108112016003461

SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.	0000134800
Company Name	JOLLIVILLE HOLDINGS CORP.
Industry Classification	
Company Type	Stock Corporation

Document Information

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Remarks	

COVER SHEET

SEC Registration Number

1 3 4 8 0 0

Company Name

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

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

4TH FLOOR LANSBERGH PLACE 170 TOMAS MORATO AVE. COR. SCOUT CASTOR ST., QUEZON CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q 2nd Qtr. 2016		NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
ortrud_ting@joh.ph	373-3038	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
34	JUNE 25	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
ORTRUD T. YAO	ortrud_ting@joh.ph	373-3038	

Contact Person's Address

4TH FLOOR LANSBERGH PALCE 170 TOMAS MORATO AVE. COR. SCOUT CASTOR ST., QUEZON 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.

JOLLIVILLE HOLDINGS CORPORATION

SEC FORM 17-Q

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

1. For the quarterly period ended: **June 30, 2016**

2. SEC Identification No. **134800**

3. BIR Tax Identification **No. 000-590-608-000**

4. Exact name of registrant as specified in its charter:
JOLLIVILLE HOLDINGS CORPORATION

5. Province, Country or other jurisdiction of incorporation or organization:
PHILIPPINES

6. Industry Classification Code : _________ (SEC Use Only)

7. Address of principal office and Postal Code:
4th Floor 20 Lansbergh Place, Tomas Morato Ave. cor. Scout Castor St., 1103 Quezon City

8. Registrant's telephone no. and area code: **(632) 373-3038**

9. Former name, address, and fiscal year, if changed since last report:
Not applicable

10. Securities registered pursuant to Sections 4 & 8 of the RSA:

Title of Each Class	No. of Shares of Common Stock Outstanding &/or Amount of Debt Outstanding
Common Stock, ₱ 1 par value	**281,500,000 shares**

11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes [x] No [ ]

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes [x] No [ ]

(b) has been subject to such filing requirements for the past 90 days:
Yes [x] No [ ]

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FINANCIAL INFORMATION

Item 1. ***FINANCIAL STATEMENTS***

Please find attached herein the Unaudited Consolidated Financial Statements (as Exhibit I) for the second (2nd) Quarter ending June 30, 2016.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

The consolidated financial statements for the first half ended June 30, 2016 resulted to a net income after tax of ₱51,522,673 compared to ₱59,436,080 for the same period last year.

Power sales pertain to the electricity generation activity of OPI. OPI supplies electricity to Oriental Mindoro Electric Cooperative (ORMECO) and operates a power plant in Calapan City using bunker fuel. Power sales decreased by 16.24% from ₱173.36 million to ₱145.20 million for the first half of this year as against the same period last year due to lower power off-take by ORMECO. As of the first half of 2016, contracted energy was at 21,042,756 kilowatt hours (kWh) as against 20,702,976 kWh for the same period in 2015.

Water service revenues have been steadily increasing and this is attributable to the additional number of subscribers. Water service revenues grew by 12.41% from ₱95.42 million to ₱107.26 million for the first six months of this year as against the same period last year. MAWI started operations in February 2016.

Rental revenues slightly increased by 0.34% or ₱100,517 resulting from additional lease that started last June 2015.

Technical services remained unchanged as rental rates were maintained at the same level.

Cost of services decreased by 9.94% or ₱18,483,311 for the period. This is mainly due to lower fuel prices for OPI's generation requirements.

Operating expenses increased by 35.03% or ₱14,769,117 for the period. Much of the increase could be attributed to higher personnel cost, increase in depreciation expense, higher municipal taxes, new lease contract, commission charges and higher repairs and maintenance incurred during the period.

Net other charges decreased by 28.59% or ₱3,630,069 for the six months ended June 30, 2016. This is due to lower finance charges resulting from the settlement of matured loan obligations.

Noncontrolling interest represents noncontrolling stockholders' share in the net income or loss of Philippine H2O Ventures, Corp., Nation Water Corp., Metro Agoo Waterworks Incorporated, Buyayao Island Resort Corp. and Philippine Hydro Electric Ventures, Inc. The fluctuation in this account is tied-in to the operating results and to the Company's overall ownership in the former.

Financial Position

Total assets increased by 3.64% or ₱147,682,537 from ₱4,061,385,906 as of December 31, 2015 to ₱4,209,068,443 as of June 30, 2016.

The biggest contributor to the increase of total assets came from property, plant and equipment account with carrying value of ₱2,482,860,535 as of June 30, 2016. It increased by 8.91% or ₱203,087,843 due to the additional capital expenditures for the construction of OPI's 10MW Hydro Electric Power Plant and MAWI's construction of the new water distribution system in Agoo, La Union.

Cash and cash equivalents account decreased by 34.81% or ₱129,873,093 during the period. This represents payment of obligations which were due and paid during the first half of 2016.

Receivables increased by 17.07% or ₱34,346,002 during the first six months of 2016 due to additional advances made to suppliers as part of the contractual agreement of the parties involved.

Due from related parties increased by 38.86% from ₱75,461,935 as of December 31, 2015 to ₱104,787,747 as of June 30, 2016 as advances were made to affiliates for their working capital requirements.

Inventories amounting to ₱13,308,674 pertain mostly to OPI's fuel and oil. There was a decrease of 18.16% from last year's balance of ₱16,262,210.

Other current assets increased by 19.24% from ₱61,797,498 as of December 31, 2015 to ₱73,685,433 as of June 30, 2016. The increase mainly pertains to OPI's additional input VAT.

Investment property account increased by 0.02% or ₱224,923 from ₱928,782,005 as of December 31, 2015 to ₱929,006,928 as of June 30, 2016. The increase is attributable to the costs incurred related to the transfer of title of various properties.

The construction of the Inabasan hydro power plant suggests a potential growth in market standing of OPI and of the Company as a whole. The ongoing construction contributed an increase of other noncurrent assets by 2.72% or ₱1,636,651 which mainly represents additional development costs of the power plant.

Investment in associates, deferred tax assets and available-for-sale investments were unchanged from their balances as of June 30, 2016.

Loans payable increased by 11.74% or ₱170,160,329 as of June 30, 2016. The increase is the net effect of principal payments made by CWC, MAWI and OPI, and the additional releases from DBP loan facility intended for the construction of the OPI's Inabasan Power Plant, OPI's drawings on its available loan credit facilities as dictated by its cash requirements and additional loan releases for MAWI's construction of the water system supply in Agoo, La Union.

Accounts payable and other current liabilities decreased by 13.64% from ₱627,672,713 as of December 31, 2015 to ₱542,052,341 as of June 30, 2016. Much of this is attributed to CWC's, MAWI's and OPI's settlement of amount due to contractors.

Due to related parties increased by 8.23% from ₱195,941,525 as of December 31, 2015 to ₱212,067,606 as of June 30, 2016 as additional advances were made from affiliates.

The income tax liability as of December 31, 2015 was due and paid on April 2016. The income tax liability as of June 30, 2016 consists of income tax accruals for the second quarter of 2016. Income tax payable decreased by 34.03% as of June 30, 2016.

Retirement benefit obligation, deferred tax liabilities and deposit for future stock subscription were unchanged from year-end whilst customers' deposits increased by 6.78% or ₱1,513,380. Customer deposits pertain to additional water meter maintenance collected by CWC.

Non-controlling interest represents the share of non-controlling shareholders in the net assets of subsidiaries namely Philippine H2O Ventures, Corp., Nation Water Corp., Metro Agoo Waterworks Incorporated, Buyayao Island Resort Corp. and Philippine Hydro Electric Ventures, Inc. The change in this account is tied-in to the discussion on the related item shown in the statements of comprehensive income discussed earlier.

Liquidity and Solvency

The Company's cash balance decreased from ₱373,045,395 as of end of 2015 to ₱243,172,302 as of June 30, 2016. The decrease was due to payments made to creditors. There is sufficient cash and credit to finance operating and investing activities of the Group.

Dividends

None

Issuances, Repurchases, and Repayments of Debt and Equity Securities

None

Events that will trigger Direct or Contingent Financial Obligation that is Material to the Company, including any Default or Acceleration of an Obligation

None

Material Off-Balance Sheet Transactions, Arrangements, Obligations (including Contingent Obligations), and Other Relationships of the Company with Unconsolidated Entities or Other Persons created during the Reporting Period

None

Known Trends, Demands, Commitments, Events or Uncertainties that will have a Material Impact on Liquidity or that are reasonably expected to have a Material Favorable or Unfavorable Impact on Net Sales/Revenues/Income from Continuing Operations

None

Cause for any Material Change from period to period which shall include Vertical and Horizontal Analyses of any Material Item

This is already incorporated in the discussion under "Results of Operations" and "Financial Position".

Seasonal Aspects that has a Material Effect on the Financial Statements

None

Material Commitments for Capital Expenditures, General Purpose of such Commitments, Expected Sources of Funds for such Expenditures

Ormin Power, Inc. is currently constructing its 10 MW Mini Hydro Power Plant facility in San Teodoro, Oriental Mindoro. The project cost is ₱1.6 billion and it is currently being financed through a term loan from the Development Bank of the Philippines. The total principal and interest released amounted to ₱664.3 million and ₱55.3 million as of June 30, 2016. Expected project completion is on December 2016.

On March 14, 2014, OPI entered into an agreement with a foreign supplier for the purchase of various hydroelectric equipment to be used in the Inabasan Mini Hydro Power Plant. Total contract price of the equipment amounted to US$3.0 million.

Calapan Waterworks Corporation is currently undertaking Phase I of its expansion program in Calapan City. Phase I involves development of three new water production facilities, installation of storage facilities for the water system, and pipe laying of additional distribution lines. Phase 1 is estimated to cost about ₱150 million, about ₱120 million will be financed through bank borrowings while the balance will be funded through internally generated funds.

Metro Agoo Waterworks, Inc. is currently undertaking Phase I of its proposed water system in Agoo, La Union. The estimated cost is ₱313.73 million, about ₱280 million will be financed through bank borrowings while the balance will be funded through internally generated funds.

Any Significant Elements of Income or Loss that did not arise from Continuing Operations

None

Financial Risk Disclosure

Please refer to Note 2 of the Notes to Consolidated Financial Statements for the description, classification and measurements applied for financial instruments of the Group.

The Group's principal financial instruments comprise of cash, receivables, short-term bank deposits, available-for-sale investments, bank loans, trade payables, due to related parties and payable to property owners. The main purpose of the Group's financial instruments is to fund the Group's operations and to acquire and improve property and equipment. The main risks arising from the use of financial instruments are liquidity risk, interest rate risk and credit risk.

The main objectives of the Group's financial risk management areas are as follows:

- To identify and monitor such risks on an ongoing basis;
- To minimize and mitigate such risks; and
- To provide a degree of certainty about costs.

The Group's Board reviews and agrees with policies for managing each of these risks. These are summarized below:

Liquidity risk
The Group seeks to manage its liquid funds through cash planning on a weekly basis. The Group uses historical figures and experiences and forecasts from its collections and disbursements. The Group's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information.

Interest rate risk
The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term borrowings. The Group's policy is to minimize interest rate cash flow risk exposures. Long-term borrowings are therefore usually at agreed interest rates. Also, the Group manages its exposure to interest rate risk by closely monitoring bank interest rates with various banks and maximizing borrowing period based on market volatility of interest rates.

Credit risk
This risk refers to the risk that a customer/debtor will default on its contractual obligations resulting in financial loss to the Group. The Group controls this risk through monitoring procedures and regular coordination with the customers. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group also controls this risk by cutting its services and refusal to reconnect until the customer's account is cleared or paid.

The Group's credit risk is primarily attributable to its trade receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Given the Group's diverse customer base, it is not exposed to large concentration of credit risk.

Currency risk is the risk that a business' operations or an investment's value will be affected by changes in exchange rates. If Philippine pesos, the Group's functional currency, has to be converted into another currency to buy or sell goods and services, or to make certain investments, a gain or loss may arise when these are converted back into pesos. This risk has been assessed to be insignificant given that all the Group's transactions are made in pesos. The Group has no investments in foreign securities.

Market risk is the risk of losses arising from changes in market prices. This usually affects an entire class of assets or liabilities. The value of investments may decline over a given period of time simply because of economic changes or other events that impact large portions of the market. Management has assessed this risk to be insignificant since the Group's financial instruments are not openly traded in the open market (stock exchange, foreign exchange, commodity market, etc.) nor does it engage in exotic financial instruments such as derivatives, spot or forward contracts and the like. The fair values of the Group's financial instruments did not change between this period and the preceding period thus no gain or loss was recognized.

EXHIBIT I

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Philippine Pesos)

		June 30, 2016 (Unaudited)		December 31, 2015 (Audited)
ASSETS				
Current Assets				
Cash and cash equivalents	₱	**243,172,302**	₱	373,045,395
Receivables – net		**235,528,925**		201,182,923
Due from related parties		**104,787,747**		75,461,935
Inventories - net		**13,308,674**		16,262,210
Other current assets		**73,685,433**		61,797,498
Total Current Assets		**670,483,081**		727,749,961
Noncurrent Assets				
Property, plant and equipment – net		**2,482,860,535**		2,279,772,692
Investment property		**929,006,928**		928,782,005
Investment in associates		**47,869,566**		47,869,566
Deferred tax assets		**14,175,220**		14,175,220
Available-for-sale (AFS) investments		**2,955,745**		2,955,745
Other noncurrent assets		**61,717,368**		60,080,717
Total Noncurrent Assets		**3,538,585,362**		3,333,635,945
	₱	**4,209,068,443**	₱	4,061,385,906
LIABILITIES AND EQUITY				
Current Liabilities				
Current portion of loans payable	₱	**402,398,118**	₱	292,202,878
Accounts payable and other current liabilities		**542,052,341**		627,672,713
Due to related parties		**212,067,606**		195,941,525
Income tax payable		**11,667,755**		17,687,309
Total Current Liabilities		**1,168,185,820**		1,133,504,425
Noncurrent Liabilities				
Noncurrent portion of loans payable		**1,217,231,740**		1,157,266,651
Retirement benefit obligation		**39,084,353**		39,084,353
Deferred tax liabilities		**26,338,131**		26,338,131
Customers' deposits		**23,830,232**		22,316,852
Deposit for future stock subscription		**95,000,000**		95,000,000
Total Noncurrent Liabilities		**1,401,484,456**		1,340,005,987
Total Liabilities		**2,569,670,276**		2,473,510,412

(Forward)

(Carryforward)

		June 30, 2016 (Unaudited)		December 31, 2015 (Audited)
Equity				
Attributable to Equity Holders of Parent Company				
Capital stock	₱	**281,500,000**	₱	281,500,000
Additional paid-in capital		**812,108**		812,108
Revaluation surplus on investment property and property and equipment		**207,365,658**		207,365,658
Revaluation reserves on AFS investments		**781,642**		781,642
Reserve for actuarial loss		**(4,675,669)**		(4,675,669)
Retained earnings		**735,195,096**		698,378,813
		1,220,978,835		1,184,162,552
Noncontrolling Interests		**418,419,332**		403,712,942
Total Equity		**1,639,398,167**		1,587,875,494
	₱	**4,209,068,443**	₱	4,061,385,906

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Philippine Pesos)

	Quarter Ended June 30				Six Months Ended June 30			
		2016		2015		**2016**		2015
REVENUES								
Power sales	₱	**84,378,227**	₱	94,804,222	₱	**145,203,050**	₱	173,358,756
Water services		**55,675,062**		50,621,816		**107,256,595**		95,417,301
Rental		**14,975,015**		14,933,159		**29,948,977**		29,848,460
Technical services		**9,989,466**		9,989,466		**19,978,932**		19,978,932
		165,017,770		170,348,663		**302,387,554**		318,603,449
COSTS OF SALES AND SERVICES		**95,717,152**		103,130,086		**167,424,641**		185,907,952
GROSS INCOME		**69,300,618**		67,218,577		**134,962,913**		132,695,497
OPERATING EXPENSES		**28,987,859**		18,241,092		**56,928,525**		42,159,408
INCOME FROM OPERATIONS		**40,312,759**		48,977,485		**78,034,388**		90,536,089
OTHER INCOME (CHARGES) – Net		**(2,526,139)**		(6,245,621)		**(9,068,763)**		(12,698,832)
INCOME BEFORE INCOME TAX		**37,786,620**		42,731,864		**68,965,625**		77,837,257
CURRENT INCOME TAX EXPENSE		**8,648,389**		10,885,403		**17,442,952**		18,401,177
TOTAL COMPREHENSIVE INCOME	₱	**29,138,231**	₱	31,846,461	₱	**51,522,673**	₱	59,436,080
NET INCOME ATTRIBUTABLE TO:								
Equity holders of the parent company		**20,568,034**		22,197,466	₱	**36,816,283**	₱	42,561,410
Noncontrolling interests		**8,570,197**		9,648,995		**14,706,390**		16,874,670
	₱	**29,138,231**	₱	31,846,461	₱	**51,522,673**	₱	59,436,080
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Equity holders of the parent company	₱	**20,568,034**	₱	22,197,466	₱	**36,816,283**	₱	42,561,410
Noncontrolling interests		**8,570,197**		9,648,995		**14,706,390**		16,874,670
	₱	**29,138,231**	₱	31,846,461	₱	**51,522,673**	₱	59,436,080
EARNINGS PER SHARE	₱	**0.0731**	₱	**0.0789**	₱	**0.1308**	₱	0.1512

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(Amounts in Philippine Pesos)

		2016		2015
ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY				
CAPITAL STOCK – ₱1 par value				
Authorized – 1,000,000,000 shares				
Subscribed and fully paid				
– 281,500,000 shares	₱	**281,500,000**	₱	281,500,000
ADDITIONAL PAID-IN CAPITAL		**812,108**		812,108
REVALUATION SURPLUS ON INVESTMENT PROPERTY AND PROPERTY AND EQUIPMENT - Net		**207,365,658**		205,595,633
REVALUATION RESERVES ON AFS INVESTMENTS		**781,642**		820,821
RESERVE FOR ACTUARIAL GAIN (LOSS)		**(4,675,669)**		735,471
RETAINED EARNINGS				
Balance at beginning of year		**698,378,813**		459,172,754
Net income during the period		**36,816,283**		42,561,410
Balance at end of period		**735,195,096**		501,734,164
		1,220,978,835		991,198,197
NONCONTROLLING INTERESTS				
Balance at beginning of year		**403,712,942**		271,833,668
Share in total comprehensive income		**14,706,390**		16,874,670
Balance at end of period		**418,419,332**		288,708,338
	₱	**1,639,398,167**	₱	1,279,906,535

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(Amounts in Philippine Pesos)

		2016		2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱	**68,965,625**	₱	77,837,257
Adjustments for:				
Depreciation and amortization		**31,183,601**		25,122,939
Interest expense		**9,132,365**		13,074,858
Interest income		**(274,293)**		(433,067)
Operating income before working capital changes		**109,007,298**		115,601,987
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		**(34,346,002)**		(22,214,750)
Inventories		**2,953,536**		(6,656,008)
Other current assets		**(11,887,935)**		(1,346,647)
Increase (decrease) in:				
Accounts payable and other current liabilities		**(85,620,372)**		(119,652,178)
Customers' deposits		**1,513,380**		3,142,798
Cash used in operations		**(18,380,095)**		(31,124,798)
Income tax paid		**(23,462,506)**		(22,619,885)
Interest paid		**(9,132,365)**		(13,074,858)
Interest received		**274,293**		433,067
Net cash used in operating activities		**(50,700,673)**		(66,386,474)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	₱	**(234,271,444)**	₱	(117,014,345)
Additions to investment property		**(224,923)**		(5,105,001)
Decrease (increase) in:				
Due from related parties		**(29,325,812)**		(12,458,201)
Other noncurrent assets		**(1,636,651)**		(9,891,456)
Net cash used in investing activities		**(265,458,830)**		(144,469,003)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loan availments		**196,551,903**		123,613,548
Payments of loan		**(26,391,574)**		(29,521,312)
Increase in due to related parties		**16,126,081**		(213,776)
Net cash provided by financing activities		**186,286,410**		93,878,460
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(129,873,093)**		(116,977,017)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**373,045,395**		315,310,916
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱	**243,172,302**	₱	198,333,899

(Forward)

(Carryforward)

		2016		2015
CASH AND CASH EQUIVALENTS AT END OF PERIOD CONSISTS OF:				
Cash in bank	**₱**	**131,613,246**	₱	119,022,637
Placements		**111,250,534**		78,992,740
Cash on hand		**308,522**		318,522
	₱	**243,172,302**	₱	198,333,899

See accompanying Notes to Consolidated Financial Statements.

1. **Basis of Preparation of the Financial Statements**

The accompanying consolidated financial statements have been prepared on the historical cost basis except for available-for-sale investments, investment property and certain property and equipment which are stated at fair market value and appraised values, respectively. These consolidated financial statements are presented in Philippine pesos, which is the Group's functional and presentation currency under Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest peso, except when otherwise indicated.

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries held directly or indirectly through wholly and majority-owned subsidiaries.

Subsidiaries		Percentage of Ownership
Ormina Realty and Development Corporation (ORDC)		**100.00**
Jolliville Group Management, Inc. (JGMI)		**100.00**
Servwell BPO International (Servwell)		**100.00**
Granville Ventures Inc. (GVI)*		**100.00**
Jollideal Marketing Corporation (JMC)*		**100.00**
Jolliville Leisure and Resort Corporation (JLRC)*		**100.00**
Buyayao Island Resort Corporation (Buyayao Island)*	**51.00**	**51.00**
Ormin Holdings Corporation (OHC)* and Subsidiaries:		**100.00**
OTY Development Corp. (ODC)*		**100.00**
Melan Properties Corp. (MPC)*		**100.00**
KGT Ventures, Inc. (KVI)*		**100.00**
Ibayo Island Resort Corp. (IIRC)*		**100.00**
NGTO Resources Corp. (NRC)*		**100.00**
Philippine Hydro Electric Ventures, Inc.		**100.00**
Ormin Power, Inc. (OPI)	**60.00**	**60.00**
Tabuk Water Corp. (TWC)		**100.00**
Philippine H20 Ventures, Corp. and Subsidiaries		
Direct ownership of the Parent Company	**33.51**	
Parent Company's ownership through OHC Subsidiaries	**24.67**	**58.18**
Calapan Waterworks Corporation (CWC)		**58.01**
Metro Agoo Waterworks Inc. (MAWI)*		
Parent Company's ownership through CWC		**48.21**
Nation Water Corporation (NWC) *		
Parent Company's ownership through CWC and TWC		**58.18**

**preoperating stage*

Subsidiaries are consolidated from the date on which control is transferred to the Parent Company and cease to be consolidated from the date on which control is transferred out of the Parent Company. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. All significant intercompany accounts, transactions, and income and expenses and losses are eliminated upon consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Noncontrolling interests share in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Noncontrolling interests consist of the amount of those interests at the date of the original business combination and the noncontrolling interest's share of changes in equity since the date of the combination. Losses applicable to the noncontrolling interests in excess of the noncontrolling interests share in the subsidiary's equity are allocated against the interest of the Group except to the extent that the noncontrolling interests has a binding obligation and is able to make an additional investment to cover losses.

2. Changes in Accounting and Financial Reporting Policies

Changes in Accounting Policies

The accounting policies adopted by the Group are consistent with those of the previous financial years except for the following amended and improved PFRS and PAS 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 asreductions to current service costs if they are linked to service or as part of the remeasurements 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.

Currently, PAS 19 is not applicable to the Group.

Annual Improvements to PFRS

2010 to 2012 cycle

- 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 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 are not relevant to the Group since it is not one of the entities required to adopt PFRS 8.

- 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 Group will decide which of the above options shall be applied.

- PAS 24, *"Related Party Disclosures - Key Management Personnel"*
  The amendment clarifies 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 amendment also clarifies 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 amendment affects disclosures only and has no impact on the Group's financial position or performance.

- 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 have no impact on the Group's financial position or performance.

2011 to 2013 cycle

- 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 relevant 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 financial position or performance.

- 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 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 financial statements.

Effective in 2016

- PFRS 10, PFRS 12 and PAS 2*8*, *"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 expected to have an impact on the Group's financial position or performance.

- 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 amendments are not expected to have an impact on the Group's financial position or performance.

- 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. This is currently not applicable 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. This is not currently 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 will be effective for annual periods beginning on or after January 1, 2016, with early application permitted. This affects disclosure only should the Group opted to adopt this standard.

- 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 informationresulting 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; and
    - 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 will apply and assess the impact of this improvement when becomes effective.

2012-2014 cycle
- 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 will not have any impact on the Group's financial statements.

- PFRS 5,*"Noncurrent Assets Held for Sale and Discontinued Operations": Changes in Methods of Disposal*
  The amendment clarify 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 amendment will not have any impact on the Group'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.

  This improvement affects disclosure only and will not 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 Group does not expect that this amendment will have significant impact on its 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 Group's financial statements.

Effective in 2017
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.

- 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 permitted.

The Group is currently assessing the impact of IFRS 15 and IFRS 16 and plans to adopt the new standard on the required effective dates once adopted locally.

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. The Group will assess the impact of this improvement when becomes effective.

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 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 Group 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 Group's financial statements when these are adopted.

The principal accounting policies applied in the preparation of the Group's consolidated financial statements are set out below:

<u>Financial Assets and Liabilities</u>
<u>Recognition</u>
The Group recognizes a financial asset or liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. It determines the classification of financial assets and liabilities at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at FVPL.

<u>Determination of Fair value</u>
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 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 instruments with similar maturities.

Financial assets and liabilities are further classified into the following categories: financial assets or financial liabilities at FVPL, loans and receivables, held-to-maturity investments, and available-for-sale financial assets and other financial liabilities. The Group determines the classification at initial recognition and, where allowance is appropriate, re-evaluates this designation at every reporting date.

As of June 30, 2016 and December 31, 2015, the Group holds financial asset under loans and receivables, available-for-sale and financial liability under other financial liabilities. A more detailed description of the categories of financial assets and liabilities that the Group has is as follows:

- *Loans and Receivables*
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that 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. Subsequent to initial recognition, loans and receivables that are classified as non-current are carried at amortized cost in the statements of financial position. Assets that are classified as current are carried at their undiscounted amount. Amortization is determined using the effective interest rate method. Loans and receivables are included in current assets if maturity is within twelve (12) months of each end of financial reporting period. Otherwise, these are classified as noncurrent assets.

  This category includes cash and cash equivalents, receivables, due from related party and deposits and reserve fund.

- *Available-for-Sale (AFS) Financial Assets*
  AFS financial assets are those non-derivative financial assets that are designated as AFS or are not classified in any of the other preceding categories. After initial recognition, AFS 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 consolidated statement 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.

  Classified under this category are the Group's mutual fund managed by an insurance company.

- *Other Financial Liabilities*
  Other financial liabilities pertain to liabilities that are not held for trading or not designated as at FVPL upon inception of the liability. A financial liability at FVPL is acquired principally for the purpose of repurchasing in the near term or upon initial recognition, it is designated by management as at FVPL.

Other financial liabilities are initially recorded at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using effective interest method. These include liabilities arising from operations and borrowings.

This category includes loans payable, accounts payable and accrued expenses, due to related parties, dividend payable and customers' deposit.

Impairment of Financial Assets
The Group assesses at end of each financial reporting period whether a financial asset or group of financial assets is impaired. Impairment losses, if any are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows or current fair value.

- *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's consolidated statement 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 assets 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 consolidated statement 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.

- *AFS Financial Assets*
  If an AFS 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 profit or loss, is transferred from equity to the consolidated statement of comprehensive income. Reversals in respect of equity instruments classified as AFS are not recognized in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

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 from 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 consolidated statement of comprehensive income.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement 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 consolidated statement of financial position.

Business Combination

Business acquisitions are accounted for using the acquisition method of accounting.

The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they are recorded in the consolidated financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for the subsequent measurement in accordance with the Group's accounting policies.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment. Goodwill is tested annually for impairment and carried at cost less accumulated impairment. Impairment losses on goodwill are not reversed.

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is recognized directly to profit or loss. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

<u>Revenue, Cost and Expense Recognition</u>
Revenue is recognized when it is probable that the economic benefit associated with the transactions will flow to the Group and the amount can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- *Power sales and water services* are recognized when the related services are delivered.
- *Rental income* is recognized on a straight-line basis in accordance with the substance of the lease agreement.
- *Technical services* comprise the value of all services provided and are recognized when rendered.
- *Sale of goods* is recognized upon delivery of goods sold, and the transfer of risks and rewards to the customer has been completed.
- *Interest income* is recognized on a time proportion basis that reflects the effective yield on the asset.
- *Other income* is recognized when the related income/service is earned.

<u>Cost and Expenses Recognition</u>
Cost and expenses are recognized in the consolidated statements of comprehensive income when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Special Bank Deposit and Reserve Fund
Certain bank deposits are restricted for withdrawal by the creditor bank as hold-out fund for the Group's loan availments. These are classified as noncurrent assets.

<u>Inventories</u>
Inventories are stated at the lower of cost and net realizable value (NRV). Cost is determined using weighted average method. NRV is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

<u>Other Assets</u>
This account comprises the following:

- *Input tax* is recognized when an entity in 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.
- *Prepayments* are apportioned over the period covered by the payment and charged to the appropriate account in the consolidated statement of comprehensive income when incurred.
- *Creditable withholding tax* is deducted from income tax payable in the same year the revenue is recognized.

Prepayments and other current assets that are expected to be realized for no more than 12 months after the reporting period are classified as current assets. Otherwise, these are classified as other noncurrent assets.

Investment in an Associate

An associate is an entity in which the Group's ownership interest ranges between 20% and 50% or where it has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies.

The Group carries its investment in an associate at cost, increased or decreased by the Group's equity in net earnings or losses of the investee company since date of acquisition and reduced by dividends received. Equity in net losses is recognized only up to the extent of acquisition costs.

Investment Property

Investment property represents property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is accounted for under the fair value model. Generally, it is revalued annually and is included in the Group's statement of financial position at its fair value. Fair value is supported by market evidence and is determined by independent appraisers with sufficient experience with respect to both the location and the nature of the investment property.

Investment property, which consists mainly of land, buildings and condominium units, is initially measured at acquisition cost, including transaction costs.

Any gain or loss resulting from either a change in the fair value or the sale or retirement of an investment property is immediately recognized in profit or loss as fair value adjustment on investment property under other income in the Group's statements of comprehensive income. In case of fair value loss and there is a carrying revaluation surplus balance as a result of transfer from property, plant and equipment carried at appraised value, the loss shall be applied first to the balance of revaluation surplus before recognizing the remaining loss to profit or loss.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal.

Property, Plant and Equipment

Land and building and improvements is carried at appraised values as determined by an independent firm of appraisers on January 15, 2016. The appraisal increment resulting from the revaluation was credited to "Revaluation Surplus" shown under "Equity" section in the consolidated statement of financial position. Other property, plant and equipment are carried at cost less accumulated depreciation, amortization and any allowance for impairment in value.

Initial cost of property, plant and equipment comprises its construction cost or purchase price and any directly attributable cost of bringing the assets to its working condition and location for its intended use. Expenses incurred and paid after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income when the costs are incurred. In situation 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, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation and amortization is computed using the straight-line method over the following estimated useful lives except for leasehold improvements which are amortized over the estimated useful life of the assets or term of the lease, whichever is shorter.

	Years
Land improvements	20
Buildings, condominium units and improvements	10 - 25
Furniture, furnishings and equipment for lease	10
Water utilities and distribution system	10 - 50
Power plant	15
Office furniture, fixtures and equipment	5
Transportation equipment	8

Leasehold improvements are depreciated over the useful life or terms of the lease, whichever is shorter.

The useful life and depreciation and amortization method are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Construction in progress, included in the property and equipment, is stated at cost. This includes cost of construction, equipments and other direct costs. Construction in progress and equipment for installation is not depreciated until such time as the relevant assets are completed or installed and put into operational use.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts, and any gain or loss resulting from their disposal is credited or charged to current operations.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs incurred during the construction period on loans and advances used to finance construction and property development are capitalized as part of construction and development costs included under "Property, Plant and Equipment" account in the consolidated statement of financial position.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on applicable weighted average borrowing rate.

All other borrowing costs are charged to operation in the period in which they are incurred.

Research and Development Costs

Research costs are expensed as incurred. Development expenditures incurred on an individual project are carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortized in line with the expected future revenue from the related project. Otherwise, development costs are expensed as incurred. The costs will be amortized on a straight-line basis over a period of 25 years upon completion.

Impairment of Nonfinancial Assets

The carrying values of long-lived 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 where the carrying values exceed the estimated recoverable amounts, 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 and 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 assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the smallest cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of comprehensive income 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.

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 and amortization) had no impairment loss been recognized for the asset in prior years.

A reversal of an impairment loss is credited to current operations.

Loans Payables

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds, net of transaction costs, and the settlement amount is recognized over the term of the loan in accordance with the Group's accounting policy for borrowing costs.

Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired, as well as through the amortization process.

Employee benefits

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 accounting 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 wage, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

Retirement benefits
Retirement benefits liability, as presented in the consolidated statement of financial position, is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for the effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method. The retirement benefit costs comprise of the service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Related Party Transactions and Relationships
Related party transactions are transfers of resources, services or obligations between the Group 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 Group; (b) associates; (c) and, individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group 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.

Foreign Currency Transactions and Translations
Transactions denominated in foreign currencies are recorded in Philippine pesos using the exchange rate at the date of the transactions. Outstanding monetary assets and liabilities denominated in foreign currencies are stated using the closing exchange rate at the end of financial reporting period. Gains or losses arising from foreign currency transactions are credited or charged directly to current operations.

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 stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related taxes.
- *Revaluation surplus accounts* for the excess of the fair market value over the carrying amounts of "Land and improvements" included under the Property, plant and equipment account and certain investment property. Any appraisal decrease is first offset against appraisal increment on earlier revaluation with respect to the same property and is thereafter charged to operations.
- *Net unrealized gain (loss) on available-for-sale* investment accounts are 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 consolidated statement of comprehensive income in the year that the permanent fluctuation is determined.
- *Retained earnings* include all current and prior period net income less any dividends declared as disclosed in the consolidated statement of comprehensive income.
- *Actuarial reserve* comprises the net actuarial gains and losses on the Group's retirement obligation as a result of re-measurement.

Leases

Leases are classified as finance leases whenever the term of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting period so as to reflect a constant periodic rate of return on the Group's net investment in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease asset and recognized on a straight-line basis over the term of the lease.

The Group as lessee

Assets held under finance lease are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rental is recognized as expense in the periods in which it is incurred.

Rental expense under operating leases is charged to profit or loss on a straight-line basis over the term of the lease.

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Income Taxes

Income taxes represent the sum of current year tax and deferred tax.

The current year tax is based on taxable income for the year. Taxable income differs from income as reported in the consolidated statement 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, on all temporary differences at the end of financial reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and carryforward benefits of net operating loss carryover (NOLCO) and 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 end of each financial reporting period and reduced to the extent that it is not probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Income tax relating to items recognized directly in equity is recognized in equity and other comprehensive income.

Earnings per Share (EPS)

EPS is determined by dividing net income for the year by the weighted average number of shares outstanding during the year including fully paid but unissued shares as of the end of the year, adjusted for any subsequent stock dividends declared. Diluted earnings per share is computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares. The Group has no existing dilutive shares.

Provisions

Provisions are recognized only when the following conditions are met: a) there exists a present obligation (legal or constructive) as a result of past event; b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and, c) reliable estimate can be made of the amount of the obligation. Provisions are reviewed at end of each financial reporting period and adjusted to reflect the current best estimate.

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 the 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 (adjusting events) are reflected in the Group's consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Management's Use of Judgments and Estimates

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates. The effect of any changes in estimates will be recorded in the Group's consolidated financial statements when determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 consolidated financial statements:

- *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 Parent Company has all of the following:

  - Power over the entity;
  - Exposure, or rights, to variable returns from its involvement with the entity; and,
  - 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.

- *Classification of Leases*
  The Group has entered into various lease agreements as either a lessor or a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Currently, all of the Group's lease agreements are determined to be operating leases.

- *Determination of Impairment of AFS Investment*
  The Group follows the guidance of PAS 39 in determining when an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of the near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

- *Distinction between Investment Property and Owner-Occupied Property*
  The Group determines whether a property qualifies as an investment property. In making its judgments, 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 are attributable not only to the property but also other assets used in the supply process.

  Some properties are held to earn rentals or for capital appreciation and other properties are held for use in rendering of services or for administrative purposes. If the portion cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods and services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

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

<u>*Estimates*</u>
The key assumptions concerning the future and other sources of estimation of uncertainty at the end of financial reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- *Impairment of Receivables*
  The Group maintains allowance for impairment losses on receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts.

The factors include, but are not limited to, the length of relationship with the customer, the customer's payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowances on a continuous basis. The Group provides full allowance for receivables that it deems uncollectible. The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in the allowance for impairment losses on receivables would increase recorded operating expenses and decrease current assets.

- *Net Realizable Value (NRV) of Inventories*
  The Group's estimate of the NRV of inventories is based on evidence available at the time the estimates are made of the amount that these inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at financial reporting date. The amount and timing of recorded expenses for any period would differ if different judgments were made of different estimates were utilized.

- *Allowance for Inventory Obsolescence*
  Provision is established as a certain percentage based on the age and movement of stocks. In case there is write-off or disposal of slow-moving items during the year, a reduction in the allowance for obsolescence if any, is made.

- *Fair Value of Investment Property*
  The Group's investment property composed of parcels of land and buildings and improvements are carried at revalued amount at the end of the reporting period. In determining the fair value of these assets, the Group engages the services of professional and independent appraisers. The fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at the valuation date. Such amount is influenced by different factors including the location and specific characteristics of the property (e.g., size, features, and capacity), quantity of comparable properties available in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets.

- *Useful Lives of Property, Plant and Equipment*
  Useful lives of property, plant and equipment are estimated based on the period over which these assets are 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. Any reduction in the estimated useful lives of property, plant and equipment would increase the Group's recorded operating expenses and decrease on the related asset accounts.

  There were no significant changes in the estimated useful lives of the Group's property, plant and equipment during the year.

- *Determination of Pension and Other Retirement Benefits*
  The determination of the Group's obligation and cost for pension and other retirement benefits is dependent on management's selection of certain assumptions used by actuaries in calculating such amounts.

  Actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the Group's recognized expense and recorded obligation in such future periods. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in management assumptions may materially affect the Group's pension and other retirement obligations.

  The Group also estimates other employee benefits obligation and expense, including the cost of paid leaves based on historical leave availments of employees, subject to the Group's policy. These estimates may vary depending on the future changes in salaries and actual experiences during the year.

- *Impairment of Nonfinancial Assets*
  Impairment review is performed when certain impairment indicators are present. Such indicators would include significant changes in asset usage, significant decline in market value and obsolescence or physical damage on an asset. If such indicators are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Determining the net recoverable value of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse impact on the results of operations.

  Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

- *Realizability 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.

- *Fair Value of Financial Assets and Liabilities*
  PFRS requires that certain financial assets and liabilities be carried at fair value, which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement are determined using verifiable objective evidence (i.e. interest rates, volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and liabilities would directly affect income and equity.

- *Provisions for Contingencies*
  The estimate of the probable costs for possible third party claims, including tax liabilities, if any, has been developed based on management's analysis of potential results. When management believes that the eventual liabilities under these claims, if any, will not have a material effect on the consolidated financial statements, no provision for probable losses is recognized in the consolidated financial statements.

4. Loans Payable

This account pertains to long-term loans from local banks as follows:

a. On April 8, 2011, OPI entered into a loan agreement with a local bank for the establishment of a power plant for ₱275.9 million payable in ten (10) years with six months grace period. As of December 31, 2013, the loan has been fully availed. Interest is fixed at 9.0% per annum but subject to re-pricing. As of June 30, 2016, interest rate is 5.75% per annum.

   Debt Covenant
   OPI entered into a Deed of Assignment with Hold-Out relative to the loan, in favor of the bank, OPI's trade receivable under the Power Supply Agreement (PSA) entered with Oriental Mindoro Electric Cooperative, Inc. (ORMECO). Also, the loan requires a portion of OPI's cash in bank pertaining to a Reserve Fund equivalent to two (2) months amortization payable under the loan agreement.

   Also, as a security for the loan, OPI mortgaged its 6.4 MW Bunker C-Fired Packaged Power Station in favor of the bank.

   On June 25, 2013, OPI availed a term loan agreement with a local bank for the construction of Inabasan Mini-Hydro Power Plant amounting to ₱1.1 billion. The release of loan proceeds depends on the fulfillment, compliance or submission by OPI of the specific conditions for the following project components: civil works, electro-mechanical works, and contingent works. The total principal and interest released amounted to ₱664.3 million and ₱55.3 million, respectively as of June 30, 2016.

   In 2015 and 2014, OPI availed short-term loans from various local banks. Total loan proceeds amounted to ₱158.0 million in 2015 and ₱53.5 million in 2014 of which ₱79.0 million and ₱4.0 million has been paid on the respective years. Interest on loans ranges from 3% to 4.75% per annum. The loans are payable within 1 month to 6 months from availment of the loans subject to renewal upon mutual agreements of the parties. As of June 30, 2016 and December 31, 2015, OPI's short-term loans from various local banks amounted to ₱356.0 million and ₱223.5 million, respectively.

   On July 15, 2015, OPI availed a term loan agreement with a local bank amounting to ₱90.6 million to finance the costs incurred for OPI's Calapan Diesel Power Plant Expansion. The loan is payable within 10 years with six months grace period with 5.75% interest rate per annum. As of June 30, 2016 and December 31, 2015, the loan amounted to ₱86.6 million and ₱90.6 million, respectively.

b. In December 2005, CWC entered into loan agreement from a local bank for the rehabilitation, expansion and improvements of its waterworks system for ₱137 million payable in fifteen (15) years. Interest is fixed at 10.5% per annum, reviewable and subject to adjustment annually thereafter but not to exceed 15% per annum. CWC was able to negotiate the interest rate at 6.25% in 2016 and 2015.

   In 2014, CWC entered into another loan agreement with local bank for ₱118.25 million. Total proceeds during the year amounted to ₱92.3 million payable in ten (10) years with annual interest of 6%. The proceeds of the loan will be used exclusively to finance the water source development, acquisition of three (3) sets of electro-mechanical equipment, site and land development, construction of a high ground reservoir and expansion of its waterworks system.

   Debt Covenant
   CWC executed a Deed of Assignment relative to the loan, in favor of the bank of (a) a portion of CWC's Reserve Fund (via Savings or Other Investment Account) equivalent to two monthly interest amortization during the grace period, to increase to two monthly principal and interest amortization after the grace period onwards. The Reserve Fund shall be maintained for CWC's expenses for maintenance, operation and emergency fund; and (b) billed water/receivables until the amount of the loan is fully paid.

   Also, CWC, JOH and major stockholders mortgaged their real estate and other equipment situated in Calapan City, Oriental Mindoro in favor of the bank. The titles of the mortgaged property have already been delivered to the bank.

   As of June 30, 2016 and December 31, 2015, this loan amounted to ₱144.39 million and ₱148.39 million, respectively.

   In 2013, CWC availed a loan from a local bank amounting to ₱40.0 million for 180 days subject to renewal, for an annual interest rate of 3%. As of December 31, 2015, this loan has been fully paid.

c. On September 14, 2015, MAWI entered into a loan agreement with DBP to partially finance the Phase 1 of the proposed improvement and expansion of water supply system in Agoo, La Union. Total proceeds amounted to ₱109.9 million payable in fifteen (15) years inclusive of a maximum of two years grace period on principal with interest rate of 6.78% per annum.

   Debt Covenant
   MAWI executed a Deed of Assignment relative to the loan, in favor of the bank of (a) a portion of MAWI's Reserve Fund equivalent to at least 5% of its monthly revenue and shall be effective only after six (6) months from the date of commercial operation; and (b) billed water services until the amount of the loan is fully paid. The said Reserve Fund is subject to a hold-out provision equivalent to at least one (1) quarterly amortization due under this agreement.

Also, MAWI entered to in a Deed of Undertaking and Deed of Trust to constitute (a) within six (6) months from the date of full release of loan a real estate mortgage over all real properties, together with improvements to be acquired out of the total proceeds of the loan; (b) to increase its authorized capital stock and paid up capital within one (1) year of loan availment to at least ₱45.0 million and within two (2) years from the date of full release of loan to at least ₱92.0 million; and (c) a chattel mortgage over property and equipment to be acquired under the loan agreement.

As of June 30, 2016 and December 31, 2015, this loan amounted to ₱177.8 million and ₱172.09 million, respectively.

d. On August 30, 2013, a local bank granted ₱50.0 million loans to JOH with an interest of 3% per annum and will mature after 129 days. This loan was used to accommodate OPI's working capital needs. As of December 31, 2015, this loan has been fully paid.

   On October 11, 2013 and December 3, 2013, another local bank granted ₱39.0 million and ₱7.5 million loan, respectively to JOH. Interest rate of the loan is at 3% per annum and matures after 129 days and 178 days. This loan is specifically intended to settle ORDC's loan. This has been paid as of December 31, 2015.

e. In October 2015, OPI availed auto loan financing from a local bank. Total loan proceeds amounted to ₱1.4 million with interest rate of 9.59% per annum which is payable in monthly installments for five (5) years. As of June 30, 2016 and December 31, 2015, this loan amounted to ₱1.25 million and ₱1.37 million, respectively.

f. In October 2015, Servwell availed auto loan financing from a local bank. Total loan proceeds amounted to ₱0.7 million with interest rate of 9.08% which is payable in twelve (12) monthly installments from the date of availment. As of June 30, 2016 and December 31, 2015, this loan amounted to ₱0.17 million and ₱0.51 million, respectively.

g. In 2012, ORDC availed auto loan financing from various banks. Total loan proceeds amounted to ₱3.6 million in 2012 of which ₱1.4 million has been paid on the same year. Interest on loans ranges from 11.57% to 18.63% per annum. The loans are payable within 2 to 3 years from the date of availment. Total loan payments in 2014 and 2013 amounted to ₱0.27 million and ₱0.24 million, respectively. As of December 31, 2015, this loan has been fully paid.

5. Related Party Transactions

The Group has the following transactions with related parties:

a. Unsecured and non-interest bearing cash advances made by stockholders to the Group for working capital purposes which are payable on demand and usually settled in cash.

b. Unsecured and noninterest bearing cash advances from affiliates for working capital purposes which are payable on demand and usually settled in cash.

c. On July 15, 2014, CWC entered into another construction agreement with an entity under common/shared ownership where the latter agreed to complete the execution and completion of Phase 1 of 2014 Expansion Program. Total contract price of the project amounted to ₱162 million.

d. On March 4, 2015, MAWI entered into a construction agreement with an entity under common/shared ownership where the latter agreed to complete the execution and completion of Phase 1 of the Proposed Water System. Total contract price of the project amounted to ₱313.7 million.

e. In 2015, JGMI entered into a contract with an affiliate to manage and supervise the construction of a water work system. Total contract price is ₱12.5 million to be paid based on progress billings. Also, the Company rendered services to the affiliate in connection with the detailed engineering design of Agoo water system.

f. In 2014, the Parent Company extended to OPI and ORDC interest bearing advances with a total amount of ₱96.3 million at 3% per annum for working capital purposes and payable in 122 and 178 days, respectively. Interest recognized in 2014 amounted to ₱2.4 million. As of December 31, 2014, the balance of the advances amounted to ₱40.0 million and subsequently paid in 2015.

Affiliates are entities that are owned and controlled by JOH and neither a subsidiary nor associate of the Group. These affiliates are effectively sister companies of the Group by virtue of ownership of JOH.

6. Other Income (Charges) - net

This account consists of:

	Six months ended June 30	
	2016	2015
Interest expense	**(₱9,132,365)**	(₱13,074,858)
Interest income	**274,293**	433,067
Bank charges	**(189,516)**	(147,152)
Financial host expense	**(171,494)**	(93,910)
Net foreign exchange gain (loss)	**(1,239)**	2,959
Others	**151,558**	181,062
	(₱9,068,763)	(₱12,698,832)

7. Income Taxes

The provision for income tax differs from the amount computed by applying the statutory income tax rate to income before income tax due mainly to interest income already subjected to final tax at a lower rate.

Deferred tax liability on fair value adjustments and appraisal increase in property and equipment is based on effective tax rate of 30% of the appraisal increase for ordinary assets.

The Group did not recognize the deferred tax asset on NOLCO since management believes this could not be realized prior to its expiration.

8. **Earnings Per Share (EPS)**

Computation of EPS is as follows:

	Six months ended June 30	
	2016	2015
Net income attributable to equity holders of the the parent company	**₱36,816,283**	₱42,561,410
Divided by weighted average number of common shares	**281,500,000**	281,500,000
	₱0.1308	₱0.1512

9. **Other Matters**

Increase of Authorized Capital Stock of Philippine H2O Ventures, Corp.
On October 5, 2015, SEC approved Philippine H2O Ventures, Corp. (Phil. H20)'s increase in authorized capital stock from ₱200.0 million divided into 200 million common shares with a par value of ₱1.00 to ₱500.0 million divided into 500 million common shares with a par value of ₱1.00. Furthermore, in an Order dated October 20, 2015, SEC upon consideration of the application of Phil. H2O's increase of authorized capital stock, authorized the issuance of 81,080,500 common shares with par value of ₱1.00 or ₱81,080,500 to cover the latter's stock dividend declaration and such issuance shall be to stockholders of record as of November 4, 2015.

Assignment of Shares of Stock of Tabuk Water Corporation
On May 13, 2015, Philippine H2O Ventures, Corp.'s BOD approved the sale of its shares in TWC, with a total subscription of 9,999,995 common shares with a selling price of ₱1.00 per share. TWC is a wholly-owned subsidiary of Philippine H2O Venture, Corp. which was initially set up to operate and maintain the Tabuk City water system.

Jolliville Holdings Coproration

Schedule of Financial Indicators

EXHIBIT II

KEY PERFORMANCE INDICATORS			June 2016	June 2015
I PROFITABILITY				
Return on Total Assets	ROA=	NI+ {(interest exp x (1-tax rate)}	57,915,329	68,588,481
		Ave. Total Assets	4,135,227,175	2,643,985,373
It measures efficiency of the Group in using its assets to generate net income.			0.0140	0.0259
Return on Equity	ROE=	Net Income	51,522,673	59,436,080
		Ave. Stockholders Equity	1,613,636,831	1,250,188,495
It is a measure of profitability of stockholders' investments. It shows net income as percentage of shareholder equity.			0.0319	0.0475
Water Revenue per Subscriber	WRS=	Water Revenue	107,256,595	95,417,301
		Ave. No. of Water Subscribers	15,885	14,772
Measures how well service and facilities improvements have influence consumer's usage			6,752	6,459
II FINANCIAL LEVERAGE				
Debt Ratio	Debt Ratio=	Total Liabilities	2,569,670,276	1,380,372,064
		Total Assets	4,209,068,443	2,660,278,599
It is a solvency ratio and it measures the portion of the assets of a business which are financed through debt.			0.6105	0.5189
Debt to Equity Ratio	Debt to Equity=	Total Liabilities	2,569,670,276	1,380,372,064
		Shareholder's Equity	1,639,398,167	1,279,906,535
It measures the degree to which the assets of the business are financed by the debts and the shareholders' equity of a business.			1.5674	1.0785
III MARKET VALUATION				
Price to Book Ratio	PB ratio=	Market value/share	4.27	3.71
		Book value/share	5.82	4.55
Relates the Group's stock to its book value per share			0.7337	0.8154

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
JUNE 30, 2016 AND DECEMBER 31, 2015

JUNE 30, 2016

	Current	1-30 days	31-60 days	Over 60 days	Total
Trade	32,311,234	1,548,280	478,768	17,479,235	51,817,517
Advances and nontrade	122,900	85,449	16,808	183,486,251	183,711,408
	32,434,134	1,633,729	495,576	200,965,486	235,528,925

DECEMBER 31, 2015

	Current	1-30 days	31-60 days	Over 60 days	Total
Trade	40,610,344	4,440,988	438,263	13,581,355	59,070,950
Advances and nontrade	524,259	936,857	549,779	140,101,078	142,111,973
	41,134,603	5,377,845	988,042	153,682,433	201,182,923

JOLLIVILLE HOLDINGS CORPORATION
(A Subsidiary of Jolliville Holdings Corporation)
SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
JUNE 30, 2016

Beginning Unappropriated Retained Earnings, as adjusted	₱	194,291,629
Add net income during the period		1,262,873
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION	₱	195,554,502

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
SUMMARY OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS
JUNE 30, 2016

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		✓	

**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
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		✓	
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 – Classification and Measurement*****			✓**

******Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements	✓		
	Amendments for Investment Entities			✓**
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities - Applying the Consolidation Exception*		✓	
	Amendments 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*		✓	
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)	✓		
	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	✓		

**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
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			✓**
	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	✓		

**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
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	✓		
	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 Asset			✓**
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Annual Improvements (2010-2012 Cycle): Revaluation Method – Proportionate Restatement of Accumulated Amortization			✓

**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
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		✓	
PAS 40	Investment Property	✓		
	Amendments to PAS 40 (2011-2013): 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			✓**

**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
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			✓
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-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			✓**

**Adopted but no significant impact.

SIGNATURES

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

Issuer: **JOLLIVILLE HOLDINGS CORP.**

FOR THE REGISTRANT

Chief Executive Officer: **JOLLY L. TING**

Signature and Title: ______________________________

Chief Executive Officer

Chief Financial Officer: **ORTRUD T. YAO**

Signature and Title: ______________________________

Chief Financial Officer

Date: 11 August 2016