.

The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Parent Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for nonfinancial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting. This is not expected to have a significant impact on the Parent Company's financial statements.

Deferred

- Philippine Interpretation IFRIC 15, *"Agreements for the Construction of Real Estate"*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippine 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. Management will continuously assess the impact of this interpretation. Currently, management believes that the adoption of the interpretation will not have a significant impact on the Parent Company's financial statements.

- PFRS 10, *"Consolidated Financial Statements" and PAS 28, "Investments in Associates and Joint Ventures": 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 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that full gain or loss is recognized when a transaction involves a business (whether it is a 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. The amendments are currently not expected to have significant impact on the Parent Company's financial statements.

Standards issued by the IASB but not yet been adopted by the FRSC

- 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, 2017 with early adoption permitted.

  The Parent Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- IFRS 16, *"Leases"*
  IFRS 16 was issued in January 2016. Under the new standard, lessees will no longer classify their lease as either operating or finance leases in accordance with PAS 17. Rather, leases will apply the single-asset model, wherein lessees will recognize the assets and the related liabilities for most leases in their balance sheets and, subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. The new standard is effective for annual periods beginning on or after January 1, 2019, with an early adoption.

The Parent Company will continue to assess the relevance and impact of the above standards, amendments to standards and interpretations. The revised disclosures on the financial statements required by the above standards and interpretations will be included in the Parent Company's financial statements when these are adopted.

4. **Summary of Accounting and Financial Reporting Policies**

The principal accounting and financial reporting policies adopted in preparing the financial statements of the Parent Company are summarized below and in the succeeding pages the policies have been consistently applied to all years presented unless otherwise stated.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Parent Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Parent Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy.

Financial Assets and Liabilities

Date of recognition

The Parent Company recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial recognition
Financial assets and financial liabilities are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The fair value of the consideration given or received is determined by preference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rate of interest for similar instruments with similar maturities. The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction costs.

Determination of fair value
Fair value is determined by preference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value is determined by using appropriate valuation techniques.

Valuation techniques include net present value model where the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for a similar instrument with similar maturities. Other valuation techniques include comparing to similar instruments for which market observable prices exist; recent arm's length market transaction; option pricing model and other relevant valuation models.

Financial Assets
The Parent Company determines the classification at initial recognition and, where allowance is appropriate, re-evaluates this designation every reporting date. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Subsequent to initial recognition, the Parent Company classifies its financial assets in the following categories:

- *Financial asset at fair value through profit or loss (FVPL)*
  A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the near term or upon initial recognition, it is designated by the management as at FVPL. Derivatives are also categorized as held at FVPL, except those derivatives designated as effective hedging instruments. Assets classified in this category are carried at fair value in the Parent Company statements of financial position. Changes in the fair value of such assets are accounted for in the Parent Company statements of comprehensive income. Financial instruments held at FVPL are classified as current if they are expected to be realized within 12 months from the end of financial reporting period.

  As of December 31, 2015 and 2014, the Parent Company has no financial asset at FVPL.

- *Loans and receivables*
  Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. They arise when the Parent Company provides money, goods or services directly to a debtor with no intention of trading the receivables. Such assets are carried initially at its cost and at amortized cost after its initial recognition in the Parent Company statements of financial position. Amortization is determined using the effective interest method. Loans and receivables are included in current assets if maturity is within 12 months from the end of financial reporting period. Otherwise, these are classified as noncurrent assets.

  The Parent Company's cash, receivables and due from related parties are included in this category (see Notes 6, 7, and 15).

- *Held-to-maturity investments*
  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Parent Company has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at cost or amortized cost in the Parent Company statements of financial position. Amortization is determined by using the effective interest method. Assets under this category are classified as current assets if maturity is within 12 months from the end of financial reporting period and as noncurrent assets if maturity is more than a year from the end of financial reporting period.

  As of December 31, 2015 and 2014, the Parent Company has no held-to-maturity investments.

- *Available-for-sale financial assets*
  Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognized as separate component of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the Parent Company statements of comprehensive income.

  The fair value of investments that are actively traded in organized financial market is determined by reference to quoted market bid prices at the close of business on the end of financial reporting period. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include recent arm's length market transaction, reference to the current market value of another instrument which is substantially the same, discounted cash flows analysis and option pricing models.

  The Parent Company's investment in shares of stocks with listed and non-listed companies which the Parent Company does not have significant influence and control are included in this category (see Note 10).

Financial Liabilities

- *Financial liability at FVPL*
  Financial liabilities are classified in this category if these result from trading activities or derivatives transaction that are not accounted for as accounting hedges, or when the Parent Company elects to designate a financial liability under this category.

  As of December 31, 2015 and 2014, the Parent Company has no financial liabilities at FVPL.

- *Other financial liabilities*
  This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g. payables excluding statutory regulated payables, accruals) or borrowing (e.g., long-term debt).

  The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

  As of December 31, 2015 and 2014, the Parent Company's trade and other payables and due to related parties are included in this category (see Notes 14 and 15).

<u>Impairment of Financial Assets</u>
The Parent Company assesses at each end of financial reporting period whether a financial asset or group of financial assets is impaired.

- *Assets carried at amortized cost.* If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in the Parent Company's statements of comprehensive income.

  The Parent Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial asset is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

  If, in a subsequent period, the amount of the impairment loss decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the Parent Company statements of comprehensive income to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

- *Assets carried at cost.* If there is objective evidence that an impairment loss has been incurred in an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

- *Available-for-sale financial assets.* If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the Parent Company statements of comprehensive income, is transferred from equity to the statements of comprehensive income. Reversals in respect of equity instruments classified as available-for-sale financial assets are not recognized in the statements of comprehensive income. For available-for-sale financial assets, the Parent Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

  Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the Parent Company statements of comprehensive income, is removed from equity and recognized in the Parent Company statements of comprehensive income. Impairment losses on equity investments are not reversed through the statements of comprehensive income; increases in their fair value after impairment are recognized directly in equity.

Derecognition of Financial Assets and Liabilities

Financial Assets
A financial asset is derecognized when (1) the rights to receive cash flows from the financial instruments expire, (2) the Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement, or (3) the Parent Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Parent Company has transferred its rights to receive cash flows of an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the assets, the asset is recognized to the extent of the Parent Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where the existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in Parent Company statements of comprehensive income.

Classification of Financial Instrument between Debt and Equity
Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest relating to a financial instrument or a component that is a financial liability is reported as expenses.

A financial instrument is classified as debt if it provides for a contractual obligation to: (a) deliver cash or another financial asset to another entity; or (b) exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Parent Company; or (c) satisfy the obligation other than by exchange of a fixed amount of cash or other financial asset for a fixed number of own equity shares.

If the Parent Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the Parent Company statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the Parent Company statements of financial position.

Cash
Cash is stated at face value and includes cash on hand and cash in banks.

Advances to Officers and Employees
Advances to officers and employees for business expenses that are yet to be received such as purchases of goods and services subject to liquidation are recognized at the actual cash amount advanced to employees, less any impairment. These are subsequently applied to the related assets, costs or expenses incurred.

Other Current Assets
This account comprises the following:

- *Input Tax*. Input tax is recognized when the Parent Company purchases goods or services from a Value Added Tax (VAT)-registered supplier. This account is offset, on a per entity basis, against any output tax previously recognized.

- *Materials and supplies* is stated at cost less any allowance for obsolescence. Cost is determined by the first-in, first-out method. Inventories are classified as current when they are expected to be realized within the normal operating cycle. Supplies inventory is presented under "Other current assets" in the statements of financial position.

Other current assets that are expected to be realized for no more than 12 months after the reporting period are classified as current asset. Otherwise, these are classified as other noncurrent asset. Prepayments and other current assets are stated at their realizable value (cost less impairment).

VAT
Revenues, expenses and assets are recognized, net of the amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from or payable to the taxation authority is presented separately as asset in the statements of financial position.

Investment in Subsidiaries
Investments in subsidiaries are accounted for at cost less impairment losses, if any. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. Such impairment loss is measured as the difference between the carrying amount of the investment and the present value of the estimated cash flows discounted at the current market rate of return for similar financial asset. The amount of impairment loss is recognized in the Parent Company statements of comprehensive income. Impairment losses recognized are not reversed.

Subsidiaries are entities over which the Parent Company has the power to govern the financial reporting policies generally accompanying a shareholding of more than ½ of the voting rights. The Parent Company obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable and convertible are considered when assessing whether the Parent Company controls another entity.

Investment in an Associate
Investment in shares of stock where the Parent Company holds 20% or more ownership, or where it has the ability to significantly influence the investee company's operating activities is accounted for in this separate financial statements under the cost method. Accordingly, dividends received are treated as income in the year these are collectible.

Asset Classified as Held for Sale
Asset classified as held for sale includes properties that the Parent Company intends to sell to a related party. These are measured at the lower of carrying amounts of assets, immediately prior to their classification as held for sale and their fair value less costs to sell. Assets classified as held for sale are not subject to depreciation.

Property and Equipment
Property and equipment are initially recorded at cost. Subsequent to initial recognition, these are stated at cost less accumulated depreciation, amortization and any impairment in value.

The initial cost of property and equipment comprises its purchase price or construction cost and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenses incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets follow:

Category	Estimated useful life
Transportation equipment	5 years
Furniture, fixtures and equipment	5 years

The estimated recoverable reserves, useful lives and depreciation methods are reviewed periodically to ensure the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Parent Company statements of comprehensive income in the year the asset is derecognized. Transfers to or from property and equipment are measured at carrying value of the assets transferred.

Impairment of Nonfinancial Assets

The carrying values of assets such as investment in subsidiaries and associates, property and equipment, and other current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts.

The recoverable amount of the asset is the greater of net selling price or value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is charged to operations in the period in which it arises unless the asset is carried at a revalued amount in which case the impairment is charged to the revaluation increment of the said asset.

An assessment is made at each end of financial reporting period to determine whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

- *Capital stock* is determined using the nominal value of shares that have been issued.

- *Additional paid-in capital* includes any premiums received on the initial issuance of capital stocks. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

- *Net unrealized loss on available-for-sale investment* accounts for the excess of the fair market value over the carrying amounts of these investments. When fluctuation is deemed permanent, the gain or loss resulting from such fluctuation will be reversed and charged to Parent Company statements of income in the year that the permanent fluctuation is determined.

- *Retained earnings (deficit)* include all current and prior period results of operations as disclosed in the Parent Company statements of comprehensive income.

Deposit for Stocks Subscription

Deposit for future stocks subscription represents funds received by the Parent Company from existing and potential stockholders to be applied as payment for subscriptions of unissued shares or shares from an increase in authorized capital stock.

Proceeds are recognized as equity when all of the requirements set forth by the SEC have been met, otherwise, it is recognized as a liability.

An entity shall classify deposit for stock subscription as part of equity if and only if, all of the following elements are present as at the end of the period:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is BOD approval on the proposed increase in authorized capital stock;
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the SEC.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transactions will flow to the Parent Company and the amount of revenue, related cost incurred or to be incurred/cost to complete the transactions can be measured reliably. The Parent Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Parent Company has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is measured at the fair value of the consideration received or receivable taking into account any trade discounts, prompt settlement of discounts and volume rebates allowed by the Parent Company, if any. Revenue recognized excludes any value added taxes. The following specific recognition criteria must also be met before revenue is recognized:

- *Interest income.* Interest income is recognized as the interest accrues, taking into account the effective yield on the asset. Interest income from bank deposits is recognized on a time proportion basis on the principal outstanding and at the rate applicable.

- *Realized gains and losses.* Realized gains and losses are recognized when the sale transaction occurs.

- *Miscellaneous income.* Miscellaneous income is recognized as other income accrues.

Cost and Expense Recognition
Expenses are recognized in the statements of comprehensive income upon utilization of the service or at the date they are incurred.

Expenses are recognized in the Parent Company statements of comprehensive income upon utilization of the assets or services or at the date they are incurred.

Short-term Benefits
Short-term employee benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the financial reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Parent Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and nonmonetary benefits.

Foreign Currency Transactions and Translation
The Parent Company financial statements are presented in Philippine Pesos, which is the Parent Company's functional and presentation currency. Items included in the Parent Company financial statements are measured using the functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency rate of exchange as of the financial reporting date.

Gains or losses arising from these transactions and translations are recognized in the Parent Company statements of comprehensive income. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Income Tax
Income taxes represent the sum of the tax currently due and deferred tax.

The tax currently due or recoverable from tax authorities is based on taxable income for the year. Taxable income differs from income as reported in the Parent Company statements of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Parent Company's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted at the end of financial reporting period.

Deferred tax is provided using the balance sheet liability method. Deferred tax assets and liabilities are recognized for future tax consequence attributable to differences between the financial reporting bases of assets and liabilities and their related tax bases and carryforward benefits of minimum corporate income tax (MCIT). Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured using the tax rate that is expected to apply to the period when the asset is realized or the liability is settled.

The carrying amount of deferred tax assets is reviewed at each end of financial reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Related Party Transactions and Relationships
Related party transactions are transfers of resources, services or obligations between the company and its related parties, regardless whether a price is charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Provisions
Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as a financial expense.

Contingencies
Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefit is probable.

Events After End of Financial Reporting Period
Post year-end events that provide additional information about the Parent Company's position at the end of financial reporting period, if any, are reflected in the financial statements. However, post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

5. Significant Accounting Judgments and Estimates

The preparation of the Parent Company's financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of date of the financial statements. Actual results could differ from such estimates, and such estimates will be adjusted accordingly.

The following is a summary of these significant estimates and judgments and the related impact and associated risks on the financial statements.

Judgments
In the process of applying the Parent Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

- *Assessment of Going Concern*
  Management has made an assessment of the Parent Company's ability to continue as going concern and is satisfied that the Parent Company has the resources to continue in business for the foreseeable future.

- *Determination of Control*
  The Parent Company determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the equity. The Parent Company controls an entity if and only if the Company has all of the following:

  a. Power over the entity;
  b. Exposure, or rights, to variable returns from its involvement with the entity; and,
  c. The ability to use its power over the entity to affect the amount of the Parent Company's returns.

  The Parent Company regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Parent Company determined that it exercises control on all of its subsidiaries as it has all the elements of control listed above.

- *Determination of Functional Currency*
  Based on the economic substance of the underlying circumstances relevant to the Parent Company, the functional currency of the Parent Company has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Parent Company operates. It is the currency that mainly influences the sale of real properties, services, and investments and the costs of providing the services and of the sold investments.

- *Classification of Financial Instruments*
  The Parent Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of the financial instrument, rather than its legal form, governs its classification in the Parent Company statements of financial position.

- *Determination of Fair Value of Financial Instruments*
  The Parent Company carries certain instruments at fair value and discloses also the fair values of financial instruments, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Parent Company utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect profit or loss and equity.

  The summary of the carrying values and fair values of the Parent Company's financial instruments as of December 31, 2015 and 2014 is shown in Note 19.

Estimates

The key assumptions concerning the future and other key sources of estimation at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- *Estimation of Allowance for Impairment of Financial Assets*
  Recoverability of specific receivables including amounts due from related parties is evaluated based on best available facts and circumstances, the length of the Parent Company's relationship with its debtors, the debtors' payment behavior and known market factors. These specific reserves are re-evaluated and adjusted as additional information received affects the amount estimated to be uncollectible. Any increase in allowance would increase operating expenses and decrease related accounts.

  The Parent Company's allowance for impairment amounted to ₱349.0 million and ₱364.9 million as of December 31, 2015 and 2014, respectively (see Notes 7 and 15). Accounts written off amounted to ₱16.8 million in 2015 and ₱0.5 million in 2014 (see Notes 7 and 15).

- *Estimation of Impairment of AFS Investments*
  The computation for the impairment of AFS investments requires an estimation of the present value of the expected future cash flows and the selection of an appropriate discount rate. An impairment issue arises when there is an objective evidence of impairment, which involves significant judgment. In making this judgment, the Parent Company evaluates the financial health of the issuer, among others. In the case of available-for-sale equity investments, the Parent Company expands its analysis to consider changes in the issuer's industry and sector performance, legal and regulatory framework, changes in technology, and other factors that affect the recoverability of the Parent Company's investment.

  The carrying value of AFS investments is shown in Note 10.

- *Estimation of Useful Lives of Property and Equipment*
  The useful life of each of the Parent Company's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets.

  The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction on the estimated useful life of any property and equipment would increase the recorded operating expenses and decrease noncurrent assets.

  As of December 31, 2015 and 2014, the carrying values of the Parent Company's property and equipment amounted to ₱0.1 million and ₱0.6 million, respectively (see Note 13).

- *Estimation of Impairment of Nonfinancial Assets*
  The Parent Company reviews property and equipment, investment in subsidiaries and associates, and other current assets for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

As described in the accounting policy, the Parent Company estimates the recoverable amount as the higher of the net selling price and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Parent Company is required to make estimates and assumptions that may affect property and equipment, investment in subsidiaries and associates, and other current assets.

The Parent Company's allowance for impairment on nonfinancial assets amounted to ₱524.8 million and ₱26.6 million as of December 31, 2015 and 2014, respectively (see Notes 9, 11 and 12). Accounts written off amounted to ₱0.1 million in 2015 and ₱87.7 million in 2014 (see Notes 9 and 11).

- *Estimation of Deferred Tax Assets and Deferred Tax Liabilities*
  Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

  No deferred tax asset and liability was recognized in the Parent Company's financial statements as management believes that these could not be utilized prior to its expiration.

- *Estimation of Provision for Contingencies*
  The Parent Company is a party to certain lawsuits involving recoveries of sum of money arising from the ordinary course of business.

  The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Parent Company's defense in these matters and is based upon an analysis of potential results. These are recognized in the books only when the claims are finally settled or when judgment is rendered.

  The Parent Company has no provisions as of December 31, 2015 and 2014.

6. **Cash**

This account consists of:

	2015	2014
Cash in banks	**₱231,789**	₱2,132,157
Cash on hand	–	7,801
	₱231,789	₱2,139,958

Cash in banks pertain to savings and current accounts that generally earn interest based on prevailing respective bank deposit rates of less than 1% annually. Interest income on cash in banks recognized in the Parent Company statements of comprehensive income amounted to ₱1,749 in 2015 and ₱5,478 in 2014. The Parent Company's cash in bank denominated in foreign currency as of December 31, 2015 and 2014 amounted to ₱50,774 and ₱92,655, respectively. This balance has been restated at a rate of ₱47.166/US$1 and ₱44.617/US$1 as of December 31, 2015 and 2014, respectively. Foreign exchange gain recognized amounted to ₱9,070 in 2015.

In May 2015, the Court of Appeals has ordered the freezing of two (2) bank accounts of the Parent Company. As of reporting date, the freeze order of these accounts has been lifted. However, the 2 bank accounts with a total deposit of ₱78,196 were subsequently included in the civil forfeiture case docketed as AMLC Case No. 15-007-53 pending with the Regional Trial Court of Manila, Branch 53 (see Note 22).

7. Receivables

This account consists of:

	2015	2014
Nontrade receivables	**₱260,478,346**	₱10,194,828
Advances to officers and employees	**315,627**	315,627
Other advances	**183,504**	143,287
Loan receivable	-	8,023,363
Advances to projects	-	7,133,533
	260,977,477	25,810,638
Allowance for impairment loss	**(10,194,828)**	(25,351,724)
	₱250,782,649	₱458,914

Nontrade receivables includes due from Lodestar Investment Holding, Inc. (LIHC) amounting to ₱10.2 million as of December 31, 2015 and 2014. An allowance for impairment loss was provided amounting to ₱10.2 million as of December 31, 2015 and 2014. Nontrade receivables amounting to ₱426,134 was written off in 2014.

In December 29, 2014, ThomasLlyod Cleantech Infrastructure Fund GMBH (TLCIF) assigns its payable to GHI amounting to ₱250,142,630 to Zhong Shan Fu Chang Ltd (ZSFCL) subject to the consent of GHI and the following terms and conditions (see Note 18):

a. ZSFCL shall pay the TLCIF receivable on or before December 31, 2016 in cash or non-cash assets acceptable to GHI; and
b. If the TLCIF receivable will be paid with non-cash assets, the appraised value thereof shall be determined by an independent appraiser mutually acceptable to ZSFCL and GHI.

In 2015, GHI agreed to the assignment of receivables to ZSFCL.

Advances to officers and employees are noninterest-bearing and will be realized twelve months after the reporting period. These advances are made for various business related expense which are subject to liquidation on demand. Advances to officers and employees amounting to ₱96,089 assessed by management as no longer recoverable, was written off in 2014. Also, bonds receivable amounting to ₱5,000 was written off in 2014.

Other advances represent funds advanced to the Parent Company's lawyer which will be charged to expense upon utilization.

Loan receivable pertains to a 5-year interest-bearing loan granted by the Group to its employees and BOD (Eligible Members) for the purchase of the issued shares of the Parent Company. The shares to be acquired by the Eligible Members will be held as collateral for the loan and will only be released to them after the loan is repaid. The Group provided a full allowance for impairment as it believes that these receivables are not recoverable. In 2015, the management believes that the loan receivable is fully impaired and decided to write off the whole amount. Loan receivable amounting to ₱8,023,363 was written off in 2015.

Advances to projects pertains to deposits made by the Parent Company to Tianjin Tianbao Investment and Development Corporation amounting to ₱7.1 million. In 2013, the project did not push through and the management considered the whole advances as fully impaired and an allowance for impairment was set up in full. In 2015, the management believes that the advances to projects is fully impaired and decided to write off the whole amount. Advances to projects amounting to ₱7,133,333 was written off in 2015.

The movement of allowance for impairment losses in 2015 and 2014 were shown below:

	2015	2014
Balance at beginning of year	**₱25,351,724**	₱25,351,724
Accounts written off	**(15,156,896)**	–
Balance at end of year	**₱10,194,828**	₱25,351,724

8. Asset Classified as Held for Sale

This account pertains to the 60% equity of the Parent Company to Biomass Holdings Inc. (BHI) amounting to ₱400.5 million as of December 31, 2013. On October 2, 2013, the BOD authorized the sale of the Parent Company's equity in BHI. Accordingly, in 2013, the Parent Company's investment in BHI were classified as asset held for sale (see Note 1).

On July 1, 2014, the Parent Company executed deeds of sale with TCIF, a foreign entity, to divest its 60% equity in BHI for an aggregate amount of ₱400,522,380.

The subject assets and liabilities are as follow:

Assets classified as held for sale	
Cash	**₱3,567,289**
Investment in San Carlos Biopower, Inc.	**667,537,300**
	₱671,104,589

Liabilities directly associated with assets classified as held for sale	
Accrued expenses	**₱854,687**
Advances to officers	**2,516,427**
Due to related parties	**2,424,306**
	₱5,795,420

As of December 31, 2014, the Parent Company has received the total consideration for the sale in US Dollars which resulted to a foreign exchange loss amounting to ₱1,123,523.

9. Other Current Assets

This account consists of:

	2015	2014
Input Tax	**₱1,515,157**	₱1,428,423
Prepaid tax	**1,406**	1,591
Miscellaneous deposits	**460**	–
Materials and supplies	–	102,390
	1,517,023	1,532,404
Allowance for impairment loss	**(965,164)**	(943,338)
	₱551,859	₱589,066

Materials and supplies amounting to ₱101,930 which the management assessed as no longer recoverable, was written off in 2015. In 2014, prepaid tax amounting to ₱86,354 was written off.

Allowance for impairment loss is provided for the input VAT.

The movement of provision for impairment losses in 2015 and 2014 were shown below:

	Note	2015	2014
Balance at beginning of year		**₱943,338**	₱943,338
Provision for impairment loss during the year	17	**21,826**	–
		₱965,164	₱943,338

10. Available-for-Sale Investments

AFS investment as at December 31, 2013 consists of 14,231,707 shares in ANI representing 4.36% ownership. The fair value of the AFS amounting to ₱75,428,047 as of December 31, 2013 has been determined based on the quoted price published by the PSE.

On July 2, 2014, the GHI acquired 60,902,450 secondary common shares through the open market for an aggregate consideration of ₱255,000,000 inclusive of taxes, fees and commission or ₱4.19 per share. The acquisition is equivalent to 9.67% of the total issued and outstanding shares of ANI.

On July 3, 2014, the GHI subscribed additional 85,990,533 common shares at the issue price of ₱3 per share or a total subscription price of ₱257,971,599 payables in full upon execution of the subscription agreement. The acquisition is equivalent to 13.8% of the total issued and outstanding shares of ANI. After the additional subscription, the Parent Company holds a total of 25.92%. Accordingly, the AFS investment in ANI at fair value as of July 3, 2014 was reclassified to investment in associate in 2014 (see Note 11).

The rollforward analysis of the carrying value of this account in 2014 is shown below:

	Note	
Balance at beginning of year		₱75,428,047
Reclassification to investment in associate	11	(705,726,142)
Additions during the year		512,971,599
Unrealized gain on fair value		117,326,496
Balance at end of year		₱–

The movement in fair value loss on AFS investments in 2014 is as follows:

Balance at beginning of year	₱54,428,547
Change in fair value during the year	(117,326,496)
Gain on reclassification	62,897,949
Balance at end of year	₱–

11. Investment in an Associate

This account consists of:

	2015	2014
Investment in ANI	**₱819,470,878**	₱819,470,878
Allowance for impairment losses	**(498,123,737)**	–
	₱321,347,141	₱819,470,878

On July 3, 2014, the Parent Company, upon acquisition of additional shares, reclassified its AFS investment in ANI to investment in associate's amounting to ₱705,726,142 (see Note 10).

On July 7, 2014, the Parent Company acquired 27,000,000 common shares of ANI through open market for an aggregate consideration of ₱113,744,736 inclusive of taxes, fees and commission at ₱4.21 per share. The acquisition is equivalent to 4.34% of the total issued and outstanding shares of ANI.

After the transaction, the Parent Company holds a total of 30.26% of the total issued and outstanding shares of ANI.

Management assessed that the investment in ANI is impaired due to recurring total comprehensive losses incurred by ANI amounting to ₱492,612,968 in 2015 and ₱1,138,916,883 in 2014.

As of December 31, 2015 and 2014, the market value of investment in ANI amounted to ₱889,829,784 and ₱410,111,824 based on the price per share amounting to ₱4.73 and ₱2.18, respectively. As of reporting date, the market value of investment in ANI amounted to ₱720,517,563 at a price per share of ₱3.83.

Summarized financial information of the associates follows:

	ANI	
	2015	2014
Current assets	**₱1,073,091,626**	₱2,345,061,249
Noncurrent assets	**1,813,047,193**	1,544,055,755
Current liabilities	**1,847,501,057**	2,430,393,162
Noncurrent liabilities	**326,933,981**	214,824,694
Net assets	**711,703,781**	1,243,899,148
Revenue	**2,337,615,990**	3,153,020,569
Net loss	**(437,824,211)**	(1,164,466,269)
Other comprehensive income (loss)	**(54,788,757)**	25,549,386

In 2014, the Parent Company acquired additional 310,000,000 common shares of SREDC at the issue price of ₱1.0 per share or a total of ₱310,000,000 which increased to its ownership to 62.39% ownership making SREDC a subsidiary of the Parent Company (see Note 12).

In 2014, management assessed that the investments in MSPI and IAC amounting to ₱62,561,379 and ₱25,000,000 respectively, will not be recovered and were written off accordingly.

12. **Investment in Subsidiaries**

Details of the investment follows:

	Percentage of Ownership			
	2015	2014	**2015**	2014
Sunchamp Real Estate Development Corp. (SREDC)	**62%**	62%	**₱365,000,000**	₱365,000,000
Winsun Green Ventures, Inc. (WGVI)	**100%**	100%	**23,750,000**	23,750,000
Total Waste Management Recovery System, Inc. (TWMRSI)	**51%**	51%	**1,937,500**	1,937,500
Lite Speed Technologies, Inc. (LSTI)	**51%**	51%	**159,373**	159,373
Agrinurture Development Holdings, Inc. (ADHI)	**100%**	100%	**62,500**	62,500
			390,909,373	390,909,373
Allowance for impairment loss			**(25,687,500)**	(25,687,500)
			₱365,221,873	₱365,221,873

Rollforward analysis of this account follows:

	Note	2015	2014
Balance at beginning of year		**₱390,909,373**	₱25,687,500
Acquisition of additional shares		**–**	310,221,873
Reclassification from investment in associates	11	**–**	55,000,000
		390,909,373	390,909,373
Allowance for impairment loss		**(25,687,500)**	(25,687,500)
Balance at end of year		**₱365,221,873**	₱365,221,873

The Parent Company owned 55,000,000 common shares of SREDC which represents 20% ownership as of December 31, 2013. In 2014, the Parent Company acquired additional 310,221,873 common shares of SREDC at the issue price of ₱1.0 per share or a total of ₱310,221,873 which increased to its ownership to 62.39% making SREDC a subsidiary of the Parent Company (see Note 11).

TWMRSI and WGVI have capital deficiency of ₱233,484,221 and ₱66,322,428, respectively as of December 31, 2015. Due to this, management believes that its investment in TWMRSI and WGVI are impaired. Accordingly, a full allowance for impairment loss was provided in 2014.

ADHI was incorporated on June 17, 2014, as wholly-owned subsidiary, to operate as a holding company.

On June 16, 2014, the BOD of the Parent Company approved the incorporation of LSTI, a 51% owned subsidiary. LSTI was registered with the SEC on August 14, 2014 to engage in the business of information and communication technology.

13. Property and Equipment

The rollforward analysis of this account is shown below:

	2015		
	Transportation equipment	Furniture, fixtures and equipment	Total
Cost			
Balance at beginning and end of year	₱2,293,176	₱161,243	₱2,454,419
Accumulated depreciation			
Balance at beginning of year	1,756,789	74,191	1,830,980
Depreciation	458,635	31,257	489,892
Balance at end of year	2,215,424	105,448	2,320,872
Net book value	₱77,752	₱55,795	₱133,547

	2014		
	Transportation equipment	Furniture, fixtures and equipment	Total
Cost			
Balance at beginning of year	₱2,293,176	₱152,744	₱2,445,920
Additions	–	8,499	8,499
Balance at end of year	2,293,176	161,243	2,454,419
Accumulated depreciation			
Balance at beginning of year	1,298,154	43,358	1,341,512
Depreciation	458,635	30,833	489,468
Balance at end of year	1,756,789	74,191	1,830,980
Net book value	₱536,387	₱87,052	₱623,439

Depreciation and amortization expense for the years ended December 31, 2015 and 2014 are shown as part of operating expenses in the Statements of comprehensive income (see Note 17).

The Parent Company's management had reviewed the carrying values of the property and equipment as of December 31, 2015 and 2014 for any impairment. Based on the evaluation, there are no indications that the property and equipment might be impaired.

There is no contractual commitment to purchase property and equipment. There are also no property and equipment that are pledged as securities for liabilities. Further, there is no property whose title is restricted from use of the Parent Company in both periods.

14. Trade and other payables

This account consists of:

	2015	2014
Trade payables	**₱16,198,450**	₱16,020,327
Accrued expenses	**2,056,765**	361,391
Government payables	**63,332**	120,609
	₱18,318,547	₱16,502,327

Trade payables are noninterest-bearing.

Accrued expenses include accrual of professional fees payable on demand and penalties.

Government payables are dues and remittances which represents contributions of employees that will be remitted to various government agencies. It also includes taxes withheld from salaries of employees and income payment to suppliers, which will be remitted in the subsequent month.

15. Related Party Transactions

The Parent Company enters into transactions with related parties. For financial statements disclosure purposes, an affiliate is an entity under common control of the Parent Company's stockholders.

The following are the details of related party transactions.

a. The Parent Company made (received) unsecured cash advances to (from) its related parties with no definite repayment dates. As of December 31, 2015 and 2014 details and outstanding balances of due to and from related parties follow:

	2015		
Due from	Gross	Allowance	Net
Subsidiaries	₱309,250,264	(₱299,280,252)	₱9,970,012
Stockholders	126,059,920	–	126,059,920
Associates	60,949,244	(39,717,922)	21,231,322
Affiliates	15,020,045	–	15,020,045
	₱511,279,473	(₱338,998,174)	₱172,281,299

	2014		
Due from	Gross	Allowance	Net
Subsidiaries	₱308,695,313	(₱299,792,095)	₱8,903,218
Stockholders	383,957,864	–	383,957,864
Associates	57,719,520	(39,717,922)	18,001,598
Affiliates	15,104,070	–	15,104,070
	₱765,476,767	(₱339,510,017)	₱425,966,750

	2015		
Due to	Gross	Allowance	Net
Stockholders	₱185,581	₱–	₱185,581

The rollforward analysis of related party accounts follow:

	Note	**2015**	2014
Due from:			
Balance at beginning of year		**₱425,966,750**	₱600,313,503
Reclassification	7	**(250,142,630)**	–
Payments received during the year		**(8,440,760)**	(17,256,082)
Advances made during the year		**6,082,761**	142,741,353
Write off during the year	17	**(1,696,595)**	–
Reversal of allowance for impairment losses		**511,773**	–
Allowance for impairment	17	**–**	(299,832,025)
Balance at end of year		**₱172,281,299**	₱425,966,750

	2015	2014
Due to		
Balance at beginning of year	**₱–**	₱336,626
Advances received during the year	**185,581**	–
Payments made during the year	**–**	(336,626)
Balance at end of year	**₱185,581**	₱–

Due from BHI amounting to ₱1,696,595 was written off in 2015.

b. On July 2, 2014, the Parent Company executed a subscription agreement with Earthright Holdings, Inc. (EHI) wherein subject to the application and approval of SEC of the increase in its authorized capital stock to ₱3.0 billion, EHI subscribed ₱250.0 million worth of common shares of which ₱177.0 million shall be paid in cash upon execution of the subscription agreement with the balance due upon approval by the SEC of the increase.

This will be converted to equity once proper documentation and approval from the SEC have been obtained. As of December 31, 2015, the Parent Company has not filed its application for the increase with the SEC.

The summary of the Parent Company's related party transactions follows:

	2015			
Category	Amount/Volume	Outstanding Balance - Asset (Liability)	Terms and Condition/ Settlement	Guaranty/ Settlement/ Provision
Stockholders				
1. Due from		₱126,059,920	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances made	₱80,014			
• Payments received	(7,835,328)			
• Reclassification (Note 7)	(250,142,630)			
2. Due to		(185,581)	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances received	185,581			
3. Deposit for stocks subscription	–	(177,000,000)	To be converted into equity upon approval of SEC; noninterest-bearing	Unsecured; no significant warranties and covenants
Subsidiaries				
4. Due from-net		9,970,012	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances made	2,763,389			
• Write off	(1,696,595)			
• Payments received	(511,773)			
• Reversal of allowance	511,773			
Associates				
5. Due from–net		21,231,322	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances made	3,229,724			
Affiliates				
6. Due from		15,020,045	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances made	9,634			
• Payments received	(93,659)			

Category	2014 Amount/Volume	Outstanding Balance - Asset (Liability)	Terms and Condition/ Settlement	Guaranty/ Settlement/ Provision
Stockholders				
1. Due from		₱383,957,864	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances made	₱108,829,938			
• Payments received	(16,872,110)			
2. Deposit for stocks subscription		(177,000,000)	To be converted into equity upon approval of SEC; noninterest-bearing	Unsecured; no significant warranties and covenants
• Deposits received	177,000,000			
Subsidiaries				
3. Due from		8,903,218	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances made	11,131,626			
• Provision for impairment loss	(299,792,025)			
Associates				
4. Due from–net		18,001,598	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances made	7,762,642			
• Payments received	(383,972)			
• Provision for impairment loss	(40,000)			
5. Due to		–	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Payments made	336,626			
Affiliates				
6. Due from		15,104,070	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances made	15,017,147			

c. Compensation paid to key management personnel for the years then ended December 31, 2015 and 2014 amounted to ₱2,054,817 and ₱2,848,619, respectively.

16. Equity

On June 27, 2013, the BOD approved the restructuring of the authorized capital stock from 200.0 billion shares at ₱0.01 to 2.9 billion shares divided into 1.9 billion common shares at ₱1.0 par value per share and 1.0 billion preferred shares at ₱0.10 par value per share. The BOD likewise approved the reclassification of ₱62.5 million worth of issued common shares of EHI into 625.0 million preferred shares with a par value of ₱0.10. This was approved by SEC on September 11, 2014.

Further in July 2, 2014, the Parent Company issued 375.0 million additional preferred shares to EHI for ₱37.5 million at ₱0.10 par value per share.

The movement in the Parent Company's common capital stock is shown below:

	2015	2014
Balance at beginning of year	**₱1,800,778,565**	₱1,859,528,565
Issuances and subscriptions of shares	**3**	3,750,000
Converted to preferred shares	**–**	(62,500,000)
Balance at end of year	**₱1,800,778,568**	₱1,800,778,565

The movement in the Parent Company's preferred capital stock is shown below:

	2015	2014
Balance at beginning of year	**₱100,000,000**	₱–
Converted from common share	**–**	62,500,000
Issuances of shares	**–**	37,500,000
Balance at end of year	**₱100,000,000**	₱100,000,000

The rollforward analysis of the subscription receivable account from common capital stock is shown below:

	2015	2014
Balance at beginning of year	**₱97,500,000**	₱535,250,000
Increase (decrease) during the year	**–**	(437,750,000)
Balance at end of year	**₱97,500,000**	₱97,500,000

In 2014, movement in subscription receivable balance pertains to payment made for the amount due to the Parent Company.

17. General and Administrative Expenses

This account consists of:

	Notes	2015	2014
Provision for impairment losses	9,11,12,15	**₱498,145,563**	₱325,519,525
Salaries, employee benefits and other contributions		**2,429,286**	3,470,368
Penalties and fines		**2,001,694**	130,769
Accounts written off	7,9,11,15	**1,798,525**	88,174,956
Professional fees		**923,384**	471,990
Stock transfer and listing costs		**552,000**	660,694
Depreciation	13	**489,892**	489,468
Communication, light and water		**58,035**	95,337
Transportation and travel		**14,234**	444,936
Taxes and licenses		**4,598**	–
Repair and maintenance		**2,180**	31,130
Representation and entertainment		**632**	100,139
Advertising and promotion		**–**	33,639
Registration fees		**–**	11,250
Rent expense		**–**	2,500
Others		**25,069**	52,243
		₱506,445,092	₱419,688,944

Accounts written off represents the direct write off due from related parties, investment in associates and subsidiaries, bonds receivable, prepaid tax, materials and supplies, advances for liquidation and other receivables.

Others includes training and seminars, bank charges and office expenses.

18. **Income Taxes**

a. The current income tax expense in 2015 and 2014 pertains to minimum corporate income tax.

b. The reconciliation between the income tax expense computed at the statutory tax rate and the income tax shown in statements of comprehensive income follows:

	2015	2014
Income tax expense computed at statutory tax rate	**(₱151,776,702)**	(₱107,457,072)
Income tax effects of:		
Provision for impairment losses	**149,443,669**	97,655,857
Unrecognized deferred tax asset on NOLCO	**1,344,419**	2,149,645
Nondeductible expenses	**603,113**	70,110
Accounts written off	**539,558**	26,452,487
Reversal of allowance for impairment losses	**(153,532)**	–
Interest income subjected to final tax	**(525)**	(1,643)
Gain on reclassification	**–**	(18,869,384)
Unrecognized DTA on MCIT	**185**	256
	₱185	₱256

c. The Parent Company has NOLCO which can be claimed as deduction against future taxable income for the next three years as follows:

Year	Amount	Expired	Ending Balance	Year of Expiry
2015	₱4,481,398	₱–	₱4,481,398	2018
2014	7,167,485	–	7,167,485	2017
2013	6,377,295	–	6,377,295	2016
2012	10,354,583	(10,354,583)	–	2015
	₱28,380,761	(₱10,354,583)	₱18,026,178	

d. The carryforward benefits of excess MCIT can be claimed as deduction from regular corporate income tax for the next three (3) years as follows:

Year	Amount	Expired	Ending Balance	Year of Expiry
2015	₱185	₱–	₱185	2018
2014	256	–	256	2017
2013	1,897	–	1,897	2016
2012	17,468	(17,468)	–	2015
	₱19,806	(₱17,468)	₱2,338	

e. RA No. 9504 that was enacted in 2008, amended various provisions in the existing 1997 National Internal Revenue Code. Among the forms introduced by the said RA was the option granted to corporation to avail the optional standard deduction at 40% of gross income in lieu of the itemized deduction scheme.

The Parent Company opted for the itemized deduction scheme for its income tax reporting in 2015 and 2014.

19. **Financial Instruments**

The following tables set forth the carrying values and estimated fair values of the Parent Company's financial asset and liabilities recognized as of December 31, 2015 and 2014:

	2015		
	Carrying value	Fair value	Significant observable inputs (Level 2)
Financial assets:			
Cash	₱231,789	₱231,789	₱231,789
Receivables*	250,142,630	250,142,630	250,142,630
Due from related parties – net	172,281,299	172,281,299	172,281,299
	₱422,655,718	₱422,655,718	₱422,655,718
Financial liabilities:			
Trade and other payables**	₱18,225,214	₱18,225,214	₱18,225,214
Due to related parties – net	185,581	185,581	185,581
	₱18,410,795	₱18,410,795	₱18,410,795

	2014		
	Carrying value	Fair value	Significant observable inputs (Level 2)
Financial assets:			
Cash	₱2,139,958	₱2,139,958	₱2,139,958
Due from related parties – net	425,966,750	425,966,750	425,966,750
	₱428,106,708	₱428,106,708	₱428,106,708
Financial liabilities:			
Trade and other payables**	₱16,381,718	₱16,381,718	₱16,381,718

**Excludes nonfinancial assets*
***Excludes government payables*

Methods and Assumption Used to Estimate Fair Value
The carrying value of cash, receivables, trade and other payables, due to and from related parties approximate the fair value due to the short-term nature of the transactions.

The fair value of financial assets and liabilities included in Level 2 which are not traded in an active market are determined based on the expected cash flows of the underlying asset and liability based on the instrument where the significant inputs required to determine the fair value of such instrument are directly or indirectly observable.

The Parent Company has no financial instruments that are carried at FVPL.

20. **Financial Risk Management Objectives and Policies**

The Parent Company is exposed to a variety of financial risks, which resulted from its operating, investing and financing activities. The Parent Company's principal financial instruments comprise of cash, receivables, trade and other payables and due to and from related parties. The main purpose of investing these financial instrument (assets) is to maximize interest yield and for capital appreciation. The main purpose of loan is to finance the Parent Company's operations.

The Parent Company's policies and guidelines cover credit risk, liquidity risk, interest rate risk and foreign currency risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Parent Company's results and financial position. The Parent Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principles.

- Credit Risk
  Credit risk refers to the risk that counterparty will default and/or fail to honor its financial or contractual obligations, resulting in financial loss to the Parent Company. The Parent Company only transacts with recognized and creditworthy counterparties, like investing in creditworthy equities.

  a. Credit quality

  Below is the credit quality per class of the Company's financial assets as of December 31, 2015 and 2014.

	2015			
	Neither past due nor impaired		Past due and	
	High grade	Standard grade	impaired	Total
Cash	₱163,427	₱68,362	₱–	₱231,789
Receivables	250,142,630	–	–	250,142,630
Due from related parties	172,281,299	–	338,998,174	511,279,473
	₱422,587,356	₱68,362	₱338,998,174	₱761,653,892

	2014			
	Neither past due nor impaired		Past due and	
	High grade	Standard grade	impaired	Total
Cash	₱2,072,308	₱67,650	₱–	₱2,139,958
Due from related parties	425,966,750	–	339,510,017	765,476,767
	₱428,039,058	₱67,650	₱339,510,017	₱767,616,725

  High grade cash are cash deposited in bank. High grade accounts, other than cash, are accounts considered to be of high value. Standard grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

  b. Credit risk exposure

  With respect to credit risk arising from other financial assets of the Parent Company, which comprise of cash, receivables and due from related parties, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The table below summarizes the maximum exposure to credit risk for the components of the Parent Company's financial assets as of December 31, 2015 and 2014.

	Note	**2015**	2014
Cash in banks	6	**₱231,789**	₱2,132,157
Receivables – net	7	**250,142,630**	–
Due from related parties – net	15	**172,281,299**	425,966,750
		₱422,655,718	₱428,098,907

c. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Parent Company's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Parent Company's financial strength and undermine public confidence.

d. Impairment assessment

The Parent Company recognizes impairment losses based on the results of the specific/individual of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is inability to pay principal or interest overdue, if any, beyond a certain threshold. These and other factors constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The Parent Company applies the specific/individual assessment in assessing and measuring impairment.

Under specific/individual assessment, the Parent Company assesses each individual significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment. Among the items and factors considered by the Parent Company when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; (e) the availability of other sources of financial support; and, (f) the existing realizable value of collateral, if any. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

- Liquidity Risk
The Parent Company seeks to manage its liquidity profile to be able to finance its capital expenditures and cover its operating costs. The Parent Company's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. Additional short-term funding is obtained from related party advances.

Maturity Profile
The Parent Company's financial assets and liabilities are all collectible and payable, respectively, on demand except for receivables amounting to ₱250,142,630 as of December 31, 2015 and trade and other payables which amounted to ₱18,225,214 and ₱16,381,718 as of December 31, 2015 and 2014, respectively which are due in less than one year.

- Interest Rate Risk
  The Parent Company is exposed to interest rate fluctuations on their cash in banks and loan payable. Other financial assets and liabilities which principally arise in the ordinary course of its operations are generally short-term and noninterest-bearing.

  Historically, the rate fluctuations relative to its cash in banks are minimal. Interest rates in 2015 and 2014 is less than 1%.

- Foreign Currency risk
  Currency risk arises when transactions are denominated in foreign currency. The company is not exposed to significant foreign currency risk given that the company's foreign currency denominated financial assets which pertains to cash in bank is not significant in amount.

21. Capital Management

The primary objective of the Parent Company's capital management is to ensure its ability to continue as a going concern and maintains healthy ratios in order to support its business and maximize shareholders' value.

The Parent Company considers the following accounts as its capital:

	2015	2014
Capital stocks	**₱1,803,278,568**	₱1,803,278,565
Additional paid-in capital	**268,090,531**	268,090,531
Deficit	**(1,156,323,070)**	(650,400,545)
	₱915,046,029	₱1,420,968,551

The Parent Company manages capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity.

The debt-to-equity ratios as at December 31, 2015 and 2014 follow:

	2015	2014
Total debt	**₱195,504,128**	₱193,502,327
Total equity	**915,046,029**	1,420,968,551
Debt-to-equity ratio	**0.21:1.00**	0.14:1.00

The Parent Company had not been subjected to externally imposed capital requirements in 2015 and 2014. No changes were made in the objectives, policies, and processes during the years ended December 31, 2015 and 2014.

22. **Other Matters**

Trading Suspension

On May 13, 2015, the Parent Company requested for a voluntary suspension in the trading of its securities in the PSE. The request was filed in order to prevent any unusual volatility in the trading of the Parent Company's securities that may cause investor panic as a result of a news article on the inclusion of certain bank accounts of the Parent Company in a Freeze Order issued by the Court of Appeals.

On said date, the PSE suspended the trading of the Parent Company's securities until further notice.

Civil Forfeiture

On December 14 and 15, 2015 the Regional Trial Court of the City of Manila, Branch 53, (the "Court") placed under asset preservation specified bank accounts of (i) Parent Company and (ii) SREDC, a subsidiary of the Parent Company (the "Order"). The Order was predicated solely on the allegation made by the Anti-Money Laundering Council ("AMLC") that multiple transactions involving receipt of inward remittances and inter-branch fund transfers between Parent Company, SREDC, and related corporations were allegedly without any underlying legal or trade obligation, purpose, or economic justification and/or that they were allegedly not commensurate to the business or financial capacity of the parties involved.

The rules on confidentiality and *sub judice* bar the Parent Company from publicly going into the details of the ongoing proceedings with the Court; however, the Parent Company wishes to draw attention to the disclosures dated June 30, 2014 and July 1, 2, 3, 7 and 10, 2014 (Material Disclosures) lodged by the Parent Company with the PSE (hence, already public and readily accessible) that would show that the receipts and transmittals involving the corporations had economic justifications and involved business transactions, which were timely made public.

23. **Supplemental Information Required by Bureau of Internal Revenue (BIR)**

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to financial statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS.

Revenue Regulation No. 2-2014 was issued to prescribe the new BIR forms that will be used for income tax filing covering and starting with December 31, 2013.

The following information on taxes and license fees paid or accrued during the year is presented for purposes of compliance with the disclosure requirement by the BIR as provided in its RR 15-2010 and is not a required part of the basis of financial statements in accordance with PFRS.

a. The Parent Company's taxes and licenses in 2015 shown in the statements of comprehensive income are as follow:

Business permit	₱3,430
Registration fees	543
Community tax certification	500
Barangay clearance	125
	₱4,598

b. The amount of withholding tax paid and accrued on compensation amounted to ₱648,635 in 2015 and ₱748,484 in 2014.

c. The amount of expanded withholding tax paid and accrued amounted to ₱13,814 in 2015 and ₱17,465 in 2014.

d. In 2015 and 2014, the Parent Company has no transactions that were subjected to the following taxes:

   - Custom duties and tariff fees
   - Excise tax
   - Output vat

e. The Parent Company is not involved in any tax cases under preliminary investigation, litigation and prosecution in courts or outside the BIR for the years ended December 31, 2015 and 2014.

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BAKER TILLY
INTERNATIONAL

Constantino Guadalquiver & Co.
Certified Public Accountants

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8741 Paseo de Roxas Street
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Telephone (+632) 848-1051
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SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Greenergy Holdings Incorporated
54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited the financial statements of Greenergy Holdings Incorporated for the year ended December 31, 2015, on which we have rendered the attached report dated October 24, 2016.

In compliance with Securities Regulation Code Rule 68, we are stating that the said Parent Company has one thousand twenty-one (1,021) stockholders owning one hundred (100) or more shares each.

CONSTANTINO GUADALQUIVER & CO.
BOA Registration No. 0213, valid until December 31, 2016
SEC Accreditation No. (AN) 003-FR-3, valid until November 10, 2017 (Group A)
TIN 000-451-068-000
BIR AN 08-001507-0-2014, valid until January 5, 2018

By:

ROGELIO M. GUADALQUIVER
Partner
CPA Certificate No. 13608
SEC AN 0017-AR-3, valid until December 16, 2017 (Group A)
TIN 123-305-015-000
BIR AN 08-001507-1-2014, valid until January 5, 2018
PTR No. 5359248, issued on January 27, 2016, Makati City

Makati City, Philippines
October 24, 2016

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Certified Public Accountants

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E-mail address:mail@cgco.com.ph

SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Greenergy Holdings Incorporated
54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Greenergy Holdings Incorporated, as of and for the years ended December 31, 2015 and 2014, and have issued our report thereon dated October 24, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying summary of effective standards and interpretations under the Philippine Financial Reporting Standards is the responsibility of the Parent Company's management. This schedule is presented for the purpose of complying with Securities Regulation Code Rule 68, As Amended (2011) and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

CONSTANTINO GUADALQUIVER & CO.
BOA Registration No. 0213, valid until December 31, 2016
SEC Accreditation No. (AN) 0003-FR-3 (Group A), valid until November 10, 2017
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Makati City, Philippines
October 24, 2016

GREENERGY HOLDINGS INCORPORATED

SUMMARY OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS

DECEMBER 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics				
PFRSs Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Annual Improvements (2009-2011 Cycle): Repeated Application of PFRS 1			✓
	Annual Improvements (2009-2011 Cycle): First-time Adoption of PFRS – Borrowing Cost			✓
	Annual Improvements (2011-2013 Cycle): First-time Adoption of PFRS – Meaning of Effective PFRS			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓**
	Annual Improvements (2010-2012 Cycle): Definition of Vesting Condition			✓**
PFRS 3 (Revised)	Business Combinations	✓		
	Annual Improvements (2010-2012 Cycle): Accounting for Contingent Consideration in a Business Combination			✓
	Annual Improvements (2011-2013 Cycle): Scope Exceptions for joining Arrangements*			✓

*These are effective subsequent to December 31, 2015.
**Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓**
	Annual Improvements (2012-2014 Cycle): Noncurrent Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*		✓	
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓**
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓**
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities			✓**
	Annual Improvements (2012-2014 Cycle): Financial Instruments: Disclosure – Servicing Contracts*		✓	
	Annual Improvements (2012-2014 Cycle): Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*		✓	
PFRS 8	Operating Segments	✓		
	Annual Improvements (2010-2012 Cycle): Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
PFRS 9	Financial Instruments*		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓**
	Amendments to PFRS 9: Financial Instruments – Classifications and Measurement*		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments for Investment Entities		✓	
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities – Applying the Consolidation Exception*		✓	
	Amendment to PFRS 10: Consolidated Financial Statements and PAS 28: Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate and Joint Venture*		✓	

*These are effective subsequent to December 31, 2015.
**Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11, Accounting for Acquisitions of Interests in Joint Operations*		✓	
PFRS 12	Disclosure of Interests in Other Entities	✓**		
	Amendments for Investment Entities		✓	
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements (2010-2012 Cycle): Short-term Receivables and Payables	✓		
	Annual Improvements (2011-2013 Cycle): Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts*		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓**
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Annual Improvements (2009-2011 Cycle): Clarification of the Requirements for Comparative Information	✓		
	Amendment to PAS 1: Presentation of Financial Statements – Disclosure Initiative*		✓	
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements (2009-2011 Cycle): Classification of Servicing Equipment	✓		
	Annual Improvements (2010-2012 Cycle): Revaluation Method – Proportionate Restatement of Accumulated Depreciation			✓**

*These are effective subsequent to December 31, 2015.
**Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amendment to PAS 16: Property, Plant and Equipment and PAS 38: Intangible Assets – Classification of Acceptable Methods of Depreciation and Amortization*		✓	
	Amendment to PAS 16: Property, Plant and Equipment and PAS 41: Agriculture – Bearer Plants*		✓	
PAS 17	Leases			✓**
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19 – Defined Benefit Plans: Employee Contributions			✓
	Annual Improvements (2012 – 2014 Cycle): Employee Benefits – Regional Market Issue Regarding Discount Rate*		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓**
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓**
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements (2010-2012 Cycle): Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments in Investment Entities			✓
	Amendments to PAS 27: Separate Financial Statements – Equity Method in Separate Financial Statements*		✓	
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		

*These are effective subsequent to December 31, 2015.
**Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓**
	Amendment to PAS 32: Classification of Rights Issues			✓**
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities		✓	
	Annual Improvements (2009-2011 Cycle): Presentation – Tax effect of Distribution to Holders of Equity Instruments			✓**
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓**
	Annual Improvements (2009-2011 Cycle): Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓**
	Annual Improvements (2012 – 2014 Cycle): Interim Financial Reporting – Disclosure of information elsewhere in the Interim Financial Report*		✓	
PAS 36	Impairment of Assets	✓		
	Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets		✓	
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Annual Improvements (2010-2012 Cycle): Revaluation Method – Proportionate Restatement of Accumulated Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓**
	Amendments to PAS 39: The Fair Value Option			✓**
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓**
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓**
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✓**
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓**
	Amendment to PAS 39: Eligible Hedged Items			✓**
	Amendment to PAS 39: Novations of Derivatives and Continuation of Hedge Accounting		✓	

*These are effective subsequent to December 31, 2015.
**Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 40	Investment Property	✓		
	Annual Improvements (2011-2013 Cycle): Investment Property			✓
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓**
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓**
IFRIC 8	Scope of PFRS 2			✓**
IFRIC 9	Reassessment of Embedded Derivatives			✓**
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓**
IFRIC 10	Interim Financial Reporting and Impairment			✓**
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓**
IFRIC 12	Service Concession Arrangements			✓**
IFRIC 13	Customer Loyalty Programmes			✓**
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓**
IFRIC 15	Amendments to Philippine Interpretations IFRIC- 15, Agreements for Construction of Real Estate*		✓	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓**
IFRIC 17	Distributions of Non-cash Assets to Owners			✓**
IFRIC 18	Transfers of Assets from Customers			✓**
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓**
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies		✓	
SIC-7	Introduction of the Euro			✓

*These are effective subsequent to December 31, 2015.
**Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓**
SIC-15	Operating Leases - Incentives	✓		
SIC 21	Income Taxes – Recovery of Revalued Non-depreciable assets	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓**
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓**
SIC-32	Intangible Assets - Web Site Costs			✓**

*These are effective subsequent to December 31, 2015.
**Adopted but no significant impact

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year **2014**

2. Exact Name of Registrant as Specified in its Charter **GREENERGY HOLDINGS INCORPORATED**

3. **54 National Road, Dampol II-A, Pulilan, Bulacan**
   Address of Principal Office Postal Code

4. SEC Identification Number **AS092-000589** 5. (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number **001-817-292**

7. **(02) 579-4490, (02)661-6945**
   Issuer's Telephone number, including area code

8. **N/A**
   Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	9

Actual number of Directors for the year	9

(a) Composition of the Board

Complete the table with information on the Board of Directors:

The members of the Board of Directors elected during the last Annual Stockholders' Meeting on 16 June 2014 were as follows:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
George Uy	NED	N/A	George Uy	19 October 2011	16 June 2014	Annual Meeting	2
Agustin V. Que	ED	N/A	George Uy	26 March 2014	16 June 2014	Annual Meeting	0.75
Antonio Tiu	ED	N/A	Antonio Tiu	23 December 2010	16 June 2014	Annual Meeting	4
Yuan-Ming Zheng	NED	N/A	Antonio Tiu	15 November 2013	16 June 2014	Annual Meeting	1.16
Martin Subido	ED	N/A	Antonio Tiu	23 December 2010	16 June 2014	Annual Meeting	4.0
Kenneth S. Tan	ED	N/A	Antonio Tiu	16 June 2014	16 June 2014	Annual Meeting	0.58
Paula Katrina L. Nora	ED	N/A	Antonio Tiu	16 June 2014	16 June 2014	Annual Meeting	0.58
Leonor Briones	ID	N/A	Antonio Tiu (No relationship with nominator)	19 October 2011	16 June 2014	Annual Meeting	3.25
Benjamin Lim	ID	N/A	Antonio Tiu (No relationship with nominator)	19 October 2011	16 June 2014	Annual Meeting	3.25

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board follows the following policies embodied in Articles 6 to 10 of the Company's Amended Manual on Corporate Governance:

Article 6: Stockholders' Rights and Protection of Minority Stockholders' Interests

A) The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:

(i) Right to vote on all matters that requires their consent or approval; (ii) Right to inspect corporate books and records;

(iii) Right to information;

(iv) Right to dividends; and

(v) Appraisal right.

B) The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.
It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Although all stockholders should be treated equally or without discrimination, and without prejudice to compliance with the provisions of the Corporation Code, the Securities Regulation Code and all relevant rules and regulations, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.

Article 7: Governance Self-Rating System

The Board may create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in this Code.

The creation and implementation of such self-rating system, including its salient features, may be disclosed in the Company's annual report.

Article 8: Disclosure and Transparency

The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets.
It is therefore essential that all material information about the Company which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.

Article 9: Commitment to Good Corporate Governance

The Company shall exert its best efforts to implement the corporate governance rules embodied in this Manual
This Manual shall be made available for inspection by any shareholder at reasonable hours on business days.

Article 10: Regular Review of the Code and the Scorecard

The Company undertakes to accomplish annually a scorecard that the Commission may require in order to monitor the scope, nature and extent of the actions the Company has taken to meet the objectives of the Revised Code on Corporate Governance.

(c) How often does the Board review and approve the vision and mission?

As often as necessary.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[1]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
George Uy	1. Isabela Alcogas Corporation 2. Winsun Green Ventures, Inc.	1. Executive, Chairman 2. Non-Executive, Chairman
Antonio Tiu	1. Total Waste Management Recovery System, Inc. 2. Winsun Green Ventures, Inc. 3. Isabela Alcogas Corporation 4. Sunchamp Real Estate Development Corp. 5. Agrinurture Development Holdings, Inc. 6. Lite Speed technologies, Inc.	1. Non-Executive, Chairman 2. Executive, Member 3. Executive, Member 4. Executive, Chairman 5. Executive, Member 6. Executive, Member
Martin Subido	1. Total Waste Management Recovery System, Inc. 2. Sunchamp Real Estate Development Corp. 3. Agrinurture Development Holdings, Inc. 4. Lite Speed technologies, Inc.	1. Non-Executive, Member 2. Executive, Member 3. Executive, Member 4. Executive, Member
Agustin V. Que	1. Agrinurture Development Holdings, Inc.	1. Non-Executive, Member
Kenneth S. Tan	1. Agrinurture Development Holdings, Inc. 2. Lite Speed Technologies, Inc.	1. Executive, Member 2. Non-Executive, Member
Paula Katrina L. Nora	1. Agrinurture Development Holdings, Inc.	1. Executive, Member

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Antonio Tiu	1. AgriNurture, Inc.	1. Executive, Chairman
Leonor Briones	1. AgriNurture, Inc. 2. Megawide Construction Corp.	1. Independent Director (term in AgriNurture, Inc. ended on May 27, 2013) 2. Independent Director

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which inks them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Antonio L. Tiu	Earthright Holdings, Inc.	Business. Antonio Tiu is a majority stockholder, director, President and Chairman of Earthright Holdings, Inc.
Antonio Tiu	Sunchamp Real Estate	Business. Antonio Tiu is a majority stockholder,

[1] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	Development Corp.	director, President and Chairman of Sunchamp Real Estate Development Corp.
Antonio L. Tiu	Three Star Capital Limited (BVI)	Business. Antonio Tiu is the sole director of Three Star Capital Limited (BVI).

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? Yes.

In particular, is the limit of five board seats in other publicly listed companies imposed and observed? NO. If yes, briefly describe other guidelines:

Under the Company's Revised Manual on Corporate Governance, the Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

The CEO and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	The CEO and other executive directors may be covered by a lower indicative limit for membership in other boards. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.	No specific limit is explicitly set because we believe that all our directors have the capacity and ability to serve without compromising their diligence and efficiency and this is supported by their high attendance turnout during the regular monthly board meetings.
Non-Executive Director	A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.	No specific limit is explicitly set because we believe that all our directors have the capacity and ability to serve without compromising their diligence and efficiency and this is supported by their high attendance turnout during the regular monthly board meetings.
CEO	The CEO and other executive directors may be covered by a lower indicative limit for membership in other boards. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.	No specific limit is explicitly set because we believe that all our directors have the capacity and ability to serve without compromising their diligence and efficiency and this is supported by their high attendance turnout during the regular monthly board meetings.

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock[2]
Antonio L. Tiu	10,000	473,500,000	26.3%
George Uy	0	1,000	0.00%
Agustin V. Que	0	2,000,000	0.11%
Martin Subido	1,000	1,000	0.00%
Yuan-Ming Zheng	10,000	0	0.00%
Kenneth S. Tan	0	10,000	0.00%
Paula Katrina L. Nora	0	0	0.00%
Benjamin Lim	14	1,000	0.00%
Leonor Briones	0	1,000	0.00%
TOTAL	21,014	475,514,000	26.41

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes [/] No [ ]

Identify the Chair and CEO:

Chairman of the Board	Antonio L. Tiu
CEO/President	Antonio L. Tiu

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	**Chief Executive Officer**
Role	The Chairman effectively manages the affairs of the Board. He exercises such powers which are given him by the company's By-Laws and such other duties customarily incident to the said office and those which may be prescribed by the Board of Directors from time to time. Generally, he ensures that the Board is effective in its tasks of setting and implementing the company's direction and strategy.	Generally the President shall be the Chief Executive Officer of the Company and shall also have administration and direction of the day-to-day business affairs of the Company. He shall supervise and manage the internal organization and business affairs of the Company and ensure that the administrative and operational policies of the Corporation are carried out under his supervision and control.
Accountabilities	a) Preside over the meetings of the Board of Directors and the stockholders, and ensure that the meetings are held in	a) To preside at the meetings of the Board of Directors and of the stockholders, in the absence of the Chairman of the Board;

[2] Based on a total of 1,800,778,565 common outstanding shares.

	accordance with the by-laws or as the Chairman may deem necessary; b) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and c) Maintain qualitative and timely lines of communication and information between the Board and Management.	b) To initiate and develop corporate objectives and policies and formulate long-range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation; c) To have general supervision and management of the business affairs and property of the corporation; d) To ensure that the administrative and operational policies of the corporation are carried out under his supervision and control; e) Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the corporation, prescribe their duties, and determine their salaries; f) To oversee the preparation of the budgets and the statements of account of the corporation; h) To represent the corporation at functions and proceedings; i) To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors; j) To make reports to the Board of Directors and stockholders; k) To sign certificates of stock; and l) To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.
Deliverables	a) Meeting agenda prepared by the Corporate Secretary (considers suggestions of the President, Management and the directors). b) Recommendations regarding the business of the Corporation is submitted for consideration of the Board of Directors. c) He casts the deciding vote in case of a tie in the Stockholders or in the Board of Directors' meetings.	Submits and recommends for Board approval: a) short and long range plans for the Company; b) Balance Sheet, Profit and Loss Statement, Budget of administration expenses; c) Annual Report on the operation and condition of the Company; and d) Executes all resolutions of the stockholders and the Board of directors.

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Board of Directors, through its Nomination and Compensation Committee, reviews and evaluates the qualifications of all persons nominated to the Board as well as those nominated to other positions which includes the CEO/President and the top key management positions to ensure that only qualified, competent, honest and highly motivated officials are appointed.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? YES. Please explain.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. The Company's By-Laws provide that no person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation or any of its subsidiaries or affiliates. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

i. If he is an office, manager or controlling person of, or the owner (either of record or beneficial) of twenty percent (20%) or more of any outstanding class of shares of any corporation (other than one in which this Corporation owns at least thirty percent (30%) of the capital stock) engaged in business which the Board, by at least two-thirds (2/3) vote, determines to be competitive or antagonistic to that of the Corporation or any of its subsidiaries or affiliates:

ii. If he is an officer, manager or controlling person of, or the owner (either of records or beneficial) of twenty percent (20%) or more of any outstanding class of shares of, any corporation or entity engaged in any line of business of the Corporation or of any of its subsidiaries or affiliates , when in the judgment of the Board, by at least a two-thirds (2/3) vote, the law against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or

iii. If the Board, in the exercise of its judgment in good faith, determines by at a least two-thirds (2/3) vote that he is to nominee of any person set forth in (i) or (ii) above.

In determining whether or not a person is a controlling person, beneficial owner or the nominee of another, the Board may take into account such factors as business and family relationships.

For proper implementation of its provisions, all nominees for elections of Directors by the stockholders shall be submitted in writing to the Board of Directors and be received at the Corporation's principal place of business at least thirty (30) working days before the date of the regular or special meeting of stockholders for the purpose of electing directors.

Under the Company's Manual on Corporate Governance, in addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board may provide for additional qualifications such as:

(i) College education or equivalent academic degree;
(ii) Practical understanding of the business of the Company;
(iii) Membership in good standing in relevant industry, business or professional organizations; and
(iv) Previous business experience.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	Generally the President shall be the Chief Executive Officer of the Corporation and shall be responsible for the effective day-to-day operations and management of the Company. He shall supervise and manage the internal organization and business affairs of the Corporation and ensure that the administrative and operational policies of the Corporation are carried out under his supervision and control.	A director's office is one of trust and confidence. Directors should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress. In addition, an independent director identifies the most critical issues for the board to deal with and assist the board in achieving consensus on important issues.	
Accountabilities	Upon authority granted by the Board of Directors, the President shall: a) signs deeds, bonds, contracts, or other instruments; b) authorizes the purchase or acquisition of personal properties, furniture, fixtures, or other office equipments c) approves all expenses or disbursements authorized in the budget of the Corporation d) represents the Corporation in any negotiation which may be necessary to make in the usual course of business; e) represents the Corporation in any judicial or administrative proceedings f) appoints and discharges employees occupying the positions authorized by the Board of Director; and g) performs all other duties customarily incident to his office and as may be prescribed by the Board from time to time.	He shall observe the following norms of conduct: a) Conduct fair business transactions with the corporation and ensure that personal interest does not prejudice Board decisions; b) Devotes time and attention necessary to properly discharge his duties and responsibilities; c) Acts judiciously; d) Exercises independent judgment; e) Have working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation, By-laws, the requirements of the SEC, and, where applicable, the requirements of other government agencies f) Observes confidentiality; and g) Ensures the continuing soundness, effectiveness and adequacy of the Company's internal control system. Directors shall have the duty of preparing and actively participating in board meetings. Independent directors should always attend board meetings.	
Deliverables	Submits and recommends for Board approval: a) short and long range plans for the Company; b) Balance Sheet, Profit and Loss	The Board establishes the general policies and guidelines which will enable Management to render an effective management of the Company and as part of which undertakes to: a) Formulate company's vision and mission; b) Approve and confirm management's	

	Statement, Budget of administration expenses; and c) Annual Report on the operation and condition of the Corporation; Executes all resolutions of the stockholders and the Board of directors.	corporate strategies, major plans of actions, risk policy, annual budget and business plan; c) Adopts a succession plan d) Review annually the Company's compliance with its Manual on Corporate Governance; e) Approve corporate policies on major areas of operations; f) Ensures the adequacy and effectiveness of the Company's internal control and management information systems; g) Approves annual budget and general expenses upon recommendation of the President; and h) Submits annually at regular General Meeting of Stockholders the Balance Sheet, Profit and Loss Statement and Annual Report on the condition of the Corporation.

Provide the company's definition of "independence" and describe the company's compliance to the definition.

Under the Company's By-Laws, the independent directors shall have all the qualifications and none of the disqualifications set forth in Section 38 of the Securities Regulation Code (SRC) and its implementing Rules and Regulations, as the same may be amended from time to time. Thus, the Company follows the following definition of "independent director" under Rule 38 of the Implementing Rules and Regulations of the SRC:

"As used in Section 38 of the Code, independent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company and includes, among others, any person who:

A. Is not a director or officer of the covered company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;

B. Does not own more than two percent (2%) of the shares of the covered company and/or its related companies or any of its substantial shareholders;

C. Is not related to any director, officer or substantial shareholder of the covered company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

D. Is not acting as a nominee or representative of any director or substantial shareholder of the covered company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;

E. Has not been employed in any executive capacity by the covered company, any of its related companies and/or by any of its substantial shareholders within the last five (5) years;

F. Is not retained, either personally or through his firm or any similar entity, as professional adviser, by that covered company, any of its related companies and/or any of its substantial shareholders, within the last five (5) years; or

G. Has not engaged and does not engage in any transaction with the covered company and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial."

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no

more than four additional years? Please explain.

The Company follows the term limits under SEC Memorandum Circular No. 9 Series of 2011 which provides that an independent director can serve as such for 5 consecutive years, provided that service for a period of at least 6 months shall be equivalent to 1 year. After completion of the 5-year service, the independent director shall be ineligible for election as such in the Company for a period of 2 years. After the 2-year "cooling off" period, and provided that he has not engaged in any activity under the rules that disqualifies him to act as an independent directors, the independent director can serve as such in the Company for another 5 years. After serving for 10 years, the independent director shall be perpetually barred from being elected as such in the Company.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Dr. Alfred Tong	Director	26 March 2014	Severe Medical Condition

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

<table>
<tr><th>Procedure</th><th>Process Adopted</th><th>Criteria</th></tr>
<tr><td colspan="3">a. Selection/Appointment</td></tr>
<tr><td>(i) Executive Directors</td><td rowspan="3">Under the Company's By-Laws, all nominees for lections of Directors by the stockholders shall be submitted in writing to the Board of Directors and be received at the Corporation's principal place of business at least thirty (30) working days before the date of the regular or special meeting of stockholders for the purpose of electing directors.

Further, the Nomination Committee shall have the following functions: (a) formulate screening policies to enable the Committee to effectively review the qualification of the nominees for independent directors; and (b) conduct nominations for independent directors prior to the stockholders' meeting in accordance with the procedure set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation code, as</td><td rowspan="3">Under the Company's By-Laws, any person having at least one (1) share of stock registered in his name in the books of the Corporation may be nominated and elected to the Board of Directors provided, however, that no person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation or any of its subsidiaries or affiliates. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

If he is an office, manager or controlling person of, or the owner (either of record or beneficial) of twenty percent (20%) or more of any outstanding class of shares of any corporation (other than one in which this Corporation owns at least thirty percent (30%) of the capital stock) engaged in business which the Board, by at least two-thirds (2/3) vote, determines to be competitive or antagonistic to that of the Corporation or any of its subsidiaries or affiliates:</td></tr>
<tr><td>(ii) Non-Executive Directors</td></tr>
<tr><td>(iii) Independent Directors</td></tr>
</table>

	the same may be amended from time to time.	If he is an officer, manager or controlling person of, or the owner (either of records or beneficial) of twenty percent (20%) or more of any outstanding class of shares of, any corporation or entity engaged in any line of business of the Corporation or of any of its subsidiaries or affiliates , when in the judgment of the Board, by at least a two-thirds (2/3) vote, the law against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or If the Board, in the exercise of its judgment in good faith, determines by at a least two-thirds (2/3) vote that he is to nominee of any person set forth in (i) or (ii) above. In determining whether or not a person is a controlling person, beneficial owner or the nominee of another, the Board may take into account such factors as business and family relationships. Further, under the Company's Manual on Corporate Governance, in addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code and other relevant laws, the Board may provide for additional qualifications such as: (i) College education or equivalent academic degree; (ii) Practical understanding of the business of the Company; (iii) Membership in good standing in relevant industry, business or professional organizations; and (iv) Previous business experience.
b. Re-appointment		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Same as above under "Selection/Appointment".	Same as above under "Selection/Appointment".
c. Permanent Disqualification		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Same as above under "Selection/Appointment".	Under the Company's Manual on Corporate Governance, the following shall be grounds for the permanent disqualification of a director: (i) Any person convicted by final judgment or order by a competent

		judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; (ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission (the "Commission") or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities. The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

		(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; (iv) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order; (v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation; (vi) Any person judicially declared as insolvent; (vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above; and (viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.
d. Temporary Disqualification		
(i) Executive Directors	Same as above under "Selection/Appointment".	Under the Company's Manual on Corporate Governance, the Board may provide for the temporary disqualification of a director for any of the following reasons: (i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.
(ii) Non-Executive Directors		
(iii) Independent Directors		

		(ii) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election. (iii) Dismissal or termination for cause as director of any corporation covered by the Revised Code on Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination. (iv) If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.
e. Removal		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Under the Company's Manual on Corporate Governance, to strictly observe and implement the provisions of said Manual, the following penalties shall be imposed, after notice and hearing, on the Company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any provision of the Manual. a. In the case of a first violation, the subject person shall be reprimanded.	If the director possesses any of the grounds for permanent disqualification under the Company's Manual on Corporate Governance, the Corporation Code and the Securities Regulation Code.

	b. Suspension from office shall be imposed in the case of a second violation. The duration of the suspension shall depend on the gravity of the violation. c. For a third violation, the maximum penalty of removal from office shall be imposed. The commission of a third violation of this Manual by any member of the Board or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship. The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend the imposable penalty for such violation to the Chairman of the Board, for further review and approval of the Board.	
f. Re-instatement		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Same as above under "Selection/Appointment".	Same as above under "Selection/Appointment".
g. Suspension		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	Same as above under "Removal".	If the director possesses any of the grounds for temporary disqualification under the Company's Manual on Corporate Governance, the Corporation Code and the Securities Regulation Code.

Voting Result of the last Annual General Meeting

The number of nominees for directors during the Annual Stockholders Meeting on 16 June 2014 is nine (9) and this equals the number of board seats available so that each of the nine (9) nominees for directors received equal number of votes of 101,747,341,398 each.

Name of Director	Votes Received
(1) George Y. Uy	101,747,341,398
(2) Antonio L. Tiu	101,747,341,398
(3) Yuan-Ming Zheng	101,747,341,398
(4) Agustin V. Que	101,747,341,398
(5) Martin C. Subido	101,747,341,398
(6) Kenneth S. Tan	101,747,341,398
(7) Paula Katrina L. Nora	101,747,341,398
(8) Leonor M. Briones (Independent Director)	101,747,341,398
(9) Benjamin P. Lim (Independent Director)	101,747,341,398

6) **Orientation and Education Program**

(a) **Disclose details of the company's orientation program for new directors, if any.**

The Company does not have a formal orientation program however, new directors are provided with reference reading materials to assist them in understanding better the business and operations of the Company. Among the reading materials provided are: (1) Audited Financial Statements, (2) SEC Form 20-IS- Information Statement/ Annual Report, (3) Revised Manual of Corporate Governance, (4) Amended Articles of Incorporation, (5) Amended By-laws, (6) Definitive Information Statement, (7) Minutes of Annual Stockholders' Meeting, (8) Other relevant write-ups, references or insurance industry reports.

(b) **State any in-house training and external courses attended by Directors and Senior Management[3] for the past three (3) years:**

Antonio Tiu attended the Bangko Sentral ng Pilipinas seminar and training for directors in 2010.

(c) **Continuing education programs for directors: programs and seminars and roundtables attended during the year.**

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Antonio L. Tiu	5 December 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Agustin V. Que	5 December 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Kenneth S. Tan	5 December 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Leonor M. Briones	5 December 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Benjamin P. Lim	5 December 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Martin C. Subido	August 2012	Mandatory Continuing Legal Education for Lawyers	Legal Management Council of the Philippines (LMCP)
Paula Katrina L. Nora		Mandatory Continuing Legal Education for Lawyers	

B. CODE OF BUSINESS CONDUCT & ETHICS

1) **Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:**

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.		

[3] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

	A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Company, or stands to acquire or gain financial advantage at the expense of the Company.
(b) Conduct of Business and Fair Dealings	The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. A director should devote sufficient time to familiarize himself with the Company's business. He should be constantly aware of and knowledgeable with the Company's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.
(c) Receipt of gifts from third parties	Everybody is enjoined to avoid the receipt from and giving of gifts of unusually high value to persons or entities with whom the company relates.
(d) Compliance with Laws & Regulations	Everybody is enjoined to avoid the receipt from and giving of gifts of unusually high value to persons or entities with whom the company relates. Further, he should have a working knowledge of the statutory and regulatory requirements that affect the Company, including its Articles of Incorporation and By-Laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies. A director should also keep abreast with industry developments and business trends in order to promote the Company's competitiveness.
(e) Respect for Trade Secrets/Use of Non-public Information	A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.
(f) Use of Company Funds, Assets and Information	Directors, Officers and Employees shall use company property and resources including company time, supplies and software, efficiently, responsibly and only for legitimate business purposes only. They shall safeguard company assets from loss, damage, misuse or theft and shall respect intellectual property rights.
(g) Employment & Labor Laws & Policies	Employment in the Company signifies willingness and commitment to perform according to standards set by management and to abide by all the policies and procedures as well as rules and regulations of the Company. The Company has an Employees' Manual of Policies and Procedures which provides for employee rights, obligations and sets policies on employee-related matters to ensure uniformity and consistency in the interpretation and implementation of Human Resources Policies and Programs, which are consistent with and in accordance with relevant provisions of the Labor Code.
(h) Disciplinary action	To strictly observe and implement the provisions of the Company's Manual on Corporate Governance, the following penalties shall be imposed, after notice and hearing, on the Company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any provision of the Manual: a. In the case of a first violation, the subject person shall be reprimanded. b. In the case of a second violation, suspension from office shall be imposed. The duration of the suspension shall depend on the gravity of the violation. c. For a third violation, the maximum penalty of removal from office shall be imposed. The commission of a third violation by any member of the Board or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship. The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend the imposable penalty for such violation to the Chairman, for further review and approval of the Board of Directors.

(i) Whistle Blower	Illegal or unethical behavior by a colleague or co-employee, regardless of his or her level of authority, should not be condoned. It is the responsibility of each employee to report legitimate concerns so that problems can be properly resolved and corrective measures instituted. An officer or employee or employee who becomes aware of any violation should immediately notify his superior. The superior officer shall in turn immediately inform the Human Resources Department (HRD). HRD shall conduct or manage the necessary actions or investigation of any reported violations of this Code. In case Senior Management or any Board Member is involved, the same shall be referred to Audit Committee.
(j) Conflict Resolution	The Audit Committee will handle resolution of reported illegal or unethical behaviour involving Senior Management or any Board Member. The Audit Committee may ask assistance from Internal Audit and Human Resources Department (HRD) to conduct investigation of subject illegal acts or activities to further support subject reports and findings.

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

The company does not have a formal code of ethics but its policy is to strictly follow the provisions of its Manual on Corporate Governance and the provisions of the Corporation Code, Securities Regulation Code, Labor Code, and other applicable laws and regulations.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

Not applicable.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
1. Parent Company 2. Joint Ventures 3. Subsidiaries 4. Entities Under Common Control 5. Substantial Stockholders 6. Officers including 7. spouse/children/siblings/parents 8. Directors including 9. spouse/children/siblings/parents 10. Interlocking director relationship of Board of Directors	The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets. It is therefore essential that all material information about the Company which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission. Develop and disclose a policy governing the company's transactions with related parties. Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered *de minimis* or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPT within any twelve (12)

	month period should be considered for purposes of applying the thresholds for disclosure and approval. Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings. Have its independent directors or audit committee play an important role in reviewing significant RPTs. Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report. Have a clear policy in dealing with material non-public information by company insiders. Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	There is no actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.
Name of Officer/s	There is no actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.
Name of Significant Shareholders	There is no actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company Group	The Company promotes a culture of good corporate governance by formally adopting a policy that is founded on the Company's core business principles of fairness, accountability, integrity, transparency and honesty. In compliance with disclosure requirements of related accounting standards and the Securities Regulation Code reporting requirements, we promptly and properly disclose to the public all material information, including all related party transactions through detailed disclosures provided in the related Notes to financial statements (Note 19. Related Party Transactions), SEC Form 17-A, Annual Report and SEC's Form 20-IS, Definitive Information Statement.

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[4] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

[4] Family relationship up to the fourth civil degree either by consanguinity or affinity.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None.		

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
ThomasLloyd Cleantech Infrastructure Fund GmbH (formerly, Cleantech Projektgesellschaft mbH)	Business	Investment Agreement and Subscription Agreement
Earthright Holdings, Inc.	Business	Subscription Agreement.
Sunchamp Real Estate Development Corp.	Business	Subscription Agreement.
Three Star Capital Limited (BVI)	Business	Subscription Agreement.

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None.		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	Under the Company's Manual on Corporate Governance, the Board of Directors shall establish and maintain, as far as practicable, an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities.
Corporation & Third Parties	
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

No, but the Company ensures that each of the members of the Board of Directors receives the notice and agenda of the meeting at least three (3) calendar days prior to the date of the meeting.

2) Attendance of Directors (in 2014)

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	George Y. Uy			5	100.00%
Member	Antonio L. Tiu			5	100.00%
Member	Agustin V. Que[6]			2	50.00%[7]

[6] Agustin V. Que was elected during the 26 March 2014 Board meeting.

Member	Yuan Ming Zheng	16 June 2014	5	3	60.00%
Member	Martin C. Subido			5	100.00%
Member	Kenneth S. Tan[8]			1	50.00%[9]
Member	Paula Katrina L. Nora[10]			2	100.00%[11]
Independent	Leonor M. Briones			4	80.00%
Independent	Benjamin P. Lim			5	100.00%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? No.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

The minimum quorum requirement for Board decisions followed by the Company is a majority of the Board of Directors, as required under the Corporation Code and the Company's By-Laws.

5) Access to Information

(a) How many days in advance are board papers[12] for board of directors meetings provided to the board?

At least three (3) calendar days prior to the meeting.

(b) Do board members have independent access to Management and the Corporate Secretary? Yes.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

Yes. Under the Company's By-Laws, the Corporate Secretary of the Company is the custodian of and shall maintain the corporate books and records and shall be the recorder of the corporation's formal actions and transactions. He shall have the following specific powers and duties:

a. To record the minutes and transactions of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and manner required by law;

b. To keep record books showing the details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribed, issued and transferred;

c. To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;

d. To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;

e. To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations;

f. To act as the inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote. The Secretary may assign the exercise or performance of any or all of the foregoing

[7] Attended 2 out of 4 meetings during his term.
[8] Kenneth S. Tan was elected during the 16 June 2014 Annual Stockholders' Meeting.
[9] Attended 1 out of 2 meetings during his term.
[10] Paula Katrina L. Nora was elected during the 16 June 2014 Annual Stockholders' Meeting.
[11] Attended 2 out of 2 meetings during her term.
[12] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

duties, powers and functions to any other person or persons, subject always to his supervision and control; and

g. To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.

In addition to these functions and duties, the Board of Directors has assigned to the Corporate Secretary the task of assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes.

Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes. The current Corporate Secretary is Atty. Martin C. Subido. Atty. Subido is a Certified Public Accountant and a member of the Integrated Bar of the Philippines. He graduated with a *B.S. Accountancy* degree from *De La Salle University* and obtained his Juris Doctor degree, with honors, from the *School of Law of Ateneo de Manila University*. He was a Senior Associate of the Villaraza & Angangco Law Offices before becoming managing partner of The Law Firm of Subido Pagente Certeza Mendoza & Binay.

(a) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes [/]   No [ ]

Committee	Details of the procedures
Executive Audit Nomination Remuneration Technical	The Notice and Agenda of the pertinent meeting, and the supporting documents for the matters included in the agenda, are given to the directors at least 3 calendar days prior to the meeting via email and/or personal service. In the event that any director has clarifications or requests for additional information or documents, said director can directly contact the Corporate Secretary regarding said clarification or request.

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
Seeking legal advice or opinion	Directors can contact the Corporate Secretary or legal counsel
Seeking independent opinion on financial matters and related regulatory concerns	Directors can contact external auditors

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
None.		

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

The Company has a Compensation or Remuneration Committee, which may be composed of at least three (3) members and one of whom should be an independent director, to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates.

The levels of remuneration of the Company should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

The Company may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the Company. No director should participate in deciding on his remuneration.

The Company's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year.

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Company Salary Structure, market rates used as a guide; salary adjustments based on performance and changes in responsibilities and authorities.	
(2) Variable remuneration	None	
(3) Per diem allowance	None	
(4) Bonus	None	
(5) Stock Options and other financial instruments	Subject to the approval of the Board of Directors	
(6) Others (specify)	None	

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	The compensation of directors, which shall not be more than 10% of the net income before income tax of the Company during the preceding year, which shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting. (Amended By-Laws). Also, under Section 8, Article III of the By-Laws of the Company, by resolution of the Board, each director shall receive a reasonable per diem allowance for their attendance at each meeting of the Board.		
Non-Executive Directors	The compensation of directors, which shall not be more than 10% of the net income before income tax of the Company during the preceding year, which shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting. (Amended By-Laws, page). As of this date, no standard or other arrangements have been made in respect of director's compensation.		

	Also, under Section 8, Article III of the By-Laws of the Company, by resolution of the Board, each director shall receive a reasonable per diem allowance for their attendance at each meeting of the Board.

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

The decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors is made by the Board of Directors.

Remuneration Scheme	Date of Stockholders' Approval
Not applicable.	

3) Aggregate Remuneration[13]

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	₱1,300,000.00	None	None
(b) Variable Remuneration	₱100,000.00	None	None
(c) Per diem Allowance	₱65,000.00	₱175,000.00	₱60,000.00
(d) Bonuses	None	None	None
(e) Stock Options and/or other financial instruments	₱1,000,000.00	None	None
(f) Others (Specify)	None	None	None
Total	**₱2,465,000.00**	**₱175,000.00**	**₱60,000.00**

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
(a) Advances	None	None	None
(b) Credit granted	None	None	None
(c) Pension Plan/s Contributions	None	None	None
(d) Pension Plans, Obligations incurred	None	None	None
(e) Life Insurance Premium	None	None	None
(f) Hospitalization Plan	None	None	None
(g) Car Plan	None	None	None
(h) Others (Specify)	None	None	None
Total	None	None	None

E. Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct	Number of	Number of	Total % from

[13] As of 31 December 2013.

	Option/Rights/ Warrants	Indirect Option/Rights/ Warrants	Equivalent Shares	Capital Stock
George Uy Antonio Tiu	On February 22, 2012 and April 14, 2012, the Company approved to issue 1 Billion warrants to the Corporation's President and CEO, Mr. Antonio L. Tiu, and 7.5 Billion warrants to the Corporation's Chairman, Mr. George Y. Uy, respectively, at the issue price of P0.001/warrant and under such terms as may further be agreed upon and subject to existing requirements of the Securities and Exchange Commission and the Philippine Stock Exchange. To date, said warrants have not been formally issued.			

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
None.		

F. Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position[14]	Total Remuneration[15]
Samuel Hernando/Vice-President	₱1,690,253.39
Miguel de Jesus/ Senior Vice-President	
Pamela Muhi / Vice-President	
Rafaelito Soliza	

G. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members: Executive Director (ED)	No. of Members: Non-executive Director (NED)	No. of Members: Independent Director (ID)	Committee Charter	Functions	Key Responsibilities	Power
Executive	The Company does not have an Executive Committee.						
Audit and Compliance	2	0		Currently being drafted.	a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall		

[14] As of 31 December 2013.
[15] As of 31 December 2013.

			1		include regular receipt from Management of information on risk exposures and risk management activities; c) Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; d) Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it; e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts; f) Organize an internal audit department, and consider the appointment of an independent Internal Auditor and the terms and conditions of its engagement and removal; g) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security; h) Review the reports submitted by the internal and external auditors; i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters: • Any change/s in accounting policies and practices • Major judgmental areas • Significant adjustments resulting from the audit • Going concern assumptions • Compliance with accounting standards • Compliance with tax, legal and regulatory requirements. j) Coordinate, monitor and facilitate compliance with laws, rules and regulations; k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the

					external auditor and to the Company's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report; l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.
Nomination and Compensation	2	0	1	Currently being drafted.	To review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors. To establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates.
Technical Committee	1	2	1	N/A	To review and provide technical advice in matters pertaining to specific projects of the Company, as may be delegated by the Board of Directors.

2) Committee Members

(a) Executive Committee- Not applicable.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						

(b) **Audit and Compliance Committee**

Office	Name	Date of Appointment	No. of Meetings Held (in 2014)	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Leonor Briones	16 June 2014	2	2	100.00%	3 years
Member (ED)	Martin C. Subido			2	100.00%	4 year
Member (ED)	Antonio L. Tiu			2	100.00%	0.58 year

Disclose the profile or qualifications of the Audit Committee members.

LEONOR M. BRIONES. Prof. Briones is Director for Policy and Executive Development, National College of Public Administration and Governance, University of the Philippines System, Diliman. She is also a Professor and Faculty Member, Graduate Level, in the same university. Prof. Briones was the Treasurer of the Philippines' Bureau of Treasury from August 1998 to February 2001 and was concurrently the Presidential Adviser for Social Development, with Cabinet Rank, Office of the President.

MARTIN C. SUBIDO. Atty. Martin Subido is a Certified Public Accountant and a member of the Integrated Bar of the Philippines. He graduated with a *B.S. Accountancy* degree from *De La Salle University* and obtained his Juris Doctor degree, with honors, from the *School of Law of Ateneo de Manila University*. He was a Senior Associate of the Villaraza & Angangco Law Offices before becoming managing partner of The Law Firm of Subido Pagente Certeza Mendoza & Binay.

ANTONIO L. TIU. Mr. Tiu holds the positions of CEO of Beidahuang Philippines Agro Industrial Development Corp, Chairman/President and CEO of Agrinurture, Inc. He has held and/or continues to hold chairmanship positions in the Board of Directors of First Class Agriculture Corporation, Fresh & Green Harvest Agricultural Company Inc., Best Choice Harvest Agricultural Corp., Lucky Fruits & Vegetable Products Inc., M2000 IMEX Company Inc., Fruitilicious Company Inc., Ocean Biotech Inc., and Fresh and Green Palawan Agri Ventures. He likewise served as part-time lecturer in International Finance at DLSU Graduate School from 1999 to 2001. In 2009, he was given the Ernst and Young Emerging Entrepreneur of the Year award. He is an active member of the Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries. Mr. Tiu has a Masters degree in Commerce specializing in International Finance from University of New South Wales, Sydney Australia and BS Commerce major in Management from De La Salle University, Manila. He is currently a candidate for a Doctorate degree in Public Administration at the University of the Philippines.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee shall evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report.

Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

(i) The extent of its responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;

(ii) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company should be maintained;

(iii) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;

(iv) The Company should consistently comply with the financial reporting requirements of the Commission;

(v) The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Company, should be changed with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

B) The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the Company, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Company. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Company's annual and current reports. The report shall include a discussion of any disagreement between him and the Company on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the Company failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Company to the external auditor before its submission.

If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

(c) Nomination and Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Benjamin P. Lim	16 June 2014	2	2	100%	3 year
Member (ED)	Agustin V. Que			2	100%	0.58 year
Member (ED)	Kenneth S. Tan			1	50.00%	0.58 year

BENJAMIN P. LIM. Mr. Lim has served as Vice-President for Operations and Vice President for Corporate Services and various other management positions while with the PNOC Energy Development Corporation from 1993 until 2005. After his retirement, he became adviser to the Board of Directors of the PNOC rendering timely advice on policy and operational matters. He also occupied various management positions while working with Petron Corporation from 1977 until 1993. Previously, he was connected with Lakeview Industrial Corporation from 1974 until 1977, with Esso Philippines Incorporated from 1971 until 1974 and Freeman Incorporated from 1967 until 1969. He was also a member of the Faculty of Engineering of the University of Sto. Tomas from 1966-1969. Mr. Lim obtained his degree in BS Chemical Engineering (*summa cum laude*) at the University of Sto. Tomas and his degree in MS Chemical Engineering at the University of Washington.

ANTONIO L. TIU. *Please see profile provided above.*

MARTIN C. SUBIDO. *Please see profile provided above.*

(d) Technical Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Benjamin Lim	16 June 2014	2	2	100.00%	3 years
Member (NED)	George Uy			2	100.00%	3 years
Member (ED)	Antonio L. Tiu			2	100.00%	0.58 year
Member (NED)	Agustin V. Que			1	100.00%	0.58 year

BENJAMIN LIM. *Please see profile provided above.*

GEORGE Y. UY. Mr. Uy started his career with the United Laboratories and Squibb between 1969 and 1970. He co-founded the Optima Scientific Consultants, Inc. which is engaged in the design of pollution abatement systems. Mr. Uy was one of the first proponents in the Philippines of the polypropylene woven bag plant using equipment from Europe, and also one of the first to Greenergy Holdings Incorporated set up a meat processing plant that uses equipment from Germany with a license to export to Japan from the Philippines granted by the Japanese Ministry of

Agriculture. In 1988, he cofounded a company engaged in mass transport system, telecommunications, and indentor of steel products. Currently he is also engaged in the biofuel program in the Philippines. Mr. Uy obtained both his Bachelor's degree and Master's degree in Chemistry from the Ateneo de Manila University

ANTONIO L. TIU. *Please see profile provided above.*

AGUSTIN V. QUE. *Please see profile provided above.*

(e) Others (Specify)- None.

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	None	None
Audit and Compliance	None	None
Nomination and Compensation	None	None
Technical	None	None

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	The Company does not have an Executive Committee.	
Audit and Compliance	Assisted the Board in fulfilling its oversight responsibilities for financial reporting process, system of internal control, audit process and the company's process for monitoring compliance with laws and regulations and the code of conduct.	Reviewed and discussed quarterly unaudited financial statements, audited annual financial statements including Management's Discussion and analysis of financial condition and results of operations, adequacy of the company's enterprise risk management framework, and the effectiveness of the system for monitoring compliance with laws and regulations. Approved the overall scope and audit plans of Internal and external audits, effectiveness of the internal audit function and recommended for approval the re-appointment of the current external auditors. Performed a self-evaluation of the

		Committee in terms of expectations set out in the Audit Committee Charter.
Nomination and Compensation	Reviewed and evaluated the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring the appointment by the Board. Provided a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration of corporate officers and directors.	Reviewed the qualifications of all nominees to the Board of directors, taking into consideration the relevant requirements of the Securities and Exchange Commission and Philippine Stock Exchange relative to qualifications and disqualifications of both regular and independent director nominees. Provided oversight over remuneration of senior management and other key personnel. No other resolution relating to director's remuneration has been adopted by the Board of Directors as the schedule of the amount of per diem for attendance in meetings of the Board of Directors/Committees has remained unchanged since 2009.
Technical	The Technical Committee was able to carry out its functions and responsibilities as discussed above.	The Technical Committee addressed issues relative to its functions.

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	The Company does not have an Executive Committee.	
Audit and Compliance	Review and approve the Audit Committee Charter. Conduct Board self-evaluation of the company's current and potential state of CG practices using existing CG scorecards and best practice guidelines. Conduct learning sessions for the company- toward improving audit consciousness and compliance awareness throughout the organization.	Review financial reporting process, system of internal control and the company's process for monitoring compliance with laws and regulations and the code of conduct. A more-focused compliance function will ensure that all regulatory requirements are generally complied as well as internal policies and procedures are implemented accordingly. CG practices to evolve from mere compliance to performance improvement and consistent implementation. Better understanding of roles, responsibilities, business policies, processes and procedures as well as laws, rules and good conduct lead to well-informed and more productive work force.
Nomination and Compensation	Formalize a Board Committee Charter Pre-screen qualifications of all nominees to the Board of Directors	Defines the purpose, roles and responsibilities, membership, authority, frequency of meetings and other matters affecting the committee. Ensures all nominees to the Board both regular and independent directors possess all the qualifications and none of the disqualifications enumerated under the SRC

		Establish and formalize a succession plan for senior management. Provide oversight over remuneration of senior management and other key personnel. Code of Corporate Governance and related SRC Rule 38-Requirements on Nomination and Election of Independent Directors Recommend adoption of a formal succession plan for the company Review/evaluate existing remuneration policy and procedures on executives' compensation and for fixing the remuneration of directors and corporate officers.
Technical	None.	None.

H. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The risk assessment is based upon a "what if" analysis, judged against the method used to include the particular item in the projection. The analysis could support the projection or require it to be modified. Risks that are manageable, i.e. within the scope of control by the Company, must be managed as a natural course of running the business. When taking decisions, management considers first the effect of those risks that are in any way related to the decision.

The Company's business activities are exposed to a variety of financial risks, which include credit risk, liquidity risk and market risk. Management ensures that it has sound policies and strategies in place to minimize potential adverse effects of these risks on the Company's consolidated financial performance. The Company's Board of Directors is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Company. It has also the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Company's approach to risk issues in order to make relevant decisions.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The management ensures that it has sound policies and strategies in place to minimize potential adverse effects of these risks on the company's financial performance.

(c) Period covered by the review- 2012;

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness- As often as necessary.

(e) Where no review was conducted during the year, an explanation why not.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

The Company does not have a formal written risk management policy but the Company observes Board directed policies in addressing risk management and compliance processes.

The Company is exposed to variety of financial risks, which result from both its operating and investing activities. The Company's principal financial instruments comprise of cash on hand and in banks, receivables, advances to related parties and trade and other payables and interest bearing loans and borrowings loans. The main purpose of these financial instruments is to raise finance for the Company's operations.

Company policies and guidelines cover credit risk, liquidity risk and market risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's results and consolidated financial position. The Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principles.

Risk Exposure	Risk Management Policy	Objective
Credit risk	Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from deposits with banks, as well as credit exposure to receivables from third and related parties. The Company trades only with recognized, creditworthy third parties. Also, it is the Company'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 Company's exposure to doubtful accounts is not significant. For banks, the Company has maintained its business relationships with accredited banks, which are considered in the industry as universal banks. The receivables from related parties are accordingly collected in accordance with the Company's credit policy. The Company's exposure to credit risk arises from default of other counterparties. The credit quality of the Company's financial assets is evaluated using internal credit rating. Financial assets are considered as high grade if the counterparties are not expected to default in settling their obligations, thus credit risk exposure is minimal. These counterparties include banks, customers and related parties who pay on or before due date.	The Company determines the allowances appropriate for each individually significant loan on an individual basis. Items considered when determining amounts of allowances include payment and collection history, timing of expected cash flows and realizable value of collateral, if any. The Company sets criteria for specific loan impairment testing and uses the discounted cash flow method to compute for impairment loss. Accounts subjected to specific impairment and are found to be impaired shall be excluded from the collective impairment computation. Impairment losses are recognized based on the results of specific (individual) and collective assessment of credit exposures. Impairment has taken place when there is a presence of known difficulties in the payments of obligation by counterparties. This and other factors, either singly or in tandem with other factors, constitute observable events or data that meet the definition of objective evidence of impairment.
Liquidity risk	This represents the risk or difficulty in raising funds to meet the Company's commitment associated with financial obligation and daily cash flow requirement. The Company is exposed to the possibility that adverse exchanges in the business environment and/or its operations would result to substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.	The Company's approach to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed. Also, the Company addresses liquidity concerns primarily through cash flows from operations and short-term borrowings, if necessary. The Company likewise regularly evaluates

		other financing instruments to broaden the Company's range of financing sources.
Market risk	Market risk refers to the risk that changes in market prices, such as interest rates, foreign exchange rates and other market prices will affect the Company's income or the value of its holdings of financial instruments. The Company is subject to various market risks, including risks from changes in interest rates and foreign currency exchange rates. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.	The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.
Interest rate risk	Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's interest-bearing loans and borrowings.	To mitigate the interest rate risk of the Company.
Foreign currency exchange risk	The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in Philippine Peso. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Significant fluctuation in the exchange rates could significantly affect the Company's financial position.	The Company regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current rates so as to minimize the risks related to these foreign currency denominated assets and liabilities.
Capital risk management	The Board of Directors has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry. The Company manages its capital structure (total equity) and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust or delay the dividend payment to shareholders, and appropriate a percentage of retained earnings towards expansion and capital expenditures. There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements. The Company monitors capital on the basis of the debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is equivalent to total liabilities as shown in the consolidated statement of financial position. Total equity comprises all components of equity including share capital, additional paid-in capital and retained earnings.	The primary objective of the Company's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
The same as those indicated above for the Company.		

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
While there is a risk that the exercise of the controlling shareholders' voting power may be restrictive or authorizing preferences in their favor, the Board in its commitment to practice good governance, is committed to respect the rights of the shareholders as provided for in the Corporation Code. These include the right to vote on all matters that require their consent or approval, such that a director shall not be removed without cause if it will deny minority shareholders representation in the Board.
Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are recognized. The Board of Directors reviews the financial statements are approved and submitted to the stockholders of the Company. The Board of Directors through its audit and compliance committee continuously reviews and follow up until closure all action items needed to be in full compliance with the company's Manual on Corporate Governance and its related documents and policies. Continuous training is being under taken by the members of the board of directors, Management officers and personnel to fully acquaint then with the company's corporate governance manual, policies and related matters.		

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Same as above for the Company		

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	the Board in fulfilling its oversight responsibilities for financial reporting process, system of internal control, audit process and the company's process for monitoring compliance with laws and regulations and the code of conduct.	Mainly responsible for recommending the appointment of external auditors whose report they review; monitor the system of internal controls and corporate compliance with laws, regulations and code of ethics; serve as a direct channel of communications to the Board for the internal auditor, compliance officer and the general counsel.

I. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

Management should formulate, under the supervision of the Audit Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

(i) The extent of its responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;

(ii) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company should be maintained;

(iii) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;

(iv) The Company should consistently comply with the financial reporting requirements of the Commission; and

(v) The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Company, should be changed with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

Internal Control Responsibilities of the Board

The control environment of the Company consists of (a) the Board which ensures that the Company is properly and effectively managed and supervised; (b) a Management that actively manages and operates the Company in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Company's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

(i) The minimum internal control mechanisms for the performance of the Board's oversight responsibility may include:

a) Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Company's organizational and operational controls;
b) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
c) Evaluation of proposed senior management appointments;
d) Selection and appointment of qualified and competent management officers; and
e) Review of the Company's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.

(ii) In determining the scope and particulars of the systems of effective organizational and operational controls, which may differ among corporations, the Company may take into consideration the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.

(iii) The Company may establish an internal audit system that can reasonably assure the Board, Management and stockholders that its key organizational and operational controls are faithfully complied with. The Board may appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The management ensures that it has sound policies and strategies in place to minimize potential adverse effects of these risks on the company's financial performance.

(c) Period covered by the review- 2012;

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system.

The Audit Committee is tasked by the Board (through its approved charter) to review the internal control system of the Company on a semi-annual basis. Part of their regular meeting is to review the internal control system through the reports of the auditors (internal and external) and representation made by the Management.

(e) Where no review was conducted during the year, an explanation why not.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
1. Evaluating the reliability and integrity of significant	All financial, managerial, and operating information and	In-house	Ciara Mae Ong-Lim	Quarterly

information	the means used to identify, measure, classify, and report such information is accurate, reliable and timely.			
2. Evaluating the systems established to ensure compliance	Compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.	In-house	Ciara Mae Ong-Lim	Annual
3. Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.	All company assets	In-house	Ciara Mae Ong-Lim	Quarterly
4. Evaluating the quality of performance of external auditors and the degree of coordination with internal audit.	Based on the leading practices criteria, as approved by Audit Committee	In-house	Ciara Mae Ong-Lim	Annual
5. Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.	Based on the leading practices 'criteria, as approved by Audit Committee	In-house	Ciara Mae Ong-Lim	Quarter/ Annually
6. Reporting significant risk exposures and control issues.	All risk exposures and issues including fraud risks, governance issues, and other matters needed or requested by the Board.	In-house	Ciara Mae Ong-Lim	As needed
7. Evaluating specific operations at the request of the Board, Audit Committee or Management, as applicable.	Based on the request of the sponsor	In-house	Ciara Mae Ong-Lim	As needed

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee? Yes.

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Internal Auditor is directly reporting to the Audit Committee and administratively to the President / Chief Executive Officer.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
None.	

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	97%
Issues[16]	No critical issues were identified.
Findings[17]	No critical findings were made.
Examination Trends	Lack of updated policy and work procedures documentation

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:
1. Preparation of an audit plan inclusive of a timeline and milestones;
2. Conduct of examination based on the plan;
3. Evaluation of the progress in the implementation of the plan;
4. Documentation of issues and findings as a result of the examination;
5. Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
6. Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
Governance frameworks must be established to define the scope of work and policies that will regulate and control internal audit activities.	Implemented.
Risk-based plans must be established to determine the priorities of the internal audit activity, consistent with the Company's goals	Implemented.
To help ensure the efficient functioning of the people management system, written instructions, guidelines or other communications that deal with policies and procedures regarding leave, attendance reporting and record keeping, and other administrative requirements shall be issued to all employees.	Implemented.

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The Internal Auditor is not authorized to: 1. Perform any operational duties for the organizations or its affiliates; 2. Initiate or approve accounting transactions external to the Internal Audit Department; and 3. Direct the activities of any organization employee not employed by the Internal Audit Department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.	There are no independence concerns involving financial analyst, investment banks and rating agencies as there are no material public information being disclosed ahead to any group other than what is disclosed publicly to the regulators within the prescribed time period for reporting.		
The External Auditor is not authorized to:	There are no independence concerns involving financial analyst, investment banks and rating agencies as there are no material		

[16] "Issues" are compliance matters that arise from adopting different interpretations.
[17] "Findings" are those with concrete basis under the company's policies and rules.

1. Perform management responsibilities; 2. Provide Financial information systems design and implementation; and 3. Provide Litigation support and legal services.	public information being disclosed ahead to any group other than what is disclosed publicly to the regulators within the prescribed time period for reporting.

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

For 2012, the Company submitted a certification on the Company's compliance with the Manual on Corporate Governance in accordance with the requirements of SEC Memorandum Circular No. 6 Series of 2009. Said certification was signed by the Compliance Officer and countersigned by the President/CEO.

J. ROLE OF STAKEHOLDERS

1) **Disclose the company's policy and activities relative to the following:**

	Policy	Activities
Customers' welfare	The Company does not have customers considering that it is a holding company.	
Supplier/contractor selection practice	For major suppliers or service providers, a request for proposal is required to be submitted based on an approved term of reference. A separate (board) committee may be designated to review and evaluate proposals submitted and make recommendations for Board consideration.	
Environmentally friendly value-chain	The Company practices Corporate Social Responsibility (CSR) as part of its long-term business strategy for sustainability and continuity by providing basic social services, educational assistance, research and development aid, capability building for indigenous communities and disaster relief operations.	The Company participates in conferences on mitigating consequences of natural catastrophes. It also participates jointly in community related projects undertaken by other entities from time to time through donations, sponsorship and being resource speaker in certain events which aim to raise the insurance awareness of the general public.
Community interaction		
Anti-corruption programs and procedures	The Company does not condone any dishonest, unethical or unprofessional behaviour and actions displayed by an employee, regardless of his/her level of authority. It is the responsibility of each employee to report legitimate concerns so that issues can be properly investigated or resolved and corrective measures can be instituted.	Concerns may be raised verbally or in writing to the Human Resource Department Head while concerns involving the HRD Head should be raised to the CEO and complaints concerning the CEO should be raised to the Chairman of the Nomination Committee of the Company's Board of Directors. Management shall maintain the confidentiality of all the concerns or complaints raised and the anonymity of the person making the complaint to the fullest extent reasonably practicable within the legitimate needs of law.
Safeguarding creditors' rights	The company manages its cash and investment position to meet its obligations arising from its business/investment transactions and other financial liabilities.	All valid claims are settled promptly and judiciously, as part of the company's commitment to its clients

2) **Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?** No.

3) **Performance-enhancing mechanisms for employee participation.**

(a) What are the company's policy for its employees' safety, health, and welfare?

The Company is committed in providing and maintaining a safe, secure and healthy work environment. In turn, the employee has the responsibility to work safely, to keep work areas and common areas in the company clean, not just to reduce the chances of injury but also to make the office a more attractive and pleasant place to work in.

Employees are urged to report to their immediate superior accidents or any condition or practice which is unsafe, whether or not these result in personal injury or no matter how minor they might seem to be.

(b) Show data relating to health, safety and welfare of its employees.

Generally regular employees undergo medical check-up with their preferred medical clinic/hospital. There have been no reported work-related accidents or health concerns in the Company.

(c) State the company's training and development programmes for its employees. Show the data.

New employees are given orientation on the Company's policies and procedures and made to undergo basic training.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company adopts a Performance Management System (PMS) that allows for the objective assessment of an individual's performance and development needs. The PMS shall be conducted regularly and the results of which shall be the basis for the company's compensation and rewards system, promotions policy, training and development, and succession planning programs.

4) **What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.**

PROCEDURE IN THE DIVISION LEVEL

a. All violations of the company policy must be processed and as much as possible, resolved at the division level. The latter may consult with the HRD as regards interpretation of the company policy.

b. Department head/managers may delegate the investigation and the reception of evidence to the supervisors or team leaders concerned, always taking into consideration the primacy of preserving good industrial relation between management and personnel.

c. If the discretion of the department head the case is of a grave or serious nature, the same may be forwarded to the Disciplinary Council for further investigation.

PROCEDURE IN THE DISCIPLINARY COUNCIL

a. Investigation for violation of company rules and policy that are not settled at the Division Level shall start with filing of proper and duly accomplished complaint form by the Department Head concerned with the HRD.

b. Contents of the complaint form:
   - Name of the accused;
   - Designation of the offense as provided in the company policy;
   - Acts or omissions complained of as constituting the offense;

- Name of the offended party, if any;
- Approximate date of the commission of the offense;
- Place where the offense was committed;
- Circumstances for mitigation or aggravation of the offense.

c. The HRD shall forward the complaint to the Disciplinary Council, composed of the Corporate Resource Officer, Division Head, and the Department Manager of concerned employee.

d. Upon the filing of the complaint, the accused shall be notified in writing and furnished a copy of said complaint in order for him/her to be given a chance to respond within two (2) working days from said notification and receipt.

e. The Disciplinary Council shall convene to review all evidence, including documents and testimonies of the accused and the witnesses for and against him.

f. After due consideration of all the evidence presented, the case may be dismissed, suspended or in case of conviction, the necessary penalty be imposed.

g. The majority vote of the Council shall be required for a valid decision.

h. All the parties shall be notified of the decision by the council as soon as practicable.

i. Before the decision of the Disciplinary Council becomes final, it may be appealed to the Office of the Chief Executive Officer who shall have the power to review, revise or reverse any decision of the Disciplinary Council.

j. Unless modified by the Chief Executive Officer, the decision of the Disciplinary Council shall be final and executor after five (5) days from the notice to the parties concerned.

K. DISCLOSURE AND TRANSPARENCY

1) **Ownership Structure**

(a) Holding 5% shareholding or more[18]

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corp. (Filipino)	355,551,376	19.7443%	PCD Nominee Corporation (No stockholder owns more than 5% of the outstanding capital stock under the PCD Nominee Corp.)
ThomasLloyd Cleantech Infrastructure Fund GmbH (formerly, Cleantech Projektgesellschaft mbH)	207,768,560	11.5377%	ThomasLloyd Cleantech Infrastructure Fund GmbH (formerly, Cleantech Projektgesellschaft mbH)
Earthright Holdings, Inc.	187,500,000 (C) 1,000,000,000(P)	10.4122% (C) 100.00% (P)	Earthright Holdings, Inc.
Sunchamp Real Estate Development Corp.	176,000,000	9.7736%	Sunchamp Real Estate Developmen Corp.
Three Star Capital Limited (BVI)	110,000,000	6.1085%	Three Star Capital Limited (BVI)
PCD Nominee Corp. (Non-Filipino)	91,552,542	5.0841%	PCD Nominee Corporation (No stockholder owns more than 5% of the outstanding

[18] Based on total outstanding shares of 1,800,778,565 common shares and 1,000,000,000 preferred shares as of 31 December 2014.

			capital stock under the PCD Nominee Corp.)

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Antonio Tiu	10,000	110,000,000 (through Three Star Capital Ltd.)	6.1085%
		187,500,000 (C) 1,000,000,000(P) (through Earthright Holdings, Inc.)	10.4122% (C) 100.00% (P)
		176,000,000 (through Sunchamp Real Estate Development Corp.)	9.7736%
TOTAL	**10,000**	**473,510,000 (C)**	**26.3% (C)**[20]
		1,000,000,000(P)	**100.00% (P)**[21]

2) **Does the Annual Report disclose the following:**

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programs attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

(i) Details of whistle-blowing policy and (ii) training and/or continuing education programs attended by each director/commissioner are not required to be indicated in SEC Form 17-A, as amended (Annual Report).

3) **External Auditor's fee**

Name of auditor	Audit Fee	Non-audit Fee

During the Annual Stockholders' Meeting held on 16 June 2014, the stockholders approved the delegation of the appointment of external auditor for the year 2014 to the Board of Directors upon recommendation of the Audit and Compliance Committee. The Audit and Compliance Committee has recommended Reyes Tacandong & Co. to the Board of Directors for approval.

4) **Medium of Communication**

List down the mode/s of communication that the company is using for disseminating information.

[20] Based on the total issued and outstanding common stock of 1,800,778,565 as of 31 December 2014.
[21] Based on the total issued and outstanding preferred stock of 1,000,000,000 as of 31 December 2014

a) Website: http://www.ghi.com.ph

b) Facebook: https://www.facebook.com/greenergyholdings

c) Uploading of announcements, disclosures, structured and unstructured reports in the Philippine Stock Exchange portal.

d) Disclosures and reports are also public records which are available in the Securities and Exchange Commission.

5) **Date of release of audited financial report:**

The Company filed a request for extension (SEC Form 17-L) to file the Annual Report (containing the audited financial statements for 2012) with the SEC on April 15, 2014 and filed the Annual Report and audited financial statements for 2014 with the SEC within the extended period or on or before April 30, 2014.

6) **Company Website**

Does the company have a website disclosing up-to-date information about the following?

Business operations	**Yes**
Financial statements/reports (current and prior years)	**Yes**
Materials provided in briefings to analysts and media	**Yes**
Shareholding structure	**Yes**
Company corporate structure	**Yes**
Downloadable annual report	**Yes**
Notice of AGM and/or EGM	**Yes**
Company's constitution (company's by-laws, memorandum and articles of association)	**Yes**

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) **Disclosure of RPT**

RPT	Relationship	Nature	Value
Advances	Associate and Other Related Parties	Advances to Related Parties	₱996,048,861[22]

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

All related party transactions are fully disclosed to the Board of Directors and are done in the regular course of business and conducted on an arm's length basis, negotiated based on prevailing competitive commercial terms. None of the Company's shareholders are granted special privileges or concessions.

L. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

[22] As of 31 December 2013.

Quorum Required	A quorum at any meeting of the stockholders shall consist of stockholders representing at least a majority of the outstanding capital stock except in those cases where the Corporation Code of the Philippines requires greater proportion. In the event of lack of quorum, the Chairman of the meeting or a majority interest of the stockholders present in person or represented by proxy may adjourn the meeting from time to time without notice other than announcement of the meeting, until a quorum shall be obtained. At any such adjourned meeting at which there is a quorum, any business may be transacted which might have been transacted at the meeting originally called.

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	For the ratification of the acts of the Board of Directors and Officers, the vote required is a majority of the outstanding common stock present in person or by proxy, provided constituting a quorum.
Description	The method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or, upon motion duly made and seconded, by secret ballot.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
All stockholders' rights are in accordance with the Corporation Code.	None.

Dividends

Declaration Date	Record Date	Payment Date
None	None	None

(d) Stockholders' Participation

1. **State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.**

Measures Adopted	Communication Procedure
The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them	1. Shareholders are provided through public records, communication media, and the Company's website, the disclosures, announcements and reports filed with the SEC, PSE, IC and other regulating agencies. 2. Shareholders are allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code. 3. Shareholders, upon request, are provided with periodic reports which disclose personal and professional information about the directors, officers and certain other matters such as their shareholdings,

to seek timely redress for breach of their rights. The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. Although all stockholders should be treated equally or without discrimination, and without prejudice to compliance with the provisions of the Corporation Code, the Securities Regulation Code and all relevant rules and regulations, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Company.	dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers. 4. Stockholders are informed at least 15 business days before the scheduled date of the Annual Stockholders' Meeting. The Notice of Meeting includes the date, time, venue and agenda of the meeting, the record date of stockholders entitled to vote, and the date and place of proxy validation. 5. Each share entitles the holder to one vote that may be exercised in person or by proxy at shareholder meetings, including the Annual Stockholders' Meeting. Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. 6. Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' Meeting are set out in the Definitive Information Statement, which is sent to all stockholders of record at least 15 days before the date of meeting. 7. The Company has also designated relations officers to handle investor and shareholder queries and requests, and their contact information can easily be accessed through the Company's website. 8. The Company continues to actively maintain its website to provide timely information updates on its governance, operational, and financial performance.

2. **State the company policy of asking shareholders to actively participate in corporate decisions regarding:**

   a. **Amendments to the company's constitution**
   b. **Authorization of additional shares**
   c. **Transfer of all or substantially all assets, which in effect results in the sale of the company**

   Shareholders have the right to actively participate in the above corporate decisions (a,b,c) through shares held as each share entitles the holder to one vote that may be exercised in person or by proxy at shareholder meetings, including the Annual Stockholders' Meeting. Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts (which also includes the above corporate decision matters) in accordance with the Corporation Code.

   Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' Meeting are set out in the Definitive Information Statement, which is sent to all stockholders of record at least 15 days before the date of meeting.

3. **Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?**

   No. The Company observes the minimum 15 business days requirement under Rule 20 of the Securities Regulation Code Implementing Rules and Regulations.

   a. **Date of sending out notices:** A disclosure was made through the EDGE system of the PSE on 28 April 2014. The Notice of Annual stockholders' meeting was published on 28 May 2014.

b. **Date of the Annual/Special Stockholders' Meeting:** 16 June 2014

4. **State, if any, questions and answers during the Annual/Special Stockholders' Meeting.** None.

5. **Result of Annual/Special Stockholders' Meeting's Resolutions**

The matters approved and the number of votes approving, dissenting or abstaining from voting is as follows:

Resolution	Approving	Dissenting	Abstaining
1. Approval of the Minutes of the Annual Meeting of Stockholders held last 15 November 2013.	101,747,341,398		
2. Adoption of the Annual Report and Financial Statements for the year ended 31 December 2013.	101,747,341,398		
3. Amendment of the By-Laws for the purpose of creating an Executive Committee.	101,747,341,398		
4. Approval of the issuance and listing of 5 Billion primary common shares issued by the Company to Three Star Capital Limited (BVI), in compliance with the PSE Revised Listing Rules	101,747,341,398 76,747,341,398 (By the minority stockholders present or represented)		
5. Waiver by the minority stockholders of the right to conduct a public offering in relation to the 5 Billion common shares issued to Three Star Capital Limited (BVI), in compliance with the PSE Revised Listing Rules.	76,747,341,398 (By the minority stockholders present or represented)		
6. Delegation of the appointment of External Auditor for the year 2014 to the Board of Directors upon recommendation of the Audit and Compliance Committee.	101,747,341,398		
7. Ratification of all acts, resolutions and decisions of the incumbent Board of Directors and Management for 2013	101,747,341,398		

6. **Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:**

The result of the Annual Stockholders' Meeting for all resolutions was disclosed through the PSE on 16 June 2014 and through the SEC on 17 June 2014.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
None.	

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members/Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	George Uy Antonio L. Tiu Martin Subido	16 June 2014	By show of hands	0.001%	54.607%%	54.607%

	Benjamin Lim (ID) Leonor Magtolis Briones (ID) Kenneth S. Tan Paula Katrina L. Nora					
Special	N/A	N/A	N/A	N/A	N/A	N/A

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes, the stock transfer agent in coordination with the Corporate Secretary of the Company.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	All stockholders who will not, are unable, or do not expect to attend the meeting in person are urged to fill out, date, sign and send the proxy enclosed in the Notice to the Corporation not later than 4 November 2013 (for the 15 November 2013 Annual Meeting).
Notary	The proxy need not be notarized. The By-Laws of the Company does not require notarization.
Submission of Proxy	At least 10 days prior to the date of the meeting as provided in the By-Laws.
Several Proxies	Where the corporation receives more than one proxy from the same stockholder and they are all undated, the postmark dates shall be considered. If the proxies are mailed on the same date, the one bearing the latest time of day of postmark is counted. If the proxies are not mailed, then the time of their actual presentation is considered. That which is presented last will be recognized. Where a proxy is given to two or more persons in the alternative in one instrument, the proxy designated as an alternative can only as proxy in the event of non-attendance designated person. Where the same stockholder gives two or more proxies, the latest one given is to be deemed to revoke all former proxies. If the stockholder intends to designate several proxies, the number of shares of stock to be represented by each proxy shall be specifically indicated in the proxy form. If some of the proxy forms do not indicate the number of shares, the total shareholding of the stockholder shall be tallied and the balance thereof, if any, shall be allotted to the holder of the proxy form without the number of shares. If all are in blank, the stocks shall be distributed equally among the proxies. The number of persons to be designated as proxies may be limited by the By-laws.
Validity of Proxy	Unless stated otherwise, a proxy shall be valid only for the meeting for which it is intended. No proxy shall be valid for more than 5 years.
Proxies executed abroad	Proxies executed abroad shall be duly authenticated by the Philippine Embassy or Consular Office.
Invalidated Proxy	Not counted in the determination of the no. of shares represented in the meeting.
Validation of Proxy	The Proxies submitted shall be validated by a Committee of Inspectors commencing on 5 November 2013 (for the 15 November 2013 Annual Meeting) at the Company's principal

	office.
Violation of Proxy	Any violation shall be subject to the administrative sanctions provided for under Section 144 of the Corporation Code; Section 56 of the Revised Securities Act and PD 902-A, as amended.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Notices for regular or special stockholders' meetings may be sent by the Secretary by personal deliver, or by mail or facsimile transmission to each stockholders of record at his last known post office address or facsimile number, or by publication in a newspaper of general circulation within such period as may from time to time be required by law or regulation.	The CD format of the Definitive Information Statement, together with the hard copy of the Agenda and proxy, is sent out via courier and in coordination with the stock transfer agent.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	1,026 stockholders
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	23 May 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	23 May 2014
State whether CD format or hard copies were distributed	CD format
If yes, indicate whether requesting stockholders were provided hard copies	Yes

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes*
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes*
The auditors to be appointed or re-appointed.	Yes*
An explanation of the dividend policy, if any dividend is to be declared.	N/A
The amount payable for final dividends.	N/A
Documents required for proxy vote.	Yes*

*Provided in the Definitive Information Statement (SEC Form 20-IS) which is sent/disseminated together with the 2014 Notice of Annual/Special Stockholders' Meeting.

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely: (i) Right to vote on all matters that require their consent or approval; (ii) Right to inspect corporate books and records; (iii) Right to information; (iv) Right to dividends; and (v) Appraisal right. The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.	1. Shareholders are informed at least 15 business days before the scheduled date of the Annual Stockholders' Meeting. 2. Each share entitles the holder to one vote that may be exercised in person or by proxy at shareholders meeting, including the Annual Stockholders' Meeting. 3. Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' meeting are set out in the Definitive Information Statement, which is sent to all stockholders of record at least 15 days before the date of meeting. 4. Shareholders are provided through public records, communication media, and the Company's website, the disclosures, announcements and reports filed with the SEC, PSE and other regulating agencies. 5. The Board of Directors are authorized to declare dividends out of the unrestricted retained earnings of the Company, which may be payable in cash, in property, or in stock to all stockholders.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

All stockholders of the Company have the right to nominate candidate to the Board of Directors.

M. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Company has set-up communication channels that promote effective communication with its shareholders and the investing community. Aside from the regular reporting and disclosures to the various regulating agencies such as the SEC and PSE, the Company actively maintains its website that provides timely information updates on its governance, operational, and financial performance. The Company has also designated relations officers to handle investor and shareholder queries and requests, and their contact information can easily be accessed through the Company's website. The President/CEO and Chief Financial Officer (CFO) exercises oversight responsibility over this investor relations program.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	To build better understanding and cultivate a relationship of trust with stakeholders, the Company has set-up communication channels that promote effective communication with its shareholders and the investing community.
(2) Principles	Handle investors and shareholders queries and requests as a top priority matter and therefore, immediate resolution is required.
(3) Modes of Communications	Company Website and PSE Website for all our corporate disclosures.

(4) Investors Relations Officer	Mr. Kenneth S. Tan is in charge of the investor relations program of the Company. He can be contacted through the Company's telephone numbers Kenneth S. Tan, (02) 661-6945; 579-4490.

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

The Company does not have a separate rule or procedure governing the acquisition of corporate control in the capital markets and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets other than the provisions stated under Sections 40, 81 and 82 of the Corporation Code of the Philippines.

SEC. 40. Sale or other disposition of assets.-"… a corporation may, by a majority vote of its board of directors or trustees, sell, lease, exchange, mortgage, pledge or otherwise dispose of all or substantially all of its property and assets, including its goodwill, upon such terms and conditions and for such consideration, which may be money, stocks, bonds or other instruments for the payment of money or other property or consideration, as its board of directors or trustees may deem expedient, when authorized by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock… in a stockholders' or members' meeting duly called for the purpose."

SEC. 81. Instances of appraisal right.- "Any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case of amendment to the Articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code; and

3. In case of merger or consolidation."

SEC. 82. How right is exercised.- "The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares…"

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price. None.

N. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Conducts medical and dental Missions. The company taps its pool of volunteers, friends and employees to visit different parts of Luzon and provide free professional services to selected beneficiaries.	Poor and underprivileged communities in Luzon
Disaster Relief During emergencies	Victims of local disasters.

O. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of	No formal performance evaluation is in place however, the Board, through its Audit	

<table>
<tr><td>Directors</td><td colspan="2">Committee, performs a self-evaluation in which the current and potential state of the Company's corporate governance practices were rated using best practice guidelines issued by the PSE (criteria used).</td></tr>
<tr><td>Board Committees</td><td>Audit Committee conducts annual performance evaluation in compliance with the SEC requirement per SEC Memo Circular No. 4, Series of 2012.</td><td>Guidelines for the Assessment of the Performance of Audit Committee of Companies Listed on the Exchange.</td></tr>
<tr><td>Individual Directors</td><td colspan="2">No formal evaluation process in place.</td></tr>
<tr><td>CEO/President</td><td colspan="2">The Nomination and Compensation Committee conducts a performance evaluation of the CEO/President</td></tr>
</table>

P. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
First violation	The subject person shall be reprimanded.
Second violation	Suspension from office shall be imposed, the duration of the suspension shall depend on the gravity of the violation.
Third violation	The maximum penalty of removal from office shall be imposed.

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SECRETARY'S CERTIFICATE

I, **PAULA KATRINA L. NORA**, of legal age, Filipino, and with office address at 5th Floor, Prince Building, 117 Rada Street, Legaspi Village, Makati City, after having been duly sworn to in accordance with law, do hereby certify that:

1. I am the duly elected and qualified Assistant Corporate Secretary of **GREENERGY HOLDINGS INCORPORATED** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at No. 54 National Road, Dampol II-A, Pulilan, Bulacan.

2. As Assistant Corporate Secretary, I have custody of the corporate records and minute books of the Corporation which contain the minutes of the meetings of the Board of Directors.

3. The following are the resolutions approved by the Board of Directors and Stockholders of the Corporation which were reflected as changes to the Annual Corporate Governance Report ("ACGR") of the Corporation as consolidated in the Consolidated Changes in the ACGR for 2014:

a. Schedule of Annual Stockholders' Meeting on 25 April 2014

"xxx In view of this, the Board resolved to postpone the ASM on 16 June 2014. The record date was set on 27 May 2014."

b. Election of the Board of Directors on 16 June 2014

During the meeting of the Stockholders of the Corporation, the following were elected as members of the Board of Directors of the Corporation:

Antonio L. Tiu
George Y. Uy
Agustin V. Que
Martin C. Subido
Yuan Ming-Zheng
Kenneth S. Tan
Paula Katrina L. Nora
Benjamin P. Lim (Independent Director)
Leonor Magtolis Briones (Independent Director)

c. Election of the Officers and Committee Members on 16 June 2014

"After discussion and upon motion made and duly seconded, the following were elected as officers and committee members of the Corporation:

a. Officers

Chairman/President/CEO	-	Antonio L. Tiu
Vice Chairman	-	Agustin V. Que
Treasurer/CFO	-	Kenneth S. Tan
Corporate Secretary/Corp. Information and Compliance Officer	-	Martin C. Subido
Asst. Corporate Secretary/Asst. Corp. Information and Compliance Officer	-	Paula Katrina L. Nora

b. Committee Members

i. Nomination and Compensation Committee

Chairman	-	Benjamin P. Lim
Member	-	Kenneth S. Tan
Member	-	Agustin V. Que

ii. Audit and Compliance Committee

Chairman	-	Leonor M. Briones
Member	-	Martin C. Subido
Member	-	Antonio L. Tiu

iii. Technical Committee

Chairman	-	Benjamin P. Lim
Co-Chairman	-	George Y. Uy
Member	-	Antonio L. Tiu
Member	-	Agustin V. Que

d. Ratification of Acts, Resolutions and Decisions of the Board of Directors and The Management on 16 June 2014

"RESOLVED, that all acts and resolutions passed, approved, adopted or taken by the Board of Directors and the Management of the Corporation during the previous year, as well as all contracts and transactions entered into by the Corporation for the same period be, as they are hereby, ratified."

e. Delegation of Appointment of External Auditors on 16 June 2014

"After discussion, and upon motion made and duly seconded, the stockholders approved the delegation of the appointment of External Auditor for the year 2014 to the Board upon recommendation of the Audit and Compliance Committee."

4. This Secretary's Certificate is issued in compliance with SEC Memorandum Circular No. 12, Series of 2014.

IN WITNESS WHEREOF, I have hereunto set my hand on 14 January 2015 at Makati City.

PAULA KATRINA L. NORA
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me on 14 January 2015 in Makati City, affiant exhibiting to me her competent evidence of identity, Driver's License No. DO4-03-186603, valid until 9 August 2015 and issued at LTO – Quezon City.

Doc. No. 208 ;
Page No. 44 ;
Book No. I ;
Series of 2015.

JAN NICKLAUS S. BUNAG
NOTARY PUBLIC
ROLL NO. 63215
MAKATI CITY, PHILIPPINES

ATTY. JAN NICKLAUS S. BUNAG
Notary Public
Until December 31, 2015
Roll of Attorneys No. 63215
IBP No. 968628/4-14-14/Laguna Chapter
PTR No. 4391537/5-26-14/Makati City
TIN 267-518-464
5th Floor, Prince Building, 117 Rada Street
Legaspi Village, Makati City

ANNEX "C"

COVER SHEET

A S 9 2 0 0 0 5 8 9

S.E.C Registration Number

G R E E N E R G Y H O L D I N G S

I N C O R P O R A T E D

(Company's Full Name)

5 4 N A T I O N A L R O A D D A M P O L II A

P U L I L A N B U L A C A N

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

ATTY. PAULA KATRINA L.NORA	893-4115
Contact Person	Company Telephone Number

Month Day
Fiscal Year

Consolidated Changes in ACGR for 2015
FORM TYPE

Month Day
Annual Meeting

Secondary License Type, if applicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplish by SEC Personnel concerned

File Number

LCU

Document I.D

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

GREENERGY HOLDINGS INCORPORATED
(formerly MUSX Corporation)
54 National Road, Dampol II-A
Pulilan, Bulacan
Tel. No. (02) 661-6945

8 January 2016.

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills, Mandaluyong City

Attention: ATTY. JUSTINA F. CALLANGAN
Director, Corporate Governance and Finance Department

Subject: Consolidated Changes in the ACGR for 2015

Gentlemen:

In compliance with SEC Memorandum Circular No. 12, Series of 2014, Greenergy Holdings Incorporated (the "Company") hereby submits its Consolidated Changes in the Annual Corporate Governance Report for the year 2015.

We trust that you will find the foregoing in order.

With our best regards,

MARTIN C. SUBIDO
Corporate Secretary/Corporate Information
and Compliance Officer

GREENERGY HOLDINGS INCORPORATED

CONSOLIDATED CHANGES IN THE ACGR FOR 2015

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11

Actual number of Directors for the year	8

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
Antonio Tiu	ED	N/A	Antonio Tiu	23 December 2010	16 June 2014	Annual Meeting	5
Yuan-Ming Zheng	NED	N/A	Antonio Tiu	15 November 2013	16 June 2014	Annual Meeting	2.16
Martin Subido	ED	N/A	Antonio Tiu	23 December 2010	16 June 2014	Annual Meeting	5
Kenneth S. Tan	ED	N/A	Antonio Tiu	16 June 2014	16 June 2014	Annual Meeting .	1.58
Paula Katrina L. Nora	ED	N/A	Antonio Tiu	16 June 2014	16 June 2014	Annual Meeting	1.58
Lisette M. Arboleda	NED	N/A	Antonio Tiu	9 December 2015	9 December 2015	N/A[1]	0
Antonio Peter R. Galvez	NED	N/A	Antonio Tiu	9 December 2015	9 December 2015	N/A[2]	0
Leonor Briones	ID	N/A	Antonio Tiu (No relationship with nominator)	19 October 2011	16 June 2014	Annual Meeting	4.25

(b) Directorship in Other Companies

(i) Directorship in the Company's Group[3]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Antonio L. Tiu	1. Total Waste Management Recovery System, Inc. 2. Winsun Green Ventures, Inc. 3. Isabela Alcogas Corporation 4. Sunchamp Real Estate Development Corp.	1. Non-Executive, Chairman 2. Executive, Member 3. Executive, Chairman 4. Executive, Chairman

[1] Atty. Arboleda was elected as replacement of Dr. Agustin V. Que who resigned last 5 June 2015.
[2] Mr. Galvez was elected as replacement of Mr. George Y. Uy who resigned last 9 December 2015.
[3] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	5. Agrinurture Development Holdings, Inc. 6. Lite Speed technologies, Inc. 7. AgriNurture, Inc.	5. Executive, Member 6. Executive, Member 7. Executive, Chairman
Martin C. Subido	1. Total Waste Management Recovery System, Inc. 2. Winsun Green Ventures, Inc. 3. Isabela Alcogas Corporation 4. Sunchamp Real Estate Development Corp. 5. Agrinurture Development Holdings, Inc. 6. Lite Speed Technologies, Inc. 7. AgriNurture, Inc.	1. Executive, Member 2. Executive, Member 3. Executive, Member 4. Executive, Member 5. Executive, Member 6. Executive, Member 7. Non-Executive, Member
Kenneth S. Tan	1. Agrinurture Development Holdings, Inc. 2. Lite Speed Technologies, Inc. 3. AgriNurture, Inc. 4. Sunchamp Real Estate Development Corp.	1. Executive, Member 2. Executive, Member 3. Executive, Member 4. Executive, Member
Paula Katrina L. Nora	Agrinurture Development Holdings, Inc.	Executive, Member
Lisette M. Arboleda	AgriNurture, Inc.	Executive, Member
Antonio R. Galvez	AgriNurture, Inc.	Non-Executive, Independent

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock[4]
Antonio L. Tiu	10,000	473,500,000[5]	26.29%
Martin C. Subido	1,000	1,000	0.00%
Kenneth S. Tan	0	10,000	0.00%
Yuan Ming Zheng	10,000	0	0.00%
Paula Katrina L. Nora	1	0	0.00%
Lisette M. Arboleda	1	0	0.00%
Antonio Peter R. Galvez	1	0	0.00%
Leonor Briones	0	1,000	0.00%
TOTAL	21,003	473,512,000	26.29

2) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Dr. Agustin V. Que	Director and Vice Chairman	5 June 2015	Personal and health reasons
George Y. Uy	Director	9 December 2015	Personal reasons
Benjamin P. Lim	Independent Director	23 December 2015	Personal reasons

[4] Based on a total of 1,800,778,568 common outstanding shares.
[5] On 6 August 2014, the 176,000,000 common shares of the Company in the name of Sunchamp Real Estate Development Corp have been assigned to 3 assignees. However, the respective certificates authorizing registration ("CAR") of these common shares have not yet been issued by the Bureau of Internal Revenue. After the approval by the Securities and Exchange Commission ("SEC") of the change in par value of the Company's common shares from P0.01 to P1.00, and the issuance of CAR on the assigned shares, Antonio L. Tiu owns (i) 10,000 common shares (direct), and (ii) 297,500,000 common shares (indirect), or a total of P297,510,000 common shares equivalent to 16.52% of the total issued and outstanding common shares of the Company.

Voting Result of the last Annual General Meeting

The Company did not hold an Annual Stockholders' Meeting in 2015.

5) Orientation and Education Program

(b) State any in-house training and external courses attended by Directors and Senior Management[6] for the past three (3) years:

The directors and senior management of the Company attended a seminar on corporate governance on 5 December 2014. In addition, the corporate secretary and assistant corporate secretary of the Company attended the mandatory continuing legal education in February 2015.

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Antonio L. Tiu	5 December 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Kenneth S. Tan	5 December 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Leonor M. Briones	5 December 2014	Corporate Governance Seminar	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Martin C. Subido	February 2015	Mandatory Continuing Legal Education for Lawyers	Legal Management Council of the Philippines (LMCP)
Paula Katrina L. Nora	February 2015	Mandatory Continuing Legal Education for Lawyers	Legal Management Council of the Philippines (LMCP)

C. BOARD MEETINGS & ATTENDANCE

2) Attendance of Directors

Board	Name	Date of Election[7]	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Antonio L. Tiu	16 June 2014	4	4	100.00%
Member	Yuan Ming Zheng	16 June 2014	4	4	100.00%
Member	Martin C. Subido	16 June 2014	4	4	100.00%
Member	Kenneth S. Tan	16 June 2014	4	4	60.00%
Member	Paula Katrina L. Nora	16 June 2014	4	4	100.00%
Member	Lisette M. Arboleda[8]	9 December 2015	4	1	100.00%
Member	Antonio R. Galvez[9]	9 December 2015	4	1	100.00%
Independent	Leonor M. Briones	16 June 2014	4	4	100.00%
Independent	Benjamin P. Lim[10]	16 June 2014	4	1	25.00%
Member	George Y. Uy[11]	16 June 2014	4	1	25.00%
Member	Agustin V. Que[12]	16 June 2014	4	2	50.00%

[6] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.

[7] The Company did not hold an Annual Stockholders' Meeting in 2015. On 9 December 2015, the Company disclosed that the Annual Stockholders' Meeting of the Company will be postponed until further notice considering that there are additional matters which may have to be presented to the stockholders.

[8] Atty. Arboleda was elected as replacement of Dr. Que

[9] Mr. Galvez was elected as replacement of Mr. Uy.

[10] Mr. Lim resigned as Director of the Company on 23 December 2015.

[11] Mr. Uy resigned as Director of the Company on 9 December 2015.

E. BOARD COMMITTEES

2) Committee Members

1) Audit and Compliance Committee

Office	Name	Date of Appointment	No. of Meetings Held (in 2014)	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Leonor Briones	16 June 2014	4	2	50.00%	4 years
Member (ED)	Martin C. Subido			4	100.00%	5 year
Member (ED)	Antonio L. Tiu			4	100.00%	1.58 year

2) Nomination and Compensation Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Benjamin P. Lim[13]	16 June 2014	0	0	N/A	4 year
Member (ED)	Agustin V. Que[14]			0	N/A	1 year
Member (ED)	Kenneth S. Tan			0	N/A	1.58 year

3) Technical Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Benjamin Lim[15]	16 June 2014	0	0	N/A	4 years
Member (NED)	George Uy[16]			0	N/A	4 years
Member (ED)	Antonio L. Tiu			0	N/A	1.58 year
Member (NED)	Agustin V. Que[17]			0	N/A	1 year

H. RIGHTS OF STOCKHOLDERS

9. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

No. The Company observes the minimum 15 business days requirement under Rule 20 of the Securities Regulation Code Implementing Rules and Regulations.

a. Date of sending out notices: N/A. The Company did not hold an Annual Stockholders' Meeting in 2015.

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[12] Dr. Que resigned as Director of the Company on 5 June 2015.

[13] In view of his resignation as Director of the Company on 23 December 2015, Mr. Lim was deemed resigned as member of the Nomination and Compensation Committee on even date.

[14] In view of his resignation as Director of the Company on 5 June 2015, Dr. Que was deemed resigned as member of the Nomination and Compensation Committee on even date.

[15] In view of his resignation as Director of the Company on 23 December 2015, Mr. Lim was deemed resigned as member of the Technical Committee on even date.

[16] In view of his resignation as Director of the Company on 9 December 2015, Mr. Uy was deemed resigned as member of the Technical Committee on even date.

[17] In view of his resignation as Director of the Company on 5 June 2015, Dr. Que was deemed resigned as member of the Technical Committee on even date.

b. Date of the Annual/Special Stockholders' Meeting: N/A. The Company did not hold an Annual Stockholders' Meeting in 2015.

10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting. N/A

11. Result of Annual/Special Stockholders' Meeting's Resolutions

N/A. The Company did not hold an Annual Stockholders' Meeting in 2015.

12. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

N/A. The Company did not hold an Annual Stockholders' Meeting in 2015.

(a) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

N/A. The Company did not hold an Annual Stockholders' Meeting in 2015.

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

N/A. The Company did not hold an Annual Stockholders' Meeting in 2015.

(b) Definitive Information Statements and Management Report

N/A. The Company did not hold an Annual Stockholders' Meeting in 2015.

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	N/A
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	N/A
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	N/A
State whether CD format or hard copies were distributed	N/A
If yes, indicate whether requesting stockholders were provided hard copies	N/A

(c) Does the Notice of Annual/Special Stockholders' Meeting include the following:

N/A. The Company did not hold an Annual Stockholders' Meeting in 2015.

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SECRETARY'S CERTIFICATE

I, MARTIN C. SUBIDO, of legal age, Filipino, and with office address at 5th Floor, Prince Building, 117 Rada Street, Legaspi Village, Makati City, after having been duly sworn to in accordance with law, do hereby certify that:

1. I am the duly elected and qualified Corporate Secretary of GREENERGY HOLDINGS INCORPORATED (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at No. 54 National Road, Dampol II-A, Pulilan, Bulacan.

2. As Corporate Secretary, I have custody of the corporate records and minute books of the Corporation which contain the minutes of the meetings of the Board of Directors.

3. The following are excerpts of the minutes of the meeting and resolutions approved by the Board of Directors of the Corporation held last 9 December 2015 which were reflected as changes to the Annual Corporate Governance Report ("ACGR") of the Corporation as consolidated in the Consolidated Changes in the ACGR for 2015:

i. *Schedule of Annual Stockholders' Meeting*

"xxx In view of this, the Board resolved to postpone the ASM until further notice."

ii. *Delegation of Appointment of External Auditors*

"After discussion, and upon motion made and duly seconded, the delegation of the appointment of External Auditor for the year 2015 to the Audit Committee is hereby approved."

iii. *Acceptance of the Resignation of Dr. Agustin V. Que*

"The Board formally accepted the resignation of Dr. Agustin V. Que due to health and personal reasons. The Board expressed its gratitude for his contribution to the Corporation."

iv. *Election of Atty. Lisette M. Arboleda as Director of the Corporation*

"RESOLVED, FURTHER, that Atty. Lisette M. Arboleda be, as she is hereby, elected as Director of the Corporation replacing Dr. Que to serve the unexpired term of the latter and until her successor shall have been duly elected and qualified in accordance with the Corporation's By-Laws."

v. *Acceptance of the Resignation of Mr. George Y. Uy*

"Mr. Uy informed the Board that he is resigning as Director of the Corporation effective immediately. The Board accepted his resignation with gratitude for his contribution to the Corporation."

vi. *Election of Mr. Antonio R. Galvez as Director of the Corporation*

"RESOLVED, FURTHER, that Mr. Antonio R. Galvez be, as he is hereby, elected as Director of the Corporation replacing Mr. Uy to serve the unexpired term of the latter and until his successor shall have been duly elected and qualified in accordance with the Corporation's By-Laws."

4. This Secretary's Certificate is issued in compliance with SEC Memorandum Circular No. 12, Series of 2014.

IN WITNESS WHEREOF, I have hereunto set my hand on 8 January 2016 at Makati City.

MARTIN C. SUBIDO
Corporate Secretary

SUBSCRIBED AND SWORN TO before me on 8 January 2016 in Makati City, affiant exhibiting to me his competent evidence of identity, Passport No. EC1674951 valid until 20 July 2019 issued by the Department of Foreign Affairs - Manila.

Doc. No. 508 ;
Page No. 102 ;
Book No. IV ;
Series of 2016.

NOTARY [illegible]
ROLL NO. [illegible]
MAKATI CITY, PHILIPPINES

ATTY. [illegible]
Until [illegible]
Roll of [illegible]
IBP [illegible]
PTR No. [illegible]
Notarial Commission No. [illegible] Makati City
TIN [illegible]
5th Floor, Prince Building, 117 Rada Street
Legaspi Village, Makati City