JOLLIVILLE HOLDINGS CORPORATION

November 13, 2015

Philippine Stock Exchange
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Re: Jolliville Holdings Corporation –
SEC Form 17-Q for the 3rd Qtr. 2015

Gentlemen:

Attached herewith is the Quarterly Report (SEC Form 17-Q) of Jolliville Holdings Corporation for the quarter ended September 30, 2015. We trust you find it in order.

Thank you and best regards.

Very truly yours,

ORTRUD T. YAO
Chief Finance Officer

4/F 20 Lansbergh Place, Tomas Morato Ave. cor. Scout Castor St., Quezon City, Philippines Telephone: 3733038 Fax: 3738491 Email: info@joh.ph

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 3rd Qtr. 2015		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
37	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: **September 30, 2015**

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 [ ]

TABLE OF CONTENTS

FINANCIAL INFORMATION

Item 1. ***FINANCIAL STATEMENTS***

Please find attached herein the Unaudited Consolidated Financial Statements (as Exhibit I) for the second (2nd) Quarter ending September 30, 2015.

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

Results of Operations

The consolidated financial statements for the third quarter ended September 30, 2015 resulted to a net income after tax of ₱77,043,163 compared to ₱94,962,873 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 29.89% from ₱384.35 million to ₱269.46 million for the nine months ended of this year as against the same period last year due to lower energy off-take from ORMECO. As of third quarter of 2015, contracted energy was at 32,379,900 kilowatt hours (kWh) as against 35,888,664 kWh in 2014.

Water service revenues have been steadily increasing and this is attributable to the additional number of subscribers. Water service revenues grew by 4.51% from ₱140.88 million to ₱147.23 million for this first nine months as against the same period last year.

Rental revenues slightly increased by 0.46% or ₱205,218 resulting from additional leases that started last September 2014 and June 2015. For the technical services, we were able to gain new customers in 2014 resulting in an increase of ₱1,848,242 or 6.6%.

Cost of services decreased by 25.88% or ₱99,907,008 for the period. This was mainly due to decrease in OPI's fuel consumption in relation to lower power output.

Operating expenses increased by 14.06% or ₱10,149,639 for the period. Much of the increase could be attributed to higher personnel cost, additional outside services incurred, higher transportation and travel expenses and donations made.

Net other charges increased by 16.33% or ₱3,120,884 for the nine months ended September 30, 2015. Higher finance charges are due to additional loan availments made during the quarter.

Noncontrolling interest represents noncontrolling stockholders' share in the net income or loss of Philippine H2O Ventures, 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 19.72% or ₱518,245,470 from ₱2,627,692,146 as of December 31, 2014 to ₱3,145,937,616 as of September 30, 2015.

The biggest contributor to the increase of total assets came from property, plant and equipment account with carrying value of ₱1,637,331,299 as of September 30, 2015. It increased by 32.31% or ₱399,815,461 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.

The decrease of 19.82% or ₱62,502,532 in cash and cash equivalents account as of September 30, 2015 represents the payment of obligations that were due during the first semester of 2015 and payments made to contractors during the third quarter of 2015.

Receivables account increased by 64.07% or ₱151,692,621 due to timing differences on collections from several customers and additional advances made to suppliers and contractors as part of the contractual agreement of both parties.

Inventories amounting to ₱10,772,111 pertain mostly to OPI's fuel and oil. There was a decrease of 32.79% from last year's balance of ₱16,027,707.

Due from related parties increased by 36.69% from ₱55,811,669 as of December 31, 2014 to ₱76,287,319 as of September 30, 2015 as advances were made to affiliates for their working capital requirements.

Other current assets decreased by 1.89% from ₱67,371,213 as of December 31, 2014 to ₱66,096,782 as of September 30, 2015. The decrease mainly pertains to application of input VAT as part of payment for output VAT.

Investment property account increased by 0.83% or ₱5,105,001 from ₱614,850,001 as of December 31, 2014 to ₱619,955,002 as of September 30, 2015. The increase is attributable to the purchase of land and building located in Roxas, Oriental Mindoro. The said property also contributed to the increase in rental income as it is currently being leased out.

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 noncurrent assets by 9.58% or ₱4,721,364 which mainly represents additional development costs of the power plant.

Deferred tax assets increased by 51.03% or ₱5,467,932 from ₱10,715,814 as of December 31, 2014 to ₱16,183,746 as of September 30. 2015. This is attributable to the tax effect of JGMI's management and supervision fees billed to MAWI which is part of the latter's capital expenditure for the water project.

Available-for-sale investments and investment in associates were unchanged from their balances as of September 30, 2015.

Accounts payable and accrued expenses increased by 36.28% from ₱313.62 million as of December 31, 2014 to ₱427.41 million as of September 30, 2015. Much of this could be attributed to MAWI's and OPI's obligation to contractors.

Loans payable increased by 38.47% or ₱323,325,401 as of September 30, 2015. The increase is the net effect of principal payments made by CWC and OPI, and the additional releases from DBP loan facility intended for the construction of the OPI's Inabasan Power Plant, the Calapan Diesel Power Plant Expansion, OPI's drawings on its available loan credit facilities as dictated by its cash requirements and MAWI's construction of the water system supply in Agoo, La Union.

Due to related parties increased by 0.42% from ₱62,726,812 as of December 31, 2014 to ₱62,987,323 as of September 30, 2015 as additional advances were made from affiliates.

The income tax liability as of December 31, 2014 was due and paid on April 2015. The income tax liability as of September 30, 2015 consists of the income tax accrual for the third quarter of 2015. Income tax payable decreased by 5.43% as of September 30, 2015.

The dividend payable, retirement benefit obligation, deferred tax liability and deposit for future stock subscription were unchanged from year-end whilst customers' deposits increased by 19.22% or ₱4,751,831. Customer deposits pertain to additional water meter maintenance collected by CWC.

Non-controlling interest pertains to Philippine H2O Ventures, Corp. and Philippine Hydro Electric Ventures, Inc. This represents the share of its non-controlling shareholders in the net assets of said subsidiaries. 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 ₱315,310,916 as of end of 2014 to ₱252,808,384 as of September 30, 2015. 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 ₱373.7 million and ₱23.8 million as of September 30, 2015. 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 Project. Total contract price of the equipment amounted to US$3.0 million.

On June 18, 2013, OPI entered into a turnkey agreement with a contractor for the construction, erection, installation, training, start-up, testing and commissioning activities and services necessary to achieve a complete and operable 2 x 1.7MW Hyundai Himsen 9H-21/32 Bunker-fired Power Plant located at ORMECO Compound, Barangay Sta. Isabel, Calapan City, Oriental Mindoro. The maximum amount OPI shall be obligated to pay the contractor for the completion of the project will be the sum of (a) Foreign Portion Project Costs amounting to US$1,588,000 and (b) Local Portion Project Costs amounting to ₱25.0million.

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.

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)

		September 30, 2015 (Unaudited)		December 31, 2014 (Audited)
ASSETS				
Current Assets				
Cash and cash equivalents	₱	**252,808,384**	₱	315,310,916
Receivables – net		**388,451,357**		236,758,736
Inventories - net		**10,772,111**		16,027,707
Due from related parties		**76,287,319**		55,811,669
Other current assets		**66,096,782**		67,371,213
Total Current Assets		**794,415,953**		691,280,241
Noncurrent Assets				
Available-for-sale (AFS) investments		**3,005,410**		3,005,410
Investment in associates		**21,028,347**		21,028,347
Investment property		**619,955,002**		614,850,001
Property, plant and equipment – net		**1,637,331,299**		1,237,515,838
Deferred tax assets		**16,183,746**		10,715,814
Other noncurrent assets		**54,017,859**		49,296,495
Total Noncurrent Assets		**2,351,521,663**		1,936,411,905
	₱	**3,145,937,616**	₱	2,627,692,146
LIABILITIES AND EQUITY				
Current Liabilities				
Current portion of loans payable	₱	**290,077,072**	₱	261,098,384
Accounts payable and accrued expenses		**427,408,492**		313,621,126
Due to related parties		**62,987,323**		62,726,812
Dividend payable		**126,557**		126,557
Income tax payable		**16,067,801**		16,990,603
Total Current Liabilities		**796,667,245**		654,563,482
Noncurrent Liabilities				
Noncurrent portion of loans payable		**873,617,673**		579,270,960
Retirement benefit obligation		**27,591,751**		27,591,751
Deferred tax liabilities		**26,068,703**		26,068,703
Deposit for future stock subscription		**95,000,000**		95,000,000
Customers' deposits		**29,478,626**		24,726,795
Total Noncurrent Liabilities		**1,051,756,753**		752,658,209
Total Liabilities		**1,848,423,998**		1,407,221,691

(Forward)

(Carryforward)

		September 30, 2015 (Unaudited)		December 31, 2014 (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 – net of deferred taxes		**205,595,633**		205,595,633
Revaluation reserves on AFS investments		**820,821**		820,821
Retained earnings		**514,120,744**		459,172,754
Reserve for actuarial gain		**735,471**		735,471
		1,003,584,777		948,636,787
Noncontrolling Interests		**293,928,841**		271,833,668
Total Equity		**1,297,513,618**		1,220,470,455
	₱	**3,145,937,616**	₱	2,627,692,146

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Philippine Pesos)

		Quarters Ended September 30				Nine Months Ended September 30		
		2015		2014		**2015**		2014
REVENUES								
Power sales	**₱**	**96,098,383**	₱	142,799,123	**₱**	**269,457,139**	₱	384,353,393
Water services		**51,816,611**		46,914,551		**147,233,912**		140,882,929
Rental		**14,938,962**		14,873,501		**44,787,422**		44,582,204
Technical services		**9,989,466**		20,573,386		**29,968,398**		28,120,156
		172,843,422		225,160,561		**491,446,871**		597,938,682
COSTS OF SALES AND SERVICES		**103,716,847**		149,380,393		**286,196,879**		386,103,887
GROSS INCOME		**69,126,575**		75,780,168		**205,249,992**		211,834,795
OPERATING EXPENSES		**36,751,968**		20,834,779		**82,339,296**		72,189,657
INCOME FROM OPERATIONS		**32,374,607**		54,945,389		**122,910,696**		139,645,138
OTHER INCOME (CHARGES) – Net		**(9,535,086)**		(6,121,322)		**(22,233,918)**		(19,113,034)
INCOME BEFORE INCOME TAX		**22,839,521**		48,824,067		**100,676,778**		120,532,104
INCOME TAX EXPENSE (BENEFIT)								
Current		**10,700,370**		11,239,576		**29,101,547**		25,569,231
Deferred		**(5,467,932)**		–		**(5,467,932)**		–
		5,232,438		11,239,576		**23,633,615**		25,569,231
TOTAL COMPREHENSIVE INCOME	**₱**	**17,607,083**	₱	37,584,491	**₱**	**77,043,163**	₱	94,962,873
NET INCOME ATTRIBUTABLE TO:								
Equity holders of the parent company		**12,386,580**		36,662,024	**₱**	**54,947,990**	₱	72,306,946
Noncontrolling interests		**5,220,503**		922,467		**22,095,173**		22,655,927
	₱	**17,607,083**	₱	37,584,491	**₱**	**77,043,163**	₱	94,962,873
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Equity holders of the parent company	**₱**	**12,386,580**	₱	36,662,024	**₱**	**54,947,990**	₱	72,306,946
Noncontrolling interests		**5,220,503**		922,467		**22,095,173**		22,655,927
	₱	**17,607,083**	₱	37,584,491	**₱**	**77,043,163**	₱	94,962,873
EARNINGS PER SHARE	**₱**	**0.0440**	₱	**0.1302**	**₱**	**0.1952**	₱	0.2569

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Philippine Pesos)

		September 30, 2015		September 30, 2014
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 IN INVESTMENT PROPERTY AND PROPERTY AND EQUIPMENT - Net		**205,595,633**		205,654,298
REVALUATION RESERVES ON AFS INVESTMENTS		**820,821**		727,298
RETAINED EARNINGS				
Balance at beginning of year		**459,172,754**		355,521,854
Net income during the period		**54,947,990**		72,306,946
Balance at end of period		**514,120,744**		427,828,800
RESERVE FOR ACTUARIAL GAIN (LOSS)		**735,471**		735,471
		1,003,584,777		917,257,975
NONCONTROLLING INTERESTS				
Balance at beginning of year		**271,833,668**		246,063,378
Share in total comprehensive income		**22,095,173**		22,655,927
Balance at end of period		**293,928,841**		268,719,305
	₱	**1,297,513,618**	₱	1,185,977,280

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE UNAUDITED NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(Amounts in Philippine Pesos)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱ 100,676,778**	₱ 120,532,104
Adjustments for:		
Depreciation and amortization	**38,471,828**	31,056,338
Interest expense	**22,198,149**	6,535,761
Interest income	**(486,612)**	(2,152,079)
Operating income before working capital changes	**160,860,143**	155,972,124
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	**(151,692,621)**	(145,957,727)
Inventories	**5,255,596**	1,803,330
Other current assets	**1,274,431**	(5,615,210)
Increase in:		
Accounts payable and accrued expenses	**113,787,366**	290,318,492
Customers' deposits	**4,751,831**	4,421,631
Cash generated from operations	**134,236,746**	300,942,640
Interest paid	**(22,198,149)**	(6,535,761)
Income tax paid	**(30,024,349)**	(20,239,338)
Interest received	**486,612**	2,152,079
Net cash provided by operating activities	**82,500,860**	276,319,620
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	**₱ (438,287,289)**	₱ (349,126,078)
Additions to investment property	**(5,105,001)**	–
Decrease (increase) in:		
Due from related parties	**(20,475,650)**	35,742,829
Investment in shares of stock	**–**	(468,500)
Other noncurrent assets	**(4,721,364)**	(15,041,635)
Net cash used in investing activities	**(468,589,304)**	(328,893,384)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan availments	**351,713,503**	196,355,804
Payments of loan	**(28,388,102)**	(6,678,133)
Increase (decrease) in due to related parties	**260,511**	(52,643,346)
Net cash provided by financing activities	**323,585,912**	137,034,325
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(62,502,532)**	84,460,561
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**315,310,916**	227,792,017
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱ 252,808,384**	₱ 312,252,578

(Forward)

(Carryforward)

		2015		2014
CASH AND CASH EQUIVALENTS AT END OF PERIOD CONSISTS OF:				
Cash in bank	**₱**	**163,457,846**	₱	162,883,173
Placements		**89,032,015**		149,050,883
Cash on hand		**318,523**		318,522
	₱	**252,808,384**	₱	312,252,578

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
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**
Ormin Holdings Corporation (OHC)* and Subsidiaries:		**100.00**
OTY Development Corp. (OTY)*		**100.00**
Melan Properties Corp. (MPC)*		**100.00**
KGT Ventures, Inc. (KGT)*		**100.00**
Ibayo Island Resort Corp. (IIRC)*		**100.00**
NGTO Resources Corp. (NGTO)*		**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)		**57.98**
Metro Agoo Waterworks Inc. (MAWI)*		
Parent Company's ownership through CWC		**49.19**
Nation Water Corporation (NWC) *		
Parent Company's ownership through CWC and TWC		**43.54**

**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

The accounting policies adopted by the Group are consistent with those of the previous financial year except for the following amended PFRS, amended PAS and interpretations issued by IFRIC which became effective in 2014:

- Amendments to PFRS 10, *"Consolidated Financial Statements", PFRS 11, "Joint Arrangements" and PAS 27, "Separate Financial Statements": Investment Entities*
  The amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss (FVPL).

  The amendments have no significant impact to the Group since none of the entities in the Group qualify as an investment entity under PFRS 10.

- Amendment to PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

  The amendments affect presentation only and have no impact on the Group's financial position or performance since the Group does not offset financial assets against financial liabilities.

- Amendments to PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*
  The amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period.

  The amendments affect disclosures only and have no impact on the Group's financial position or performance since there is no impairment on financial assets recognized in 2014.

- Amendments to PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*
  The amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

  The Group has no derivatives during the current period. Thus, the amendment is not applicable.

- Philippine Interpretation IFRIC 21, *"Levies"*
  The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

  The interpretation did not have material financial impact on the Group's consolidated financial statements.

Future Changes in Accounting Policies
Standards issued but not yet effective are listed below. This is a listing of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards to have a significant impact on its financial statements.

Effective in 2015

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

  The amendments will not have any significant impact on the consolidated financial statements of the Group.

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

- 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. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This 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 shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

- 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. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments will affect disclosures only and will not have an impact on the Group's consolidated financial position or performance.

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

- 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
  b. the carrying amount of the asset after taking into account any accumulated impairment losses.
  c. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

  The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment 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 amendment will have no impact on the Group's financial position or performance.

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

  The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments will affect disclosures only and will have 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.

The amendments are effective for annual periods beginning on or after July 1, 2014. 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 will have no impact on the Group's financial position or performance.

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

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

- PFRS 3, *"Business Combinations - Scope Exceptions for Joint Arrangements"*
  The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the consolidated financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

- 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 is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment will have 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. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's financial position or performance.

Effective in 2018
PFRS 9, *"Financial Instruments: Classification and Measurement"*
PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace PAS 39 in its entirety.

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 other comprehensive income (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.

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 FRSC have deferred the affectivity 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. The adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

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>

Financial assets and financial 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 fair value through profit and loss (FVPL). 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.

The Group recognizes a financial asset or a financial 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 further classified into the following categories: financial assets or financial liabilities at FVPL, loans and receivables, held-to-maturity investments, 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 September 30, 2015 and December 31, 2014, the Group has financial assets and liabilities under loans and receivables, available-for-sale financial assets and other financial liabilities.

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

Classified under this category are the Group's cash and cash equivalents, receivables, due from related parties, special bank deposits, reserve fund and utilities and other deposits under "Other noncurrent assets" account.

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.

Revenue, Cost and Expense Recognition

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 are recognized when the related services are rendered.
- Water revenues are recognized when the related water services are rendered.
- 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.

Cost and expenses are recognized upon utilization of the service or at the date they are incurred. Except for borrowing costs attributable to qualifying assets, all finance costs are recognized in the consolidated statement of comprehensive income.

Cash and Cash Equivalents

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.

Inventories

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.

Prepayments and Other Current Assets

Prepayments are expenses paid in advance and recorded as asset before they are utilized. This account comprises the following:

- Input Tax. 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 and Other Expenses. Prepaid rent and other expenses 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. Creditable withholding tax is deducted from income tax payable in the same year the revenue was 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, which is property held to earn rentals and/or for capital appreciation, is carried at fair value at end of each financial reporting period. These are initially recorded at cost, including transaction cost. At the end of reporting period, investment property is accounted for at fair value as determined by independent appraisers. Gains or losses arising from changes in the fair value of investment property are included in the consolidated statement of comprehensive income for the period in which they arise.

Investment property is derecognized on disposal, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

A company-occupied property classified under property and equipment account becomes an investment property when it ends company-occupation. Decrease in the carrying amount is recognized in the consolidated statement of comprehensive income. However, to the extent that an amount is included in its revaluation surplus, the decrease is charged against the revaluation surplus. Increase in carrying amount is recognized in consolidated statement of comprehensive income to the extent that the increase reverses a previous impairment loss for such property. The amount recognized in the consolidated statement of comprehensive income does not exceed the amount needed to restore the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized. Any remaining part of the increase is recognized in other comprehensive income and increases the revaluation surplus within equity. On subsequent disposal of the investment property, the revaluation surplus included in equity may be transferred to retained earnings. The transfer from revaluation surplus to retained earnings is not made through profit or loss.

Where there is clear evidence that the fair value of an investment property is not reliably determinable on a continuing basis, the cost model under PAS 16 "Property, Plant and Equipment", shall be used.

Property, Plant and Equipment

Land and improvements is carried at appraised values as determined by an independent firm of appraisers on March 12, 2014. 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.

Bank Loans and Long-term 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.

Long-term payables are initially measured at fair value and are subsequently measured at amortized cost, using effective interest rate method.

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.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Related Party Transactions
Transactions between related parties are based on terms similar to those offered to non-related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control. Related parties may be individuals or corporate entities.

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 income tax benefits.

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.

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.

<u>Income Taxes</u>
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.

Estimates
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:

- *Estimation of 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.

- *Determination of 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.

- *Estimation of 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.

- *Estimation of 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.

- *Estimation of 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.

  The assumptions for pension costs and other retirement benefits are described in Note 19, and include among others, discount and salary increase rates. 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.

- *Estimation of 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.

- *Determination of 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.

- *Estimation of 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. Interest is fixed at 9.0% per annum but subject to re-pricing. As of December 31, 2014, interest rate is 6.5% per annum. As of December 31, 2013, the loan has been fully availed.

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.

b. In 2014 and 2013, OPI availed short-term loans from various local banks. Total loan proceeds amounted to ₱53.5 million in 2014 and ₱68.5 million in 2013 of which ₱4.0 million and ₱58.0 million has been paid on the respective years. Interest on loans ranges from 3% to 6.5% per annum. The loans are payable within 1 month to 6 months from availment of the loans. As of September 30, 2015, OPI's short-term loans from various local banks amounted to ₱181.0 million.

   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 will depend 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 ₱373.7 million and ₱23.8 million, respectively as of September 30, 2015.

   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.

   In December 2005, CWC entered into loan agreement from a local bank for the rehabilitation, expansion and improvements of waterworks system of CWC 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 2014 and 2013.

   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.

   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
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, Oriental Mindoro in favor of the bank. The titles of the mortgaged property have already been delivered to the bank.

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 September 30, 2015, outstanding loan balance amounted to ₱32.0 million.

c. 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 September 30, 2015, this loan amounted to ₱40.0 million.

   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 September 30, 2015.

d. 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 availment. Total loan payments in 2014 and 2013 amounted to ₱0.27 million and ₱0.24 million, respectively. As of September 30, 2015, this loan has been fully paid.

e. In August 2009, JGMI entered into a loan agreement with a local bank for the acquisition of transportation equipment for ₱1.2 million payable in 60 months. The first due date is on August 7, 2009 and on every 7th of the month thereafter. The loan was fully paid on August 2014.

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.

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:

	Nine months ended September 30	
	2015	2014
Interest expense	**(₱22,198,149)**	(₱20,744,632)
Bank charges	**(692,015)**	(493,225)
Interest income	**486,612**	2,199,194
Financial host expense	**(323,799)**	(323,183)
Net foreign exchange gain (loss)	**14,171**	(49,342)
Others	**479,262**	298,154
	(₱22,233,918)	(₱19,113,034)

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:

	Nine months ended September 30	
	2015	2014
Net income	**₱54,947,990**	₱72,306,946
Divided by weighted average number of common shares	**281,500,000**	281,500,000
	₱0.1952	₱0.2569

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 ₱81,080,500.00 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.

Change of Corporate Name and Amendment of Secondary Purpose
On August 18, 2014, the SEC approved the change of name of CVI from Calapan Ventures, Inc. to Philippine H2O Ventures Corp. as well as the amendment of the latter’s primary and secondary purpose.

Acquisition of Bia Ventures, Inc.
On March 24, 2014, the BOD of JOH agreed to purchase 100% of the outstanding shares of pre-operating company, Bia Ventures, Inc. (BVI). Subsequently, the BOD of JOH has agreed to transfer all its shareholdings in OPI to BVI. As a result of the transfer, JOH still indirectly owns 60% of OPI since Bia Ventures, Inc. is a wholly-owned subsidiary of JOH.

On November 28, 2014, the SEC approved the change in name from Bia Ventures, Inc. to Philippine Hydro Electric Ventures, Inc.

Inabasan River Mini-Hydro Power Plant Project
On February 22, 2014, OPI entered into a construction contract with its stockholder, where the latter agreed to complete the execution and accomplishment of the electromechanical aspect of the Inabasan Project. Total contract price of the project amounted to ₱152.7 million.

On March 3, 2014, OPI entered into another construction contract with an affiliate, where the latter agreed to complete the execution and accomplishment of the civil aspect of the Inabasan Project. Total contract price of the project amounted to ₱1.2 billion.

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 Project. Total contract price of the equipment amounted to US$3.0 million.

Memorandum Agreement with Aquafino Water Corporation

In 2014, CWC and TWC entered into a Memorandum Agreement with Aquafino Water Corporation to form Nation Water Corporation. On November 13, 2014, the SEC approved the incorporation of the Associate, which has not yet started its commercial operations. CWC and TWC subscribed ₱999,800 and ₱874,800 representing 39.99% and 34.99% equity ownership interests in the Associate with unpaid subscription amounting to₱749,900 and ₱656,200, respectively.

Jolliville Holdings Coproration

Schedule of Financial Indicators

KEY PERFORMANCE INDICATORS

			September	
			2015	2014
I PROFITABILITY				
Return on Total Assets	ROA=	NI+ {(interest exp x (1-tax rate)}	92,581,867	109,484,116
		Ave. Total Assets	2,886,814,881	2,198,008,344
It measures efficiency of the Group in using its assets to generate net income.			0.0321	0.0498
Return on Equity	ROE=	Annual Net Income	77,043,163	94,962,873
		Ave. Stockholders Equity	1,258,992,037	1,115,051,842
It is a measure of profitability of stockholders' investments. It shows net income as percentage of shareholder equity.			0.0612	0.0852
Water Revenue per Subscriber	WRS=	Water Revenue	147,233,912	140,882,929
		Ave. No. of Water Subscribers	14,917	14,419
Measures how well service and facilities improvements have influence consumer's usage			9,870	9,772
II FINANCIAL LEVERAGE				
Debt Ratio	Debt Ratio=	Total Liabilities	1,848,423,998	1,355,689,780
		Total Assets	3,145,937,616	2,541,667,060
It is a solvency ratio and it measures the portion of the assets of a business which are financed through debt.			0.5876	0.5334
Debt to Equity Ratio	Debt to Equity=	Total Liabilities	1,848,423,998	1,355,689,780
		Shareholder's Equity	1,297,513,618	1,185,977,280
It measures the degree to which the assets of the business are financed by the debts and the shareholders' equity of a business.			1.4246	1.1431
III MARKET VALUATION				
Price to Book Ratio	PB ratio=	Market value/share	3.69	4.30
		Book value/share	4.61	4.21
Relates the Group's stock to its book value per share			0.8006	1.0214

EXHIBIT III

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
SEPTEMBER 30, 2015

	Current	1-30 days	31-60 days	Over 60 days	Total
Trade	83,331,444	1,129,723	342,645	16,806,466	101,610,278
Advances and nontrade	43,554,682	67,259	888,177	242,330,961	286,841,079
	126,886,126	1,196,982	1,230,822	259,137,427	388,451,357

JOLLIVILLE HOLDINGS CORPORATION
(A Subsidiary of Jolliville Holdings Corporation)
SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
SEPTEMBER 30, 2015

Beginning Unappropriated Retained Earnings, as adjusted	₱ 175,764,084
Add net income during the period	584,336
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION	₱ 176,348,420

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
SUMMARY OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS
SEPTEMBER 30, 2015

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

****Adopted but no significant impact**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓**
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			✓**
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		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments for Investment Entities		✓	
PFRS 11	Joint Arrangements			✓**
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		✓	

******Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓**
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Annual Improvements (2009-2011 Cycle): Clarification of the Requirements for Comparative Information	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements (2009-2011 Cycle): Classification of Servicing Equipment	✓		
	Annual Improvements (2010-2012 Cycle): Revaluation Method – Proportionate Restatement of Accumulated Depreciation*		✓	
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		✓	
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			✓**

**Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements (2010-2012 Cycle): Key Management Personnel*		✓	
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments in Investment Entities		✓	
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	✓		
PAS 36	Impairment of Assets	✓		
	Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets		✓	
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓**
	Annual Improvements (2010-2012 Cycle): Revaluation Method – Proportionate Restatement of Accumulated Amortization*		✓	

**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	✓		
	Annual Improvements (2011-2013 Cycle): Investment Property*		✓	
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		

******Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓**
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓**
IFRIC 8	Scope of PFRS 2			✓**
IFRIC 9	Reassessment of Embedded Derivatives			✓**
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓**
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓**
IFRIC 12	Service Concession Arrangements			✓**
IFRIC 13	Customer Loyalty Programmes			✓**
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓**
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓**
IFRIC 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			✓**

******Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
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: 13 November 2015