COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

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 - A	CED/CRMD	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 31,2014

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 PLACE 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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended **December 31, 2014**

2. SEC Identification Number **134800** 3. BIR Tax Identification No. **000-590-608-000**

4. Exact name of issuer as specified in its charter **JOLLIVILLE HOLDINGS CORPORATION**

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

6. (SEC Use Only)
Industry Classification Code:

7. **4/F 20 Lansbergh Place**
170 Tomas Morato Ave., corner Scout Castor St.
Quezon City **1103**
Address of principal office Postal Code

8. **(632) 373-3038**
Issuer's telephone number, including area code

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, ₱1 par value	**281,500,000 shares**

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

Yes [**X**] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
PHILIPPINE STOCK EXCHANGE **COMMON STOCK**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (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 ninety (90) days.

Yes [ ] No [**X**]

13. Aggregate market value of the voting stock held by non-affiliates is: ₱366,287,723 as of December 31, 2014 and ₱454,003,993.26 as of March 31, 2015.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

(1) Business Development

Originally incorporated as a realty company in September 1986 by the Ting family, the Company underwent a transformation to that of a holding company on April 15, 1999 after securing Securities and Exchange Commission (SEC) approval for the change in its primary purpose. Subsequently, on May 4, 1999, the SEC approved the increase in capitalization of Jolliville Holdings Corporation ("JOH" or "the Company"). The authorized capital stock of the Company was increased from 30,000 shares with a par value of ₱100 per share to 1 billion shares with a new par value of ₱1 per share. To date, 281.5 million common shares are issued and fully paid.

After this transformation into a holding company, JOH acquired the entire capital stock of its affiliates namely, Jolliville Group Management, Inc. ("JGMI"), Jollideal Marketing Corporation ("JMC"), Ormina Realty and Development Corporation ("ORDC"), Jolliville Leisure and Resort Corporation ("JLRC"), Granville Ventures, Inc. ("GVI"), and Ormin Holdings Corporation ("OHC"). It acquired the foregoing companies through the assignment of shares of stock, which was paid for in cash to members of the Ting Family who held ownership in the former prior to JOH's acquisition.

JGMI was incorporated on March 9, 1994 and at present, has an authorized capital stock of 10 million divided into 100,000 common shares, with a par value of ₱100 per share. On 18 December 2013, the Board of Directors of JGMI declared cash dividends amounting to ₱28.09 million. To date, one hundred thousand common shares of JGMI are issued and fully paid.

ORDC was incorporated on April 22, 1997 with an authorized capital stock of ₱200 million divided into 200 million common shares, with a par value of ₱1 per share.

The Board of Directors of ORDC has declared cash dividends out of 2014 retained earnings amounting to ₱40 million on 16 December 2014. To date, 50 million common shares of the corporation are subscribed and ₱23,331,830 has been received as payment on subscription.

JLRC was incorporated on March 20, 1995, and at present, has an authorized capital stock of ₱20 million divided into 200,000 common shares, with a par value of ₱100 per share. To date, 50,000 common shares are issued and fully paid.

JMC was incorporated on April 10, 1999 with an authorized capital stock of ₽2 million divided into 20,000 common shares, with a par value of ₽100 per share. To date, 10,000 common shares are issued and fully paid.

OHC was incorporated on March 1, 1994 with an authorized capital stock of ₽10 million divided into 100,000 common shares, with a par value of ₽100 per share. To date, 25,000 common shares are issued and fully paid.

Granville Ventures, Inc. ("GVI") was incorporated on March 19, 2001 with an initial authorized capital stock of ₽1 million divided into 1 million common shares, with a par value of ₽1 per share. To date, 250,000 common shares are subscribed and ₽62,500 has been received as payment on subscription.

Servwell BPO International Inc. ("Servwell" or "SBI") was incorporated on May 19, 2009 as a wholly-owned subsidiary of JOH primarily to design, implement, and operate certain business processes; to assist companies in running their accounting units; to provide receivables and payables processing, billings and collections, treasury, escrow and other related services; to provide provident fund accounting; and to provide human-resource related processes. It has an authorized capital stock of ₽5 million divided into 5 million common shares with a par value of ₽1 a share.

Servwell has declared cash dividends of ₱11.91 million, as approved by the members of the board on 18 December 2013. To date, all SBI shares have been fully subscribed to and paid for.

Calapan Waterworks Corporation ("CWWC" or "Calapan Water") was incorporated on May 23, 1991, and at present, has an authorized capital stock of ₽200 million divided into 200 million common shares, with a par of ₽1 per share. Currently 187,264,425 common shares of the corporation are subscribed and fully paid.

The Company through its subsidiary, ORDC, acquired a 92% controlling equity interest in Calapan Water in December 1999. On March 24, 2003, the Securities and Exchange Commission (SEC) approved the decrease in its par value from ₽100 to ₽1 and increase in number of shares from five hundred thousand to fifty million. Subsequently on August 6, 2003, the SEC approved Calapan Water's application for quasi-reorganization. The application was for a reduction of its authorized capital stock from fifty million (50,000,000) shares with a par value of ₽1.00 per share to seven million five hundred thousand (7,500,000) shares with the same par value per share. The decrease resulted in a reduction in paid-up capital from ₽29,120,000.00 to ₽4,368,000.00, and created a surplus of ₽24,752,000.00 which was used to wipe out the deficit as of 31 December 2002 amounting to ₽16,872,555.00. On October 24, 2003, the SEC approved the company's increase in its authorized capital stock from 7.5 million shares to 200 million shares. Relative to the increase, 48,125,000 shares were subscribed and ₽12,031,250 were received as payment on subscriptions. As a result of the increase and additional subscriptions, JOH at the time owned, directly and indirectly, 99.35% of CWWC.

On 24 November 2014, Calapan Water's Board of Directors approved the declaration of cash dividends amounting to ₱101,007,839 or ₱1 per common share, out of the retained earnings as of 2014 October. The dividends were distributed to stockholders of record as of 24 November 2014 on 8 December 2014. On 31 January 2015, H2O subscribed to 16,781,000 additional shares. To date, 118,331,139 common shares of Calapan Water have been subscribed and paid.

H2O was incorporated on 30 January 2009 under its original name “Calapan Equity Ventures, Inc.” primarily as an investment holding company. On 23 December 2009, the SEC approved the amendment of the Articles of Incorporation and By-Laws of H2O changing (i) its name from “Calapan Equity Ventures, Inc.” to “Calapan Ventures, Inc.” and (ii) its primary purpose from a holding company to one that is engaged in the business of trading, processing, assembling, manufacturing and/or fabricating and exporting and importing, and dealing in goods, materials, merchandise, commodities, minerals, metals and real and personal properties of every kind, class and description. It still performs the function as a holding company as a secondary purpose.

Upon its incorporation on 30 January 2009, H2O had an authorized capital stock of ₽200,000,000 divided into 200,000,000 Common Shares with a par value of One Peso (₽1.00) per share. As of 31 December 2014, the issued and outstanding capital stock of H2O consisted of 162,161,000 common shares.

On 09 October 2013, H2O has stopped its trading business since it contributed a loss of ₱1.16 million and ₱1.15 million in net income for the years 2011 and 2012 respectively.

On 16 July 2014, H2O filed its application for Amended Articles of Incorporation and By-Laws with the SEC changing (i) its corporate name from “Calapan Ventures Inc.” to “Philippine H2O Ventures Corp.”, (ii) its primary purpose from “trading” to a “holding company”, since its trading business has already been suspended and to recognize as well that its primary purpose is to be a holding company and the secondary purpose will be “trading”,, (iii) the date of its annual stockholders’ meeting from the “last Friday of June” to “every 3rd Wednesday of June”. The SEC has approved the changes and issued a certificate of filing of amended articles of incorporation and By-Laws on 18 August 2014.

Ormin Power Inc. (OPI) was incorporated on April 27, 2009 to provide power generation and electricity supply services to distribution utilities, including but not limited to, electric cooperatives; to install, build, own, lease, maintain or operate power generation facilities, using fossil fuel, natural gas, or renewable energy; and to engage in any and all acts which maybe necessary, or convenient, in the furtherance of such power generation services. JOH effectively became owner of 60% of OPI’s outstanding capital stock in November 2010. As of December 31, 2012, OPI’s authorized capital stood at ₽120 million consisting of 120 million shares with a par value of ₽1 per share. Subscribed shares amounted to 80 million shares and paid-up capital is ₽80 million.

On March 15, 2014, OPI’s authorized capital stock increased to ₱466 million divided into 466 million common shares with a par value ₱1 per share. As of December 31, 2014, the subscribed and issued capital stock of OPI consisted of ₱248.5 million with paid-up capital in the amount of ₱184 million. On Dec 8, 2014 the BOD approved the declaration of stock dividends out of the unrestricted retained earnings amounted to ₱82 million.
Metro Agoo Waterworks Inc. (MAWI) was incorporated on September 17, 2012 to engage in, carry on, conduct, operate, manage and maintain the general business of development and utilization of water resources which have for their objects the harnessment, production and supply of water for domestic, municipal, agricultural, industrial, commercial or recreational purposes to this end, to acquire, own, lease, construct, install, equip, operate, manage and maintain plants for the harnessment, production, conveyance and supply of water and other plants and other related system elements required thereto. The authorized capital stock of MAWI is ten million (10,000,000) shares with a par value of One Peso (PhP1.00) per share. Two million five hundred thousand (2,500,000) shares are subscribed and the paid-in capital is ₽625,000. CWWC owns 85% of the outstanding capital stock of MAWI.

MAWI is an indirect subsidiary of the company through Calapan Water.

On 10 December 2012, MAWI entered into Memorandum of Agreements (MOA) with the Municipality of Agoo and with the Municipality of Tubao, Province of La Union. The MOA with Agoo covers the joint and mutual cooperation of MAWI and Agoo LGU in the successful construction, installation, operation and maintenance of a water supply system for the supply and distribution of water in Agoo for domestic, industrial and/or commercial use for a period of twenty-five (25) years, renewable for another 25 years. On the other hand, the MOA with Tubao covers the sourcing of water by MAWI within the former's territorial jurisdiction to supply and distribute water to its constituents and the adjacent Municipality of Agoo, including the right of way to install, lay, construct and maintain water mains, pipes, conduits and all other necessary apparatus and appurtenances for a period of 25 years also, renewable for another 25 years.

In 2014, MAWI purchased parcel of land amounting to ₱482,425 to be used for digging of wells and construction of right of way to the reservoir site amounting to ₱16,325.

On 24 March 2014, the Company purchased 100% of the total outstanding shares of pre operating company, Philippine Hydro Electric Ventures Inc., equivalent to 79,996,805 common shares at ₱100 a share. Subsequently, JOH sold all of its shareholdings in subsidiary Ormin Power Inc. to Philippine Hydro Electric Ventures Inc.

Philippine Hydro Electric Ventures Inc. ("PHEVI"), formerly, Bia Ventures Inc., was incorporated on 17 July 2009, primarily to lease and purchase land, marine, aquatic and environmental resources of the Philippines to the extent permitted by law and to develop and conserve places with tourism value. The Securities and Exchange Commission has approved PHEVI's amended articles of incorporation on 23 November 2014, amending its primary purpose as to engage in, own develop, construct, rehabilitate, operate and maintain water and electric power plant systems and facilities, renewable and indigenous power generation plants and other types of power generation and/or converting stations; and to make the necessary undertaking for the distribution of such facilities to consumers; to act as holding company or joint venture partner or investor in the business of developing, operating, and/or owning power generation plants. It has an authorized capital stock of ₱300 million divided into 300 million shares with a par value of ₱1 a share. To date, the subscribed and paid-up capital of PHEVI is ₱80 million.

On 13 November 2014, CWWC and Tabuk Water subscribed shares in Nation Water which resulted in H2O owning 74.85% of Nation Water indirectly.

Nation Water is a pre operating company that was formally registered with the SEC on 13 November 2014 primarily to engage in, carry on, conduct, operate, manage and maintain the general business of development and utilization of water resources which have for their objects the harnessment, production, and supply of water for domestic, municipal, agricultural, industrial, commercial and recreational purposes to this end, to acquire, own, lease, construct, install, equip, operate, manage and maintain plants for the harnessment, production, conveyance and supply of water and other plants and other related system elements required thereto. It has an authorized capital stock of ₱10 million divided into 10 million common shares with a par value of ₱1 per share. Currently, 2.5 million common shares are subscribed, and ₱625,000 has been received as payment on subscription.

Neither the Company nor its subsidiaries are the subject of any bankruptcy, receivership or similar proceedings.

(2) Business of Issuer

The Group (refers to Jolliville Holdings Corporation and its subsidiaries) has principal business interests in leasing, management services, property development, land banking, local waterworks system, business process outsourcing, and power generation.

JOH and ORDC leases and rents out certain assets including land, buildings & improvements, furnishings and fixtures, equipment, and machineries to a number of independent business entities involved in the operation and management of KTV entertainment/recreation centers in the Metro Manila area.

A group subsidiary, JGMI provides general management services and assistance to companies within and affiliated to the Group, notably ORDC and Calapan Water. Another consolidated subsidiary, SBI, on the other hand, provides business process outsourcing services to third parties engaged in the KTV entertainment and leisure/recreation business, and a construction company. The services are provided based on a pre-agreed monthly contract retainer that is reviewed annually.

The Group owns and holds title to a number of properties in Metro Manila, Calapan City and Puerto Galera in Oriental Mindoro. These property investments, which include parcels of urban land, provincial and beachfront properties, as well as condominium units, are held for future operations and/or development. At this time when demand for property is soft, the Company is in no real rush to start development of its land-banked properties and there is no pressure on it to do so. It will only start its own development program for its properties once there is already a clear signal of a real turn around in the property situation.

Through JLRC, the Company has ventured with other investors (Aviso Holdings, Inc., Sta. Lucia Realty and Dev't., Inc., Alson's Land Corp. and Blue River Holdings, Inc.) to invest in a businessman's hotel at the Eagle Ridge Golf and Country Club in General Trias, Cavite. Known as the Eagle Ridge Microtel, it is the first value-for-money businessman's hotel in the area designed to cater not only to the accommodation needs of transient businessmen and tourists, but also to golf players and enthusiasts of the golf course and facilities of Eagle Ridge. JLRC has a 37.6% stake in Eagle Ridge Hotel Corporation.

The Company, through Calapan Water, needs special government approvals as discussed in detail below.

Calapan Water owns, operates and manages the waterworks system of Calapan City, Oriental Mindoro by virtue of its legislative franchise under Republic Act No. 9185 which will expire on 9 February 2028 and a CPC issued by the National Water Resources Board ("NWRB") which will expire on 17 January 2018. It is one of the few privately owned water systems in the country today. Within its franchise area, it has not competitor and there is no known oppositor to its franchise.

The franchise shall be deemed by the fact itself revoked in the event Calapan Water fails to implement fully its medium-term development plan submitted to Congress in support of its application for the franchise.

Tariff rates are subject to regulation by the NWRB. All tariff increases should be approved by the NWRB before implementation. A Water Permit should also be secured from the NWRB prior to the operation of new sources of water (wells).

As of December 31, 2014, the water supply system serves seventeen (17) urban barangays and sixteen (16) adjoining rural barangays. The total number of household connections is now at 10,940 from the previous year's 10,042. Present number of connections is broken down into 10,307 residential and 633 commercial.

Groundwater is the source of water supply in Calapan City. A total of six (6) wells are operational with combined capacity of 175.63 liters per second (lps). Well B1B, being the newly constructed well station, has commissioned last 09 November 2014 and is also located at Barangay Bayanan 1, where most of the operational wells are situated.

Potential locations of additional wells are already identified based on the results of the geo-resistivity survey.

All wells are equipped with production meters and Non Revenue Water (NRW) for the year 2014 averaged 27.04% as against 25.81% in 2013 and 26.38% in 2012. The increase was due to the damaged pipelines brought by the numerous road expansion projects in the locality.

The latest bacteriological and chemical/physical examination conducted by the Batangas Water District Laboratory indicates that all of CWWC's water sources conform to the Philippine National Standards for Drinking Water.

In 26 May 2010, the NWRB approved Calapan Water's petition for increase of water rates for the operation and maintenance of water supply system within Calapan City, Oriental Mindoro. The approved CPC is valid for five (5) years with authority to charge the following rates:

Consumption Bracket	**Water Rates**	
	1st Stage Implementation (first three years) *30% increase of the existing rate (12% ROI)*	2nd Stage Implementation (succeeding two years) *Full implementation of the modified rates*
Residential		
0 to 10 cu.m.	Php 280.80 minimum	Php 321.00 minimum
11 to 20 cu.m.	29.88 per cu.m.	47.90 per cu.m.
21 to 30 cu.m.	31.68 per cu.m.	59.00 per cu.m.
31 to 40 cu.m.	35.28 per cu.m.	62.60 per cu.m.
41 to 50 cu.m.	40.68 per cu.m.	66.80 per cu.m.
Over 50 cu.m.	47.88 per cu.m.	72.30 per cu.m.
Commercial		
0 to 25 cu.m.	Php 1,404.00 minimum	Php 1,605.00 minimum
26 to 1,000 cu.m.	70.56 per cu.m.	118.00 per cu.m.
Over 1,000 cu.m.	95.76 per cu.m.	133.60 per cu.m.

The above rates are being implemented beginning 19 August 2010 until present. The full implementation of the modified rates commenced on 1 September 2013.

Calapan Water has implemented the 2nd Phase of its Expansion Program for Calapan City Water Supply System. The purpose of the plan is to bolster water pressure, improve water quality, and to increase production so as to accommodate more subscribers. This will ensure 24-hour service to the serviced areas and enough water pressure after its completion. Further, it will expand the water supply system coverage that could service areas with no access to potable water.

On 02 July 2014, Development Bank of the Philippines (DBP) approved a One Hundred Eighteen Million Two Hundred Fifty Thousand Pesos (₱118,250,000) term loan to CWWC to finance the Phase 2 Expansion Program of the existing water distribution system. Calapan Water received Twenty-three Million One Hundred Sixty-Four Thousand Three Hundred Pesos (₱23,164,300) on 18 November 2014 as its initial drawdown on its available loan facility for the above mentioned plan. On 22 December 2014, Calapan Water has drawn another Sixty-Nine Million One Hundred Thirty-Four Thousand (₱69,134,000). As of 31 December 2014, Ninety-Two Million Two Hundred Ninety-Eight Thousand Three Hundred Pesos (₱92,298,300) has been drawn.

Last October 1, 2006, Calapan Water formally took over the operation of the water system of the Municipality of Tabuk, the capital of Kalinga province. Calapan Water's role is to operate and maintain the water system for a period of 15 years. The system remains the property of the local government. The subscriber base stood at 3,616 as of December 31, 2014, 3,234 as of December 31, 2013, and 3,042 as of December 31, 2012. The system is capable of accommodating up to around 9,000 subscribers.

The Tabuk water supply system would utilize well/pumping stations located in Bulanao public market, barangays Bulanao Norte, Dagupan Centro and Appas. The annual lease fee varies from year to year ranging from ₱1.543 Million to ₱8.832 Million. In a resolution passed by the legislative council of Tabuk City on 2 February 2010, this lease agreement was extended for another 10 years (from year 2021) or up to 30 September 2031.

Groundwater is the source of water supply in Tabuk City. Four (4) wells with a total capacity of 110 lps are operational. Aside from the existing four (4) wells, an elevated water steel storage and a ground level concrete reservoir with a total capacity of 350 cu.m. and 640 cu.m., respectively, has been built to ensure consistent water supply.

As part of its campaign to reduce the non-revenue water, the company implemented the use of leak detection equipment last year. By using this device, the distribution system water losses will be minimized and water will be conserved.

The NRW for the years 2014, 2013 and 2012 averaged 32.03%, 30.64% and 34.55%, respectively.

The current rates for Tabuk City are as follows:

Consumption Bracket	Water Rates
Residential	
0 to 10 cu.m.	Php 210.00 minimum
11 to 20 cu.m.	23.15 per cu.m.
21 to 30 cu.m.	25.30 per cu.m.
Over 31cu.m.	27.45 per cu.m.
Commercial A	
0 to 10 cu.m.	Php 315.00 minimum
11 to 20 cu.m.	34.70 per cu.m.
21 to 30 cu.m.	37.95 per cu.m.
Over 31 cu.m.	41.15 per cu.m.
Commercial B	
0 to 10 cu.m.	Php 367.00 minimum
11 to 20 cu.m.	40.50 per cu.m.
21 to 30 cu.m.	44.25 per cu.m.
Over 31 cu.m.	48.00 per cu.m.

The standard rates are adjusted monthly in accordance with the process and formula described in the lease agreement between Calapan Water and the municipality of Tabuk dated 6 July 2006 (which was extended for another 10 years or up to 30 September 2031), which takes into consideration the movements in the consumer price index of the Cordillera Autonomous Region with respect to power, labor and other related costs.

OPI began its commercial operations last November 11, 2011. It supplies electricity to the Oriental Mindoro Electric Cooperative and operates a power plant in Calapan City using bunker fuel. It also has begun studies to produce electricity using hydroelectric power technology.

On 2 July 2013, OPI has signed and executed a loan agreement with the Development Bank of the Philippines for P1.108 billion. The proceeds of the loan will be used to partly finance the establishment of its 10 megawatt Inabasan mini-hydro power plant project in San Teodoro, Oriental Mindoro.

The Company carries out most of its business activities (except the waterworks business where it has no direct competition in its service area) in a competitive environment and competes in terms of market reach, diversity, customer relations, and pricing, among others. Heightened competition could negatively affect the Company's operational results.

In the leasing business, it competes with a number of financial services institutions, both domestic and international. Among these, the more notable ones would be the likes of Equitable PCI Leasing and Finance, Inc., ORIX Metro Leasing and Finance Corp., IFC Leasing and Finance Corp., and BPI Leasing. While these companies offer their leasing lines to the general public, none of them have concentrated and specialized on servicing the particular market niche of the Company, the KTV operators. The long-established relationship of the Company with its KTV clients in the renting out of facilities, furnishings and equipment puts it at some advantage vis-à-vis its competitors. This competitive advantage is further strengthened by the management services and consultancy contracts of the Company with its KTV clients.

The Company's primary competitors in the management services and business process outsourcing industries are Accenture, the management services and the business process outsourcing units of the other major independent accountancy firms, and international BPO companies. However, the Company considers as its competitive advantage, its long-time relationship with its clients as well as the fact that it has multi-faceted business relationship with them (it also rents out to the same clients furnishing, fixtures, furniture and equipment for their KTV operations). The management services and business process outsourcing lines are highly dependent on the continuing renewals of its contracts with its clients. The Company is confident though that, for as long as the KTV operations of its clients are viable and profitable, it will continue to service the specialized business process outsourcing needs of these clients.

Land banking and property development is a highly competitive industry. The major industry and sector leaders of this industry include the SM Group and Robinsons Land that are more focused on retail mall development, Ayala Land that is involved in residential, commercial, high rise, and industrial development, Sta. Lucia Realty which is into residential, commercial and leisure/resort development, Filinvest Land which is into central business district development, Megaworld and Empire East Land which are into both horizontal (subdivision & townhouses) and vertical (condominium) residential and commercial development.

In the leisure and resort development businesses, JOH, adopts a strategy of “product and market niching”. It enters into strategic alliances with more seasoned partners as in the case of the Eagle Ridge Microtel hotel project.

The Group does not plan nor propose going into other types of businesses or offer any new service.

The Company is very much dependent on its being able to have continuing business with its existing clients and customers. The Company has had a long-time relationship with these clients and does not foresee losing any of them.

The Company considers the Oriental Mindoro Electric Cooperative (ORMECO) as a significant customer being the primary off-taker of the power produced by Ormin Power Inc. The Group does not spend material amounts for business development activities as most plans are developed internally.

The Company’s subsidiaries involved in the service industries need no special government approvals. However, its waterworks business through Calapan Water and its power generation business through OPI require several special government approvals such as Environment Compliance Certificate from the Department of Environment and Natural Resources (DENR).

Calapan Water owns and operates exclusively the local waterworks system of Calapan City by virtue of its legislative franchise under Republic Act No. 9185 which expires on Feb. 9, 2028 and a Certificate of Public Convenience issued by the National Water Resources Board (“NWRB”) which expires on Jan. 17, 2018. Calapan Water’s application for the renewal of its CPC was approved on January 22, 2014.

The franchise shall be deemed by the fact itself revoked in the event Calapan Water fails to implement fully its medium-term development plan submitted to Congress in support of its application for the franchise. Said plan is discussed in depth in JOH’s prospectus relating to its initial public offering of June 2002.

Tariff rates are subject to regulation by the NWRB. All tariff increases should be approved by the NWRB before implementation. A Water Permit should also be secured from the NWRB prior to the operation of new sources of water (wells).

The Group at present employs 254 full-time employees. This is broken down into 6 executive officers, 22 managers, 25 supervisors and 201 administrative, operations, clerical and contractual employees. No major addition or reduction from the present manpower is anticipated for the ensuing twelve months. There are no collective bargaining agreements in the Group.

Item 2. Properties

The Company’s real properties, owned directly and indirectly, through its consolidated subsidiaries, are summarized in the following table. These properties are covered with the titles (TCTs and CCTs) in the name of the Company itself or its subsidiaries.

Type/Location	Area (sq.m.)	Nature of Property
LAND IN METRO MANILA:		
Quezon Ave. Q.C.	757.65	Commercial (on lease out)
Quezon Ave. Q.C.	757.65	”
Martinez St., Diliman, Q.C.	473.30	Residential
J. Bocobo St., Malate, Manila	281.60	Commercial
Lot 7, Blk. WT-7, West Ave., Q.C.	1,250.00	“
McArthur Highway, Caloocan City	1,400.00	“
PROVINCIAL LAND:		
Brgy Calero, Calapan City	574.00	Institutional/Commercial
“ “	812.00	”
Pulong Gitna, Calapan City	60,496.00	Nature reserve island/agric.
Pulong Malaki, Calapan City	6,666.00	”
“ “	6,874.00	“
“ “	6,874.00	“
“ “	33,865.00	”
“ “	7,481.00	“
“ “	39,273.00	“
Puerto Galera, Oriental Mindoro	16,393.00	Agri./Commercial
“ “	7,122.00	“
“ “	66,096.00	“
“ “	6,185.00	Commercial
“ “	47,911.00	Agri./Commercial
“ “	176,511.00	Agricultural (exempt)
Brgy Tawiran, Calapan City	301.00	Well site
“ “	500.00	“
Brgy Sta Maria, “	377.00	“
Brgy Pachoca, “	210.00	“
Brgy Lalud, “	200.00	Well site/residential
Brgy Pachoca “	182.00	Well site
Brgy Ilaya “	205.00	“
“ “	286.00	“
Brgy Sta. Isabel “	2,090.00	Commercial
“ “	1,237.00	“
“ “	200.00	Residential
“ “	200.00	“
“ “	353.00	“
“ “	1,148.00	“
Pola, Oriental Mindoro	40,000.00	“
“ “	60,000.00	“
Brgy. Bayanan I, Calapan City	10,000.00	Commercial
Macalva Sur, Agoo La Union	3,229.00*	Agricultural
Barangay Garcia, Tubao La Union	3,214.00*	“
“	143.50*	“
BUILDING:		
Heartbeat Bldg, Quezon Ave.	3,200.00	Commercial structure
Loveboat Bldg., McArthur Highway, Caloocan City	1,831.26	Commercial structure
Prince Plaza, West Ave.	2,406.00	“

Type/Location	Area (sq.m.)	Nature of Property
CONDOMINIUM UNITS:		
Goldland Tower, Greenhills		
3-BR, Unit A-16/F	160.45	Residential Condo
Parking Slot, B3-2	12.50	Owner's parking slot
Chateau de Baie, Roxas, Pñque		
2-BR, Unit 1702	157.02	Residential Condo
Parking Slot No.10	12.50	Owner's parking slot
3-BR, Unit 705	185.87	Residential Condo
Parking Slot No. 13	12.50	Owner's parking slot
Maple Tower, Binondo, Mla		
3-BR, Unit 801	96.00	Residential Condo
Parking Slot No. 12	12.50	Owner's parking slot
Nobel Plaza, Valero St., Makati		
2-BR, Unit 1202	110.00	Residential Condo
Lansbergh Place, T. Morato, Q.C.		
4th Floor Commercial Space	922.04	Commercial (office use)
15 Parking Slots	187.50	Parking slots
EGI Rufino Plaza, Pasay City		
11th Floor Commercial Space	1,653.49	Commercial

**New acquisition during the year.*

Item 3. Legal Proceedings

1. JGMI and Show Syndicate Corp. vs. Felicito a.k.a. Chito D. Garcia, doing business under the name and style Foxchit Software Solution; Civil Case No. 01101977

On 02 October 2001, Jolliville Group Management Inc. ("JGMI") and Show Syndicate Corp. ("SSC") filed a complaint for breach of contract and damages resulting from the delay in the completion of the software POS Project and violation of the Exclusivity Clause against defendant. This stemmed from plaintiffs' engagement of defendant for the development of software to aid in its operations. The complaint specifically prayed that defendant be made to pay One Hundred Thousand Pesos (PhP100,000.00) as reimbursement for the service fees paid initially; Five Hundred Thousand Pesos (PhP500,000.00) as business losses; Five Hundred Thousand Pesos (PhP500,000.00) representing the service fees paid to the new programmer to complete the installation and customization of the software; Five Hundred Thousand Pesos (PhP500,000.00) as moral damages; Five Hundred Thousand Pesos (PhP500,000.00) as exemplary damages; One Hundred Thousand Pesos (PhP100,000.00) attorney's fees plus Two Thousand Five Hundred Pesos (PhP2,500.00) for every court appearance; and costs of suit.

In his defense, defendant claims that it was JGMI that breached the contract and claims damages in the amount of ₱10,240,800.00, the supposed price for the installation on the six other sites and branches, as actual damages, in addition to the moral damages, exemplary damages and attorney's fees.

The main issue in the case is whether or not defendant committed breach of contract. On January 7, 2011, the Court issued its Decision finding that defendant breached the contract by failing to fix reported problems in the system and for violating the exclusivity clause in the contract. The Court then required defendant to refund plaintiffs the sum of One Hundred

Thousand Pesos (PhP100,000.00) representing service fees initially paid by plaintiff and to reimburse plaintiffs the sum of Five Hundred Thousand Pesos (PhP500,000.00) representing service fees paid to the new programmer hired to complete the computerization. The counterclaim and all other claims were dismissed. As of this writing, the Decision has not yet attained finality and may be subject to appeal.

Foxchit filed Notice of Appeal on June 3, 2011 and the Regional Trial Court issued an order on June 22, 2011 giving due course to appeal and ordered the transmittal of the records to the Court of Appeals.

The case is now with the Court of Appeals. On June 5, 2012, Foxchit filed its Appellant's Brief. On August 9, 2012, JGMI, et.al. filed their Appellees' Brief. We are waiting for the Decision from the Court of Appeals in relation to the appeal of Foxchit. To date, JGMI is still waiting for the final decision of the Supreme Court regarding this case.

2. Jolliville Holdings Corporation vs. Philippine British Assurance Co., Inc.; Civil Case No. 04-1051, Regional Trial Court, National Capital Judicial Region, Branch 143, Makati City

On 10 September 2004, Jolliville Holdings Corporation ("Corporation") filed a *Complaint [With Application For The Issuance Of A Writ of Preliminary Attachment]* dated 08 September 2004 (the "Complaint") with the Regional Trial Court ("RTC") of Makati City seeking to recover insurance claims against defendant Philippine British Assurance Co., Inc. ("PBAC") amounting to at least Thirty Four Million Eight Hundred Sixty Thousand Seven Hundred Forty One and 41/100 Pesos (₱34,860,741.41), exclusive of interest. In addition, the Corporation prayed for the payment of Two Million Pesos (₱2,000,000.00) by way of exemplary damages and One Million Pesos (₱1,000,000.00) as attorney's fees and litigation expenses.

The Corporation is claiming fraud based on defendant's act of soliciting premium payments but failing to honor its obligation under the insurance policies. Defendant raised the defense that the Corporation was late in paying the insurance premium, hence, no insurance contract was in force when the damage occurred.

On 20 April 2005, the Corporation received a copy of the *Order* dated 06 April 2005 denying the Corporation's application for the issuance of a *Writ of Preliminary Attachment.*

When the case proceeded to pre-trial and mediation, the parties failed to arrive at a compromise agreement. Trial thereafter commenced and as of 10 February 2012, the Corporation has presented five (5) witnesses, namely: (1) Mr. Roger T. Ong; (2) Mr. Robert D. Sia; (3) Mr. Vinson Sherman A. Ko; (4) Atty. Malou F. Santiago; and (5) Mr. Alejandro Tan-Gatue.

The Corporation has concluded the presentation of its evidence and filed its Formal Offer of Evidence on 04 October 2012. In an Order dated 03 January 2013, the RTC of Makati City resolved to admit the evidence offered by the corporation. The initial presentation of evidence for defendant PBAC has been re-scheduled on 07 June 2013.

On 28 February 2014 and on 28 March 2014, a witness of PBAC was cross examined. Thereafter, PBAC's counsel requested to conduct a re-direct examination of their witness. On 07 November 2014, redirect examination of PBAC witness were done and JOH counsel cross examined the same. A schedule for presentation of a testimony from another witness for PBAC was scheduled for 13 March 2015.

3. Jolliville Holdings Corporation vs. Jollibee Foods Corporation; IPC No. 14-2013-00076, Office of the Director General, Intellectual Property Office, Makati City

The Company received a copy of the Bureau of Legal Affairs' ("BLA") of the Philippine Intellectual Property Office ("IPO") Decision No. 2014-226 dated 16 September 2014 ("Decision") sustaining the opposition of Jollibee Foods Corporation and denying the registration of the Jolliville Holdings Corporation's name and logo application with the IPO Office. The decision was made in connection to a case filed by Jollibee Foods Corporation vs. Jolliville Holdings Corporation ("the Company") against the Mark "JOLLIVILLE HOLDINGS CORPORATION & LOGO."

The Company maintains its position that it has the lawful right to use its name and logo and has filed an appeal with the IPO Office. The Memorandum of Appeal filed by the Company within the reglementary period has been referred back by IPO to the mediation proceeding that was scheduled last 20 February 2015. However, IPO has scheduled another mediation to give ample time to find ways to coordinate with the higher ups of the Appellee for the possible settlement of the subject case. Accordingly and with conformity of both Counsels, the mediator reset the mediation conference to 19 March 2015 at 3:00p.m.

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

NOT APPLICABLE

Item 5. Business Risk

Business risk is defined as threats to the organization's capability to achieve its objectives and execute its business strategies successfully. The organization's value creation objectives define the context for management's determination of risk management goals and objectives which, in turn, drive and focus the process of managing business risk.

The major risks facing the Group's businesses are briefly described below. Since the Group caters to a niche market (KTV operators) for its leasing and management services businesses, our risk sourcing is ultimately tied-in to the risks facing our clients.

Economic Circumstances

Economic circumstances are the characteristics and condition of the general business within which commerce is conducted. Due to the difficult business climate and reduced business activity, companies have become prudent spenders and are continuously trying to identify expenditures it could reduce or completely do without. One of the areas most affected are its budgets for leisure and recreation.

Human Caused Disasters

Human caused disasters pertain to major events that cause significant damage, destruction, and/or human casualties arising from human caused events such as acts of terrorism. Peace and order remains a concern and densely populated establishments such as malls, entertainment centers, cinemas and the like are the most likely targets. As a result, people tend to avoid these places.

Government Activities

Government activities are the functions undertaken to operate a political unit, including adopting and enforcing laws and regulations, supplying goods and services, and contracting for goods and services from private businesses. Calapan Water is moderately regulated and the actions of government agencies such as the NWRB hold with respect to rate increases and the operation of new water sources.

Human Behavior

Human behavior is defined as a broad range of positive and negative human activity that may affect a business' ability to reach its goals. The habits of consumers with regard to water usage and spending for leisure and entertainment may adversely affect the Group's businesses.

Through an integrated business risk management process, senior management determines how much risk they are willing to accept when balancing risks and rewards, and allocating resources. They communicate to operating managers, risk managers and process/activity owners the level of acceptable risk.

Our business risk management is a continuous process of:

- **Establishing** risk management objectives, tolerances and limits for all of the Group's significant risks
- **Assessing** risks within the context of established tolerances
- **Developing** cost-effective risk management strategies and processes consistent with the overall goals and objectives
- **Implementing** risk management processes
- **Monitoring** and reporting upon the performance of risk management processes
- **Improving** risk management processes continuously
- **Ensuring** adequate communication and information for decision making

****

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 6. Market for Issuer's Common Equity and Related Stockholder Matters

(1) Market Information

JOH only has unclassified common shares that is traded at the Philippine Stock Exchange ("PSE").

The high and low sales prices of the Company's securities for each quarter are indicated in the table below:

Quarter	High	Low
1st quarter 2015	4.40	4.32
4th quarter 2014	3.98	3.94
3rd quarter 2014	4.85	4.65
2nd quarter 2014	4.98	4.87
1st quarter 2014	4.99	4.84

Last transaction date was on April 10, 2015 and the closing price was at ₱6.00 per share.

The market capitalization of JOH as of March 31, 2015 based on the closing price on March 10, 2015 of ₱4.71 per share is ₱59,766,454.

As of December 31, 2014, JOH's market capitalization stood at ₱74,078,947 based on the closing price of ₱3.80 on December 4, 2014.

(2) Holders

The following table sets forth the Company's top twenty shareholders and their corresponding number of shares held as of December 31, 2014:

Shareholder	Shares Held	Percentage
Elgeete Holdings, Inc.	125,783,791	44.68
IGC Securities Inc.	56,360,239	20.02
Myron Ventures Corp.	18,000,000	6.39
Lucky Securities, Inc.	14,170,000	5.03
Dopero Corporation	13,000,000	4.62
Febra Resources Corporation	12,503,925	4.44
A-Net Resources Corporation	12,503,925	4.44
Kenly Resources Corporation	12,503,925	4.44
Oltru Holdings Corporation	12,503,925	4.44
Belson Securities Inc.	8,160,000	2.90
See, Rodolfo Lim	5,994,000	2.13
Unicapital Securities, Inc	5,697,500	2.02
Accord Capital Equities Corporation	3,283,300	1.17
Genmaco Corp.	2,709,500	0.96
Papa Securities Corporation	2,502,000	.0.89
Tower Securities, Inc.	1,392,000	0.49
Ting, Catalina O.	1,076,000	0.38
Phyvita Enterprises Corp.	1,047,200	0.37
Yao, Ortrud T.	1,000,001	0.36
Ting, Jolly L.	959,999	0.34

(3) Dividends

Dividends of the group were discussed in Item 1 of this report.

(4) Recent Sales of Unregistered or Exempt Securities, including recent issuance of Securities constituting an exempt transaction

NONE.

Item 7. Management's Discussion and Analysis

The information herein should be read in conjunction with, and is qualified in its entirety by reference to, the consolidated financial statements and related notes thereto contained in this Report.

Results of Operations

2014 compared with 2013

The consolidated financial statements for the year ended December 31, 2014 resulted in a net income after tax of ₱126,450,948 compared to ₱ 111,894,116 in 2013.

Power sales pertain to the electricity generation activity of OPI. OPI supplies electricity to Oriental Mindoro Electric Cooperative and operates a power plant in Calapan City using bunker fuel. Power sales increased by 9.62% from ₱457,863,336 to ₱501,909,524 for this year as against last year. Additional generator sets were acquired during the period which resulted to higher power generation. As of December 31, 2014, it generated 47,581,968 kilowatt hour (kWh) as against 43,297,716 kilowatt hour (kWh) in 2013.

Water service revenues have been steadily increasing and this is attributed to the implementation of additional 20% rate increase for the Calapan operation of CWC starting October 2013 and additional subscribers from existing and new service areas. Revenues grew by ₱38,236,500 or 25.48% from ₱150,093,049 to ₱188,329,549. Total number of subscribers also increased from an average of 13,276 last year to 14,174 this year.

In the case of technical services, we were able to gain new customers during the period. Rates for them were just finalized in the 3rd quarter of the year. This resulted to the increase of technical service revenues amounting to ₱11,750,943 or 45.65% from ₱65,574,395 to ₱59,820,720.

Rental decreased by 8.77% or ₱5,753,675 as one client did not renew and leases were retained at existing rates.

The Company's trading activity ceased to operate last October 9, 2013 which resulted to no sales of goods this year.

Equity share in net earnings of an associate amounted to ₱738,209 as of December 31, 2014 and increased by 151.12% compared to ₱293,970 in 2013.

Cost of sales and services increased by 2.41% or ₱11,959,499 for the year 2014 as compared to 2013. The increase is primarily due to higher personnel costs and higher depreciation from capital investments made. These two accounts increased by 4.34% and 7.75% in 2014, respectively.

Operating expenses increased by 12.80% or ₱12,464,141 this year. Much of the increase could be attributed to the increase in outside services for fleet and building maintenance, consultancy fees incurred for the water supply system feasibility study, capital gains tax paid for the property sold during the year, additional rental incurred during the year, repairs and maintenance of certain vehicles, depreciation from acquisition of property and equipment, additional security services and travel and communication of employees for meetings and seminars.

Net other charges decreased by 192.63% or ₱19,877,884 this year. Finance charges decreased resulting from the settlement of current principal obligations. The increase or decrease in the interest income earned is dependent upon the duration of the higher-yielding placements and not necessarily on the balance as of the end of the period. The rates offered by banks on deposit products have remained unchanged. Gain on investment property valuation from its adjustment to fair value amounted to ₱14,243,119 and ₱36,087,300 in 2014 and 2013.

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.

2013 compared with 2012

Power sales pertain to the electricity generation activity of OPI. It began its commercial operations last November 11, 2011. It supplies electricity to the Oriental Mindoro Electric Cooperative and operates a power plant in Calapan City using bunker fuel. For the year ended December 31, 2013 power sales of ₱457,863,336 made up 64.01% of the total consolidated revenues and improved by 3.98% from 440,317,360 in 2012. The increase in power sales was on the account of the 5.94% growth in volume of energy produced and sold. For 2013, it generated 43,297,716 kilowatt hour (kWh) as against 40,869,318 kilowatt hour (kWh) in 2012.

Water service revenues continue to surge and this is attributed to additional billed volume from the increase in the number of subscribers which stood at an average of Thirteen Thousand Two Hundred Seventy-Six (13,276) this year as against Twelve Thousand One Hundred Thirteen (12,113) last year. Volume had been augmented as another water source was commissioned early part of this year. Furthermore, we were able to implement the additional 20% rate hike for the Calapan operation starting October 2013. Revenues grew by ₱19,645,667 or 15.06% from ₱130,447,382 to ₱150,093,049.

The current rates in effect for the Tabuk City operation have not changed since Calapan Water started managing the water system in October 2006.

In 2013, rental and technical services increased as we have contracted additional client especially for our technical services. Rental increased by 2.17% (₱1,392,617) whilst management fee increased by 70.55% (₱10,649,061).

Sales represent the trading activity of CVI which declined by 19.26% or ₱3,674,584 in 2013. The Company's trading activity ceased to operate last October 9, 2013.

Equity share in net earnings of an associate amounted to 293,970 as of December 31, 2013 increased by 123.52% compare with ₱131,520 in 2012.

Consolidated costs of sales and services for the year ended December 31, 2013 amounted to ₱496,464,416, 5.93% higher compared with ₱468,683,255 in 2012. OPI's fuel cost is the biggest component of the Group's costs of sales and services. The increased in cost of sales and services was due to higher fuel cost, repairs and maintenance of CWC's wells and preventive maintenance of OPI's bunker fuel, accrual of lease fee and utilities due to higher rates and additional boosters of CWC.

Consolidated operating expenses for the year ended December 31, 2013 amounted to ₱97,412,178, 35.38% higher compared with ₱72,008,391 in 2012.

Depreciation and amortization increased by 149.38% from ₱7,248,137 in 2012 to ₱18,075,315 in 2013. This is mainly due to additional depreciation from completed buildings and newly acquired assets.

The outside services amounting to ₱2,565,086 pertain to plant supervision paid by OPI during the year.

Increase in other expenses such as professional fees and taxes to which can be directly attributed to the increase in revenues as management fees (aside from a fixed monthly amount) and franchise tax payments are based on it, the year) and additional provision for impairment loss.

Net other income (charges) comprises mainly the gain on investment property valuation from its adjustment to fair value. In 2012 and 2013, an adjustment of ₱9,292,000 and ₱36,087,300 were recognized based on the appraisals made by Royal Asia Appraisal Corporation.

In 2013 and 2012, as OPI is under an income tax holiday, there was a slight decrease in the current provision for income tax despite the considerably stronger operating results. The current provision for the year stood at ₱21,404,883 an increase of 9.65% from 2012 and ₱19,520,543, a decrease of 4.45% from 2011.

The deferred provision in 2013 and 2012 of (₱1,520,971) and (₱180,201), respectively, represents the movements in the deferred tax assets and liabilities.

Noncontrolling interest represents noncontrolling stockholders' share in the net income or loss of CVI and OPI. 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 30.76% or ₱618,092,300 from ₱2,009,599,846 as of December 31, 2013 to ₱2,627,692,146 as of December 31, 2014.

The biggest contributor to the increase came from receivables account. It increased by 105.15% or ₱121,353,853 from ₱115,404,883 to ₱236,758,736 as of December 31, 2014.

This represents mainly of the increase in advances made to contractors as part of the contractual agreement of both parties. Another contributing factors are the timing differences on collections from several customers and the proceeds from the sale of investment property which is still uncollected as of year-end.

Cash and cash equivalents account increased by 38.42% or ₱87,518,899 from ₱227,792,017 to ₱315,310,916 as of December 31, 2014. This increase came from loan availed during the period. Expansion such as construction of new power plant suggests for a higher cash requirements of the Company.

Inventories of ₱16,027,707 are OPI's, composed mainly of fuel and oil. There was a decrease of 34.07% from last year's end-2013 balance of ₱24,309,768, respectively.

Due from related parties increased by 18.72% from ₱47,010,801 as of December 31, 2013 to ₱55,811,669 as of December 31, 2014. The increase in the related party transactions is dependent upon the liquidity and financial status of the concerned parties at any given point in time. None of the parties involved is in financial distress and there is no reason to believe that any accounts may be impaired in the immediate or near future. Also, these accounts have no definite call dates and do not bear interest. The purpose of these advances is for operating and investing activities.

Other current assets decreased by 1.45% from ₱68,361,655 as of December 31, 2013 to ₱67,371,213 as of December 31, 2014. The decrease pertains mainly to the application of input value added tax as payment against output value added tax during the period and creditable withholding tax as payment against income tax expense for the year 2014.

The available-for-sale investment amounting to ₱3,005,410 pertains to a single payment managed trust fund deposit in an insurance company made in the last quarter of 2009. This fund invests in fixed income securities, money market instruments, and shares listed in the PSE. Although the amount can be withdrawn anytime, management intends to hold it long-term for a specific purpose. The increase of ₱118,336 or 4.10% represents unrealized income on this investment credited to equity portion of the consolidated statements of financial position for the same amount.

In 2014, CWC sold its investment property to Baliland Enterprises Inc. which resulted to a decrease of 9.71% or ₱66,113,881, net of depreciation expense incurred during the year. The sale proceeds is still uncollected as of December 31, 2014 which contributed to the increase of receivables account.

Property, plant and equipment increased by 59.02% or ₱459,279,200 during the period. This represents progress billings for the construction of Inabasan Hydro Power Plant of OPI located at Inabasan Mindoro. This development in our power generation unit suggests. This construction also caused the noncurrent assets to increase by 40.90% or ₱14,310,557 which represents additional development costs of the power plant.

The deferred tax effects of NOLCO, accrued retirement benefit obligation and allowance for impairment losses for the year caused the deferred tax asset account to increase by 14.52% from ₱9,357,052 in 2013 to ₱10,715,814 in 2014.

As the Group has currently a strong cash position, obligations to creditors and related parties were settled. However, accounts payable and accrued expenses significantly increased by 108.43% from ₱150,469,043 as of December 31, 2013 to ₱ 313,621,126 as of December 31, 2014. This is tied-in to the increase in the property, plant and equipment account specifically to CWC's additional purchases and construction of property and equipment and OPI's construction of Inabasan power plant in which it is not funded entirely by DBP and our share as owner was recognized as a liability.

Loans payable increased by 62.18% to ₱840,369,344 as of December 31, 2014. The increase of ₱322,207,200 represents additional release from the loan facility with DBP intended for the construction of Inabasan power plant and CWC's additional loans availed from DBP during the latter part of 2014.

In 2014, CWC declared dividend out of its 2014 accumulated retained earnings. Dividends payable of ₱126,557 is to stockholders of CWC that remain unclaimed.

Income tax payable has increased by 57.63% or ₱6,211,978 as the related current income tax expense also increased.

The miniscule decrease in the deferred tax liability account by ₱645,813 represents the tax effect which includes interest capitalized in previous years.

The customers' deposits account increased by 29.49% from ₱19,095,674 as of end-2013 to ₱24,726,795 at end-2014 from the increase in the subscriber base of Calapan Water. The subscriber base stood at 14,174 at end-2014.

Noncontrolling interest pertains to Philippine H2O Ventures, Corp. and Philippine Hydro Electric Ventures, Inc. This represents the share of its noncontrolling 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.

Financial Risk

Please refer to Notes 25 and 26 to the Consolidated Financial Statements for the description, classification and measurements applied for financial instruments and the financial risk management objectives and policies of the Group.

Key Performance Indicators

			DECEMBER 2014	DECEMBER 2013
PROFITABILITY				
Return on Total Assets	**ROA=**	NI+{(interest exp x (1-tax rate)}	147,749,435	130,878,408
It measures efficiency of the Company in using its assets to generate net income.		Ave. Total Assets	2,318,645,996	1,813,548,096
			0.0637	0.0722
Return on Equity	**ROE=**	Annual Net Income	129,755,828	111,894,116
It is a measure of profitability of stockholders' investments. It shows net income as percentage of shareholder equity.		Ave. Stockholders' Equity	1,155,742,431	1,029,829,693
			0.1123	0.1087
Water Revenue per Subscriber	**WRS=**	Water Revenue	188,329,549	150,093,049
Measures how well service and facilities improvements have influence consumer's usage		Ave. No. of Water Subscribers	14,174	13,276
			13,287	11,306
FINANCIAL LEVERAGE				
Debt Ratio	**Debt Ratio=**	Total Liabilities	1,407,221,691	918,585,439
It is a solvency ratio and it measures the portion of the assets of a business which are financed through debt.		Total Assets	2,627,692,146	2,009,599,846
			0.5355	0.4571
Debt to Equity Ratio	**Debt to Equity=**	Total Liabilities	1,407,221,691	918,585,439
It measures the degree to which the assets of the business are financed by the debts and the shareholders' equity of a business.		Shareholder's Equity	1,220,470,455	1,091,014,407
			1.1530	0.8420
MARKET VALUATION				
Price to Book Ratio	**PB ratio=**	Market value/share	3.80	5.80
Relates the Company's stock to its book value per share		Book value/share	3.35	3.00
			1.1276	1.9323

The reason for the dramatic increase in the Group's profitability is discussed in the results of operations. From the point of view of its water business, which the Group considers to be its major growth driver, water revenues has shown steady improvement, more so beginning 2010 as increased water rates took effect, and is expected to improve even further in the succeeding years as the Company already has in line the addition of new wells and expansion of its coverage area and identification of new target markets such as Agoo, La Union. The power generation activity also shows much promise as in such a short period of time it has already become the Group's top revenue generator.

Following the positive developments in the local stock market, activity in the Company's stock has picked up recently and the prices have gone up to reflect trends in the market.

Liquidity and Solvency

The Company's cash balance increased from end-2013 of ₱227,792,017 to ₱315,310,916 as of December 31, 2014. During the year, the Company's able to minimize its interest expense which contributed to its higher cash balance at the end of 2014.

Meanwhile, liability to equity ratios increased to 1.15:1.00 from 0.84:1.00 as of end-2013. Ratio was maintained at this very low level

Item 8. Financial Statements

Please refer to the attached consolidated financial statements audited by Constantino Guadalquiver & Co. (CGCo).

Item 9. Information on Independent Accountant and Other Related Matters

CGCo, independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2014, 2013, and 2012, included in this report.

Edwin F. Ramos is the current audit partner for the Company and its subsidiaries. Pursuant to SEC Memorandum Circular No. 8, Series of 2003, the Company will either change its External Auditor or rotate the engagement partner every five (5) years.

There have been no disagreements between the Company and CGCo over the length of their relationship with regard to any matter involving accounting principles or practices, financial statement disclosures, and auditing scope and procedures.

CGCo has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. CGCo will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants, or rights thereto). The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In connection with the audit of the Company's financial statements, the Audit Committee had, among other activities, (a) evaluated significant issues reported by the external auditor in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (b) ensured that no other work is provided by the external auditor that would impair its independence and conflict with its function as independent accountants; and (c) ensured the compliance of the Company with acceptable auditing and accounting standards and regulations.

The aggregate fees paid to CGCo for services rendered are ₱1,074,500 in 2014, ₱916,000 in 2013 and ₱800,000 in 2012. The services are those normally provided by the external auditor in connection with statutory and regulatory filings or engagements. There had been no consulting or tax engagements with CGCo.

****

PART III - CONTROL AND COMPENSATION INFORMATION

Item 10. Directors and Executive Officers of the Issuer

Listed below are the Directors and Senior Officers of the Company as of December 31, 2014 with their qualifications and credentials:

Name	***Positions Held***	***Company/Organization***
JOLLY L. TING 70, Filipino Bachelor of Science in Business Administration, University of the East	**Present:** ○ Chairman (since March 21, 2011) ○ Chairman (since January 2009) ○ Founder, Chairman, Chief Executive Officer (since April 3, 1999) ○ Chairman (since April 26, 2002) ○ Chairman (since April 26, 2002) ○ Chairman (since May 19, 2009) ○ Chairman (since July 19, 1992) ○ Chairman (since April 7, 1990) ○ Chairman (since 1997) ○ Member (since 1978) **Previous:** ○ President (January 2009 to April 2010) ○ President (1991-1992) ○ Director, Treasurer (1994-1997) ○ Chairman (since April 26, 2002)	Ormin Power, Inc. Philippine H2O Ventures Corp. Jolliville Holdings Corporation Jolliville Group Management, Inc. Ormina Realty and Development Corp. Servwell BPO International Inc. Jolliville Leisure and Resort Corporation Jollideal Marketing Corporation Calapan Waterworks Corporation Mirage Resources & Holdings Corp. (manages the renowned Gloria Maris Sharksfin Restaurant and Dimsum chains) Rotary Club, University District, Manila Calapan Ventures, Inc. Rotary Club, University District, Manila Mirage Resources & Holdings Corp. Uptrend Concepts Management Corp.

Name	*Positions Held*	*Company/Organization*
NANETTE T. ONGCARRANCEJA 41, Filipino Fine Arts Advertising Studies, College of the Holy Spirit Advanced Courses, Columbia College, Vancouver Community College, Kwantlen University	**Present:**	
	o President (since April 2010)	Philippine H2O Ventures Corp.
	o President (since September 15, 2004)	Jolliville Holdings Corporation
	o Director (since April 19, 1999)	- do -
	o President, Director (since October 26, 2000)	Jolliville Group Management, Inc.
	o Vice President (since April 5, 2008)	Jollideal Marketing Corporation
	o Director (since November 6, 2000)	- do -
	o Director (since August 17, 1999)	Ormin Holdings Corporation
	o Vice President, Director (since October 9, 2002)	Monako Wear Corporation (owner of Velvet Rose Lingerie Stores)
	o Director, Treasurer (since November 15, 2002)	Dollarstore Philippines, Inc. (owner of MyDollarStore Chain of Merchandise Outlets)
	o Director, Secretary, Treasurer (since January 6, 2005)	Vitanutrition Incorporated
	Previous:	
	o Secretary and Director (January 2009 to April 2010)	Calapan Ventures, Inc.
	o Vice President (July 2001 to September 2004)	Jolliville Holdings Corporation
	o Secretary/Treasurer (April 1999 to July 2001)	- do -
	o Assistant Secretary (March-April 1999)	- do -
	o Treasurer (November 6, 2000 to April 4, 2008)	Jollideal Marketing Corporation
	o Treasurer (since August 2010)	Ormin Power, Inc.
	o Chairman (since January 2013)	Rural Bank of Roxas (Or.Min.), Inc.
ORTRUD T. YAO 37, Filipino Honors, Bachelor of Commerce, Major in Finance, University of British Columbia	**Present:**	
	o Director, Treasurer and Chief Finance Officer (since January 2009)	Philippine H2O Ventures Corp.
	o Secretary (since April 2010)	- do –
	o Secretary/Treasurer, Chief Finance Officer (since July 20, 2001)	Jolliville Holdings Corporation
	o Chief Compliance Officer (since June 17, 2002)	- do -
	o President, Director (since September 28, 2005)	Calapan Waterworks Corporation
	o President, Director (since August 15, 2005)	Ormin Holdings Corporation
	o Secretary, Director (since January 12, 2004)	Kenly Resources, Inc.
	o President, Director (since March 30, 1999)	Oltru Holdings Corp.
	o Vice President, Director (since March 26, 1999)	A-Net Resources Corp.
	o Treasurer, Director (since March 19, 2001)	Granville Ventures, Inc.
	o Secretary/Treasurer, Director (since October 9, 2002)	Monako Wear Corporation
	o President, Director (since November 15, 2002)	Dollarstore Philippines, Inc.

Name	*Positions Held*	*Company/Organization*
	○ President, Director (since January 6, 2005) ○ Vice-President for Finance & Secretary (since August 2010) ○ President (since October 2012)	Vitanutrition Incorporated Ormin Power, Inc. Rural Bank of Roxas (Or. Min.), Inc.
MELODY T. LANCASTER 43, Filipino Bachelor of Science in Management Engineering Ateneo de Manila University Computer Systems Technology British Columbia Institute of Technology Certified Project Management Professional Project Management Institute	**Present:** ○ Vice-President (since July 2, 2014) ○ Vice President (since June 25, 2014) ○ Secretary (since June 18, 2014) ○ Vice-President (since February 7, 2014) ○ Director (since March 29, 2010) ○ Director (since 2009) ○ Vice-President (since March 30, 2007) ○ Director (since March 26, 1999) ○ Management Consultant (since 2004) ○ Director (since March 2002) ○ President ○ Treasurer (since 1986	Philippine H2O Ventures Corp. Jolliville Hodlings Corporation Menakeo Construction, Inc. Melan Properties Corp. Kenly Resources Inc. Febra Resources Corp. Elgeete Holdings Inc. A-Net Resources Corp. RBS Citizens Bank of Rhode Island Oltru holdings Corp. Fortress Industries Ltd. (Canada) Jolliville Realty and Development Inc. (former name of Jolliville Holdings Corporation)
RODOLFO L. SEE 73, Filipino Bachelor of Science in Business Administration, Far Eastern University	**Present:** ○ Director (since January 2009) ○ Director (since August 18, 2004) ○ Chairman, President (since 1980) ○ Chairman, President (since 1974) ○ Owner (since 1982)	Philippine H2O Ventures Corp. Jolliville Holdings Corporation Gold Prize Food Manufacturing Corp. Gold Medal Food Manufacturing Corp. International Food Snack Corp. (exporter of locally produced dried fruit products)
DEXTER E. QUINTANA 63, Filipino Masters in Business Administration, Graduate School of Business, University of the Philippines	**Present:** ○ Independent Director (since July 20, 2001) ○ President (since 1984) ○ President (since 1987) ○ Managing Director (since 2008)	Jolliville Holdings Corporation First Property Ventures, Inc. (realty development and commercial property leasing firm) Quintas Management Insurance Brokers, Inc. (life and non-life underwriting firm) Strategic Partners Alliance Inc. (management consultancy & financial intermediation firm)

Name	*Positions Held*	*Company/Organization*
SERGIO ORTIZ-LUIS JR. 72, Filipino Bachelor of Science in Business Administration Master of Business Administration (Candidate) De La Salle University PhD Humanities hc Central Luzon State University PhD Business Technology hc Eulogio “Amang” Rodriguez Institute of Science and Technology	**Present:**	
	○ President (since 1991)	Philippine Exporters Confederation Inc.
	○ Honorary Chairman/Treasurer (since 2013)	Philippine Chamber of Commerce & Industry
	○ Honorary Chairman/Governor (since 1991)	Employers Confederation of the Philippines
	○ Member, Council of Advisers (since 2013)	Philippine Trade Foundation, Inc. (Team Phil.)
	○ Founding Director (since 2001)	International Chamber of Commerce of the Phil.
	○ Vice Chairman (since 2005)	Philippine Small & Medium Enterprises Devt.
	○ Vice Chairman (since 2008	Alliance Global, Inc.
	○ Director (since 2008)	Waterfront Philippines, Inc.
	○ Director (since 1997)	Manila Exposition Complex, Inc. (World Trade Ctr.)
	○ Director (since 2000)	Lasaltech Adademy
	○ Director (since 2012)	Philippine Estate Corporation
	○ Director (since 2012)	BA Securities
	○ Director (since 2012)	Rural Bank of Baguio
	○ Honorary Chairman (since 2008)	Integrated Concepts & Solutions, Inc.
	○ Board of Advisers (since 2009)	Southville International School and Colleges
	○ Founding Director (since 1995)	GSI (Formerly Philippine Article Numbering Council)
	○ Vice Chairman (since 2012)	Export Development Council (EDC)
	○ Commissioner/Auditor (since 1992)	Patrol 117 (Foundation for Crime Prevention)
	○ Independent Director (since June 25, 2014)	Jolliville Holdings Corporation
	Independent Director (since July 2, 2014)	Philippine H2O Ventures Corp.

The Company’s success and growth depends in no small measure to the continued service of its Founder, Chairman and Chief Executive Officer, Mr. Jolly Lim Ting. His vision and strategic plans have allowed the Company and the Group to grow to where it is now. While Mr. Ting continues to provide the strategic direction to the Group, he has put to work in the business his children as well as some professional managers to add depth to his management team. Mr. Ting is the closest there is to a significant employee in the Group. There are no other such persons.

Mr. Jolly L. Ting and Ms. Lourdes G. Ting are spouses. Ms. Ortrud T. Yao and Ms. Nanette T. Ongcarranceja are siblings and they are both children of Mr. and Mrs. Jolly L. Ting..

None of the members of the Board is involved in any legal proceeding, pending or otherwise, for the past 5 years and up to the date of this report.

Item 11. Executive Compensation

SUMMARY COMPENSATION TABLE

Annual Compensation

	(a)	(b)	(c)	(d)	(e)
	Name and Principal Position	Year	Salary	Bonus	Others
A	Jolly L. Ting, Chairman & Chief Executive Officer				
B	Nanette T. Ongcarranceja, President/Chief Operating Officer				
C	Ortrud T. Yao, Treasurer/Asst. Corp. Sec./Chief Finance Officer				
D	Lourdes G. Ting, Vice President				
	TOTAL	2015*	7,377,413	571,892	48,504
		2014	7,300,755	565,950	48,000
		2013	6,953,100	490,000	-
		2012	6,000,000	490,000	-
E	All other officers and directors as	2015*	6,637,886	527,383	12,126
	a group unnamed	2014	6,568,912	521,903	12,000
		2013	6,256,107	497,050	-
		2012	5,958,197	462,727	-

**estimated amounts*

There are no existing arrangements/agreements in which said directors and officers are to be compensated during the last and ensuing year. Neither are there any employment contracts and termination of employment and change-in-control arrangements.

Item 12. Security Ownership of Certain Record and Beneficial Owners

The following table presents the record/beneficial owners who in person or as group own more than five percent (5%) of the issued and outstanding capital stock of the Company.

Title of Class	*Name and Address of Record and relationship with Issuer*	*Beneficial Owner and relationship with record owner*	*Citizenship*	*Number of Shares*	*Percent of Record Owner*
Common	Elgeete Holdings, Inc. (4//F 20 Lansbergh Place, 170 Tomas Morato Ave., cor. Sct. Castor St., Quezon City)	Ting Family	Filipino	125,783,791	44.68
Common	IGC Securities Inc. (Suite 1006, Tower I & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City)		Filipino	56,360,239	20.02
Common	Myron Ventures, Corp.		Filipino	18,000,000	6.39
Common	Lucky Securities, Inc. (1402-B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City)		Filipino	14,170,000	5.03

Elgeete Holdings, Inc is a private holding company, substantially owned and controlled by members of the Ting Family. Mr. Jolly L. Ting, the single largest stockholder in these companies, exercises the voting power over these shares.

IGC Securities Inc. and Lucky Securities, Inc. are participants in the Philippine Central Depository, Inc., a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. None of their clients own more than five percent of the Company's total outstanding common shares of stock.

Myron Ventures Corp. is a domestic corporation duly registered with the Securities and Exchange Commission and authorized Mr. Teresita A. Napa to vote for its shares during the Annual Stockholders' Meeting.

Item 13. Security Ownership of Management

The shares owned of record or beneficially by the directors and each of the named executive officers previously named are as follows:

Title of Class	*Name of Beneficial Owner*	*Amount and Nature of Beneficial Ownership*	*Citizenship*	*Percent of Class*
Common	Jolly L. Ting	959,999 (direct)	Filipino	0.34
Common	Jolly L. Ting	65,386,111 (indirect)	Filipino	23.23
Common	Rodolfo L. See	5,994,000 (direct)	Filipino	2.13
Common	Lourdes G. Ting	480,000 (direct)	Filipino	0.17
Common	Lourdes G. Ting	21,726,172 (indirect)	Filipino	7.72
Common	Nanette T. Ongcarranceja	500,001 (direct)	Filipino	0.18
Common	Nanette T. Ongcarranceja	11,165,720 (indirect)	Filipino	3.97
Common	Ortrud T. Yao	1,000,001 (direct)	Filipino	0.36
Common	Ortrud T. Yao	11,165,720 (indirect)	Filipino	3.97
Common	Dexter E. Quintana	854,001 (direct)	Filipino	0.30
Common	Sergio R. Ortiz-Luis Jr.	1,000 (direct)	Filipino	-

Directors and officers as a group hold a total of 119,232,725 shares equivalent to 42.36% of Jolliville Holdings Corporation's issued and outstanding capital stock.

Item 14. Certain Relationships and Related Transactions

The Company, in the regular course of trade or business, enters into transactions with affiliates/related companies principally consisting of management fees, leasing agreements and cash advances. Generally, management and leasing arrangements are renewed on an annual basis and are based on terms similar to those offered to non-related parties.

There are no other transactions undertaken or to be undertaken by the Company in which any Director or Executive Officer, nominee for election as Director, or any member of their immediate family was or will be involved or had or will have a direct or indirect material interest.

Please refer to Note 17 of the attached 2014 consolidated financial statements.

****

PART IV – CORPORATE GOVERNANCE

Item 15. Please refer to the attached Annual Corporate Governance Report.

PART V - EXHIBITS AND SCHEDULES

Item 16. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

The only exhibit applicable is the "Subsidiaries of the Registrant". The required information has already been discussed in Part I, Item I of this Report.

(b) Reports on SEC Form 17-C

Date	***Excerpts***
January 30, 2014	Updates in the ACGR in compliance with SEC Memorandum Circular 1, Series of 2014
May 14, 2014	Notice of the Company's annual stockholders' meeting
May 21, 2014	Appointment of Ms. Anna Francesca C. Respicio as Corporate Secretary and Corporate Information Officer of the Corporation vice Ms. Paula Danica B. Landayan
June 26, 2014	Results of Annual Stockholders' Meeting held on 25 June 2014 and election of Directors to serve under the Audit and Risk, Nomination, Executive, and Compensation and Remuneration Committees
July 24, 2014	Certification of Independent Directors
October 7, 2014	Disclosure of the Philippine Intellectual Property Office's ("IPO") Decision in connection to a case filed by Jollibee Foods Corporation vs Jolliville Holdings against the Mark "JOLLIVILLE HOLDINGS CORPORATION & LOGO"
November 20, 2014	Certificate of completion to Corporate Governance Seminar in Compliance with SEC Memorandum Circular No. 20, Series of 2013 – Sergio R. Ortiz-Luis Jr.
November 28, 2014	Certificate of completion to Corporate Governance Seminar in Compliance with SEC Memorandum Circular No. 20, Series of 2013 – Anna Francesca C. Respicio
December 11, 2014	Certificate of completion to Corporate Governance Seminar in Compliance with SEC Memorandum Circular No. 20, Series of 2013 – Jolly L. Ting, Nanette T. Ongcarranceja, Melody T. Lancaster, Ortrud T. Yao, and Rodolfo L. See
December 12, 2014	Company's purchase of additional shares of Philippine H2O Ventures Corp.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Quezon City on 14 APR 2015, 2015.

By:

Jolly L. Ting Chairman	Ortrud T. Yao Chief Finance Officer
Nanette T. Ongcarranceja President	Princess O. Montecir Principal Accounting Officer

SUBSCRIBED AND SWORN to before me this 14 day of APR 2015 20__ affiant(s) exhibiting to me their Residence Certificates, as follows:

NAMES	RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
Jolly L. Ting	25294727	February 17, 2015	Quezon City
Nanette T. Ongcarranceja	25294715	February 17, 2015	Quezon City
Ortrud T. Yao	25294734	February 17, 2015	Quezon City
Princess O. Montecir	25294710	February 17, 2015	Quezon City

DOC. NO. 22
PAGE NO. 6
BOOK NO. XIII
SERIES OF 2015

JOSHUA P. LAPUZ
Notary Public for Makati
Appointment No. M-41
Until December 31, 2015
Roll No. 45790
IBP Lifetime Roll No. 04897
PTR No. 4748511 / 1-5-15 / Makati City
G/F Fedman Suites, 199 Salcedo St.
Legaspi Village Makati City

Annual Corporate Governance Report for the year 2014

SEC Form - ACGR

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.

B. At least one complete copy of the report filed with the Commission shall be **manually** signed.

C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

2014
1. Report is filed for the Year ....

Jolliville Holdings Corporation
2. Exact Name of Registrant as Specified in its Charter ....

4/F 20 Lansbergh Place, 170 Tomas Morato Avenue, Quezon City **1103**
3. ....
Address of Principal Office Postal Code

134800
4. SEC Identification Number .... 5. (SEC Use Only)
Industry Classification Code

000-590-608-000
6. BIR Tax Identification Number...

(632) 373-3038
7. ....
Issuer's Telephone number, including area code

N/A
8. ....
Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	7

Actual number of Directors for the year	7

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)[1]	Elected when (Annual /Special Meeting)	No. of years served as director
JOLLY L. TING	ED	N/A	Dexter E. Quintana	09-06-1986	06-25-2014	ASM 06-25-2014	28
NANETTE T. ONGCARRANCEJA	ED	N/A	Rodolfo L. See	03-02-2000	06-25-2014	ASM 06-25-2014	14
ORTRUD T. YAO	ED	N/A	Ortrud T. Yao	07-20-2001	06-25-2014	ASM 06-25-2014	13
MELODY T. LANCASTER	ED	N/A	Nanette T. Ongcarranceja	06-25-2014	06-25-2014	ASM 06-25-2014	1
DEXTER E. QUINTANA	ID	N/A	Lourdes G. Ting	07-20-2001	06-25-2014 (1 year)	ASM 06-25-2014	11
SERGIO R.ORTIZ-LUIS JR.	ID	N/A	Nanette T. Ongcarranceja	06-25-2014	06-25-2014 (1 year)	ASM 06-25-2014	1
RODOLFO L. SEE	NED	N/A	Jolly L. Ting (close friend)	06-29-2006	06-25-2014	ASM 06-25-2014	6

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Company believes that good corporate governance is a necessary component of what constitutes sound strategic business management. The Company commits to undertake every effort to create awareness within the organization of good corporate governance principles as embodied in its Manual for Corporate Governance.

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions, and responsibilities.

(c) How often does the Board review and approve the vision and mission?

The Board periodically reviews the vision and mission of the organization. The review, while not formally done, is incorporated during the Company's annual strategic planning for the coming year's plans and programs.

[1] Reckoned from the election during the annual stockholders' meeting.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[2]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
JOLLY L. TING	Calapan Ventures Inc.	ED (Chairman)
	Calapan Waterworks Corporation	ED (Chairman)
	Jolliville Group Management Inc.	ED (Chairman)
	Servwell BPO International Inc.	ED (Chairman)
	Ormina Realty & Development Corp	ED (Chairman)
	Ormin Power Inc.	ED (Chairman)
	Jolliville Leisure & Resort Corp.	ED (Chairman)
	Granville Ventures Inc.	ED (Chairman)
	Jollideal Marketing Corporation	ED (Chairman)
	Ormin Holdings Corporation	ED (Chairman)
	Elgeete Holdings Inc.	ED (Chairman)
	Kenly Resources Inc.	ED (Chairman)
	Febra Resources Corp.	ED (Chairman)
	A-net Resources Corp.	ED (Chairman)
	Oltru Holdings Corp.	ED (Chairman)
	KGT Ventures Inc.	ED (Chairman)
	NGTO Resources Corp.	ED (Chairman)
	Melan Properties Corp.	ED (Chairman)
	OTY Development Corp.	ED (Chairman)
	Ibayo Island Resort Corp.	ED (Chairman)
	MNKO Enterprises Inc.	ED (Chairman)
NANETTE T. ONGCARRANCEJA	Calapan Ventures Inc.	ED
	Calapan Waterworks Corporation	NED
	Servwell BPO International Inc.	ED
	Jolliville Group Management Inc.	ED
	Ormina Realty & Dev't Corp.	ED
	Ormin Power Inc.	ED
	Jollideal Marketing Corporation	ED
	Ormin Holdings Corporation	NED
	Jolliville Leisure & Resort Corp.	ED
	Granville Ventures Inc.	ED
	Monako Wear Corporation	ED
	MNKO Inwear Corporation	ED
	Dollarstore Philippines Inc.	ED
	Global Dollarstore Incorporated	ED
	Alabang Dollarstore Corporation	ED
	Rizal Dollarstore Inc.	ED
	Elgeete Holdings Inc.	ED
	Kenly Resources Inc.	ED
	A-net Resources Corp.	ED
	Oltru Holdings Corp.	ED
	Febra Resources Corp.	ED
	KGT Ventures Inc.	ED
	OTY Development Corp.	ED
	Melan Properties Corp.	ED
	MNKO Enterprises Inc.	ED
	NGTO Resources Corp.	ED

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	Kristal Water Source Corp.	ED
	Vitanutrition Incorporated	ED
MELODY T. LANCASTER	Calapan Ventures Inc.	ED
	Jolliville Holdings Corporation	ED
	Melan Properties Corp.	ED
	Kenly Resources Inc.	ED
	Febra Resources Corp.	ED
	Elgeete Holdings Inc.	ED
	A-net Resources Corp.	NED
	Oltru Holdings Corp.	NED
RODOLFO L. SEE	Calapan Ventures Inc.	NED
DEXTER E. QUINTANA	Calapan Ventures Inc.	ID
SERGIO R. ORTIZ-LUIS JR.	Calapan Ventures Inc.	ID

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
None.		

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Jolly L. Ting	Elgeete Holdings Inc.	More than 5% owner
Nanette T. Ongcarranceja		
Lourdes G. Ting		
Ortrud T. Yao		

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	Please see explanation below.	
Non-Executive Director		
CEO		

The Company has not set any limits on the number of board seats that an individual director or CEO may hold simultaneously. The top executive of the Company—the Chairman, holds his position on a full time and exclusive basis.

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
JOLLY L. TING	959,999	None	0.3410%
NANETTE T. ONGCARRANCEJA	500,001	None	0.1776%
RODOLFO L. SEE	5,994,000	None	2.1293%
ORTRUD T. YAO	1,000,001	None	0.3552%
MELODY T. LANCASTER	1	None	0.0%
DEXTER E. QUINTANA	854,001	None	0.3034%
SERGIO R. ORTIZ-LUIS JR.	1,000	None	0.0000%

**Numbers indicated above are as of 31 December 2014.*

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes [ ] No [X]

Identify the Chair and CEO:

Chairman of the Board	JOLLY L. TING
CEO/President	JOLLY L. TING/NANETTE T. ONGCARRANCEJA

Board meetings are regularly scheduled and votes from various committees are in place at times when there are corporate decisions to be made. This is to ensure that all board members are given a clear picture of the situations and concerns of the corporation and for them to be able to address directly their consent/disapprovals. The matters for Board decision are extensively discussed and the President abstains from the deliberations on any matter in which he may have a conflict of interest.

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	• The Chairman shall preside at all meetings of the directors and shareholders and accordingly authenticate all minutes thereof in conjunction with the Secretary. He shall also exercise such powers and perform such duties as the Board of Directors assign to him. • The Chairman, together with the rest of the Board of Directors, provides strategic direction to the Company. • The Chairman ensures that the board functions in an effective and collegial manner.	• Supervise and control all the business and affairs of the Company. • In the absence of the Chairman of the Board, preside at all meetings of the Board of Directors and stockholders. • Initiate and develop corporate objectives and policies and formulate long-range projects, plans and programs for the approval of the Board of Directors. • Supervise and manage the affairs of the Company upon

		the direction of the Board of Directors. • Implement the administrative and operational policies of the Company. • Perform all duties incident to the office(s) of the President, those provided in the existing laws and regulations and the By-Laws, and such other duties as may be prescribed by the Board of Directors from time to time. • Appoint, remove, suspend, or discipline employees, prescribe their duties, and determine their salaries. • Represent the Company in all functions and proceedings.
Accountabilities	• Attest to the accuracy of the minutes of stockholders' meetings prepared by the Corporate Secretary. • Together with other officers designated by the Board, sign all checks, drafts, or other orders with respect to any funds of the Company maintained in any bank, any deed, mortgage, bond, contract, or other instrument which the Board of Directors has authorized to be executed.	• Oversee the preparation of budgets and statements of account of the Company. • Together with other officers designated by the Board, sign all checks, drafts, or other orders with respect to any funds of the Company maintained in any bank, certificates of stock of the Company, any deed, mortgage, bond, contract, or other instrument which the Board of Directors has authorized to be executed.
Deliverables	• Minutes of Stockholders' meetings • Various regulatory submissions that may require the signature of the Chairman of the Board of Directors.	• Budgets and statements of account of the Company • Reports to the Board and stockholders • Signed certificates of stock

Although the Chairman and Chief Executive Officer of the Company is one and the same person, the Board makes sure to consider independent views and perspectives in its decision-making.

3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

The Company's senior officers work closely with the CEO/President and under the guidance of the Board of Directors to ensure that they are given ample training and experience in running the Company. This approach exposes the senior officers to the day-to-day demands of Company operations.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

The Nomination Committee evaluates the nominees for election as directors to ensure that there is diversity of experience and backgrounds. This is part of the duty of the Nomination Committee when they pre-screen and shortlist the nominees for election as directors.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes, as part of the Nomination Committee's duties is to evaluate the nominees for election as directors. Thus, when they pre-screen the candidates, they assess the nominees' background to ensure that at least one of the directors is familiar with the information technology business and the trends and prospects in the industry. The Nomination Committee also ensures that there is diversity of experience and backgrounds in the Board.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	• Determine and establish the Corporation's purpose, mission and vision, objectives, policies and procedures, and the strategies and means to carry out its objectives and attain its goals. • Establish minimum internal control mechanisms for monitoring and overseeing management performance. • Install a process of selection to ensure a mix of competent directors and officers and specify minimum qualifications and disqualifications for these positions. • Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices. • Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program.	• Determine and establish the Corporation's purpose, mission and vision, objectives, policies and procedures, and the strategies and means to carry out its objectives and attain its goals. • Establish minimum internal control mechanisms for monitoring and overseeing management performance. • Install a process of selection to ensure a mix of competent directors and officers and specify minimum qualifications and disqualifications for these positions. • Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices. • Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program.	• Determine and establish the Corporation's purpose, mission and vision, objectives, policies and procedures, and the strategies and means to carry out its objectives and attain its goals. • Establish minimum internal control mechanisms for monitoring and overseeing management performance. • Install a process of selection to ensure a mix of competent directors and officers and specify minimum qualifications and disqualifications for these positions. • Ensure that the Corporation complies with all relevant laws, regulations and codes of best business practices. • Identify the Corporation's major and other stakeholders and formulate a clear policy on communicating or relating with them through an effective investor relations program.

	• Adopt a system of internal checks and balances, which shall include checks and balances in case of unified positions. • Identify key risk areas and key performance indicators and monitor these factors with due diligence. • Keep the Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation. • Constitute the Executive, Compensation and Remuneration, Audit and Nomination Committees and appoint the members thereof in keeping with the principles of good corporate governance and in accordance with the provisions of this Manual. • Provide the stockholder with a balanced and understandable assessment of the corporation's performance, position and prospects. • Explain its responsibility for preparing the accounts, for which there should be a statement by the auditors about its reporting responsibilities. • Require the chief	• Adopt a system of internal checks and balances, which shall include checks and balances in case of unified positions. • Identify key risk areas and key performance indicators and monitor these factors with due diligence. • Keep the Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation. • Constitute the Executive, Compensation and Remuneration, Audit and Nomination Committees and appoint the members thereof in keeping with the principles of good corporate governance and in accordance with the provisions of this Manual. • Provide the stockholder with a balanced and understandable assessment of the corporation's performance, position and prospects. • Explain its responsibility for preparing the accounts, for which there should be a statement by the auditors about its reporting responsibilities. • Require the chief	• Adopt a system of internal checks and balances, which shall include checks and balances in case of unified positions. • Identify key risk areas and key performance indicators and monitor these factors with due diligence. • Keep the Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation. • Constitute the Executive, Compensation and Remuneration, Audit and Nomination Committees and appoint the members thereof in keeping with the principles of good corporate governance and in accordance with the provisions of this Manual. • Provide the stockholder with a balanced and understandable assessment of the corporation's performance, position and prospects. • Explain its responsibility for preparing the accounts, for which there should be a statement by the auditors about its reporting responsibilities. • Require the chief

	audit executive to render to the Audit Committee and senior management an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee. • Appoint competent, professional, honest, and highly motivated management officers. • Adopt an effective succession-planning program for management. • Provide sound strategic policies and guidelines to management on major capital expenditures. • Establish and maintain alternative dispute resolution system that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties. • Appoint a Compliance Officer, who shall have the rank of at least vice president or its equivalent. In the absence of such appointment, the Corporate Secretary shall act as Compliance Officer. • Run the day-to-day operations of the department or unit that he/she heads.	audit executive to render to the Audit Committee and senior management an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee. • Appoint competent, professional, honest, and highly motivated management officers. • Adopt an effective succession-planning program for management. • Provide sound strategic policies and guidelines to management on major capital expenditures. • Establish and maintain alternative dispute resolution system that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties. • Appoint a Compliance Officer, who shall have the rank of at least vice president or its equivalent. In the absence of such appointment, the Corporate Secretary shall act as Compliance Officer.	audit executive to render to the Audit Committee and senior management an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee. • Appoint competent, professional, honest, and highly motivated management officers. • Adopt an effective succession-planning program for management. • Provide sound strategic policies and guidelines to management on major capital expenditures. • Establish and maintain alternative dispute resolution system that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties. • Appoint a Compliance Officer, who shall have the rank of at least vice president or its equivalent. In the absence of such appointment, the Corporate Secretary shall act as Compliance Officer.
Accountabilities	• Conduct fair	• Conduct fair	• Conduct fair

	business transactions with the Corporation and ensure that personal interests do not prejudice Board decisions; act in a manner characterized by transparency, accountability and fairness. • Devote time and attention necessary to properly discharge his duties and responsibilities. • Act judiciously and exercise independent judgment. • Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies. • Observe confidentiality. • Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment. • Attend regular and special meetings of the Board in person or by teleconferencing, subject to existing regulations.	business transactions with the Corporation and ensure that personal interests do not prejudice Board decisions; act in a manner characterized by transparency, accountability and fairness. • Devote time and attention necessary to properly discharge his duties and responsibilities. • Act judiciously and exercise independent judgment. • Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies. • Observe confidentiality. • Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment. • Attend regular and special meetings of the Board in person or by teleconferencing, subject to existing regulations.	business transactions with the Corporation and ensure that personal interests do not prejudice Board decisions; act in a manner characterized by transparency, accountability and fairness. • Devote time and attention necessary to properly discharge his duties and responsibilities. • Act judiciously and exercise independent judgment. • Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies. • Observe confidentiality. • Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment. • Attend regular and special meetings of the Board in person or by teleconferencing, subject to existing regulations.
Deliverables	• Attend Board meetings	• Attend Board meetings	• Attend Board meetings

	• Establishment of internal control mechanisms • Policy on communicating with stakeholders • System of internal checks and balances. • Constitute Executive, Compensation and Remuneration, Audit, and Nomination Committees • Succession planning program for Management • Policies and guidelines on major capital expenditures • Alternative dispute resolution system	• Establishment of internal control mechanisms • Policy on communicating with stakeholders • System of internal checks and balances. • Constitute Executive, Compensation and Remuneration, Audit, and Nomination Committees • Succession planning program for Management • Policies and guidelines on major capital expenditures • Alternative dispute resolution system	• Establishment of internal control mechanisms • Policy on communicating with stakeholders • System of internal checks and balances. • Constitute Executive, Compensation and Remuneration, Audit, and Nomination Committees • Succession planning program for Management • Policies and guidelines on major capital expenditures • Alternative dispute resolution system

Provide the company's definition of "independence" and describe the company's compliance to the definition.

The Company defines "independence" as freedom from any business, family, professional, or other relationship that could, or could reasonably be perceived to, materially interfere with an officer's independent judgment in carrying out responsibilities. The Company complies with this view of independence by ensuring that the independent directors elected not only meet the professional criteria of competence but also are able to freely profess their views on the policies and operations of the Company untainted or unhampered by any relationship or other considerations other than what is best for the Company, its stockholders, and the community where the Company operates.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company has adopted the guidelines set by the SEC in the term limits of independent directors. Consistent with SEC Memorandum Circular No. 9, Series of 2011, the Company has a term limit of five (5) consecutive years for independent directors. Tenure of at least six months is considered one year. Following a two (2) year 'cooling-off' period, a person who previously served as independent director may seek re-election for another period of five (5) consecutive years. The Company adheres to the maximum limit of ten (10) years set by the SEC. Thus, an independent director who has served for a total of 10 years shall no longer be nominated for election as independent director.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:
For the period covered by this report, there were no changes in the membership of the Board of Directors.

Name	Position	Date of Cessation	Reason
None			

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	Nominations for election as directors shall be submitted to the Nomination Committee not later than 30 January of each year. Thereafter, the Nomination Committee meets to consider all nominees in accordance with the qualifications and disqualifications set by the Manual of Corporate Governance and by the Board.	• Holder of at least one (1) share of stock of the Corporation. • At least a college graduate, or in lieu of a formal education, he must have gained sufficient experience in managing the business. • At least 21 years old. • Proven integrity, probity and assiduousness. • Possesses other qualifications as shall be prescribed by the Board.
(ii) Non-Executive Directors	Nominations for election as directors shall be submitted to the Nomination Committee not later than 30 January of each year. Thereafter, the Nomination Committee meets to consider all nominees in accordance with the qualifications and disqualifications set by the Manual of Corporate Governance and by the Board.	• Holder of at least one (1) share of stock of the Corporation. • At least a college graduate, or in lieu of a formal education, he must have gained sufficient experience in managing the business. • At least 21 years old. • Proven integrity, probity and assiduousness. • Possesses other qualifications as shall be prescribed by the Board.
(iii) Independent Directors	Nominations for election as directors shall be submitted to the Nomination Committee not later than 30 January of each year. Thereafter, the Nomination Committee meets to consider all nominees in accordance with the qualifications and disqualifications set by the Manual of Corporate Governance and by the Board.	• Holder of at least one (1) share of stock of the Corporation. • At least a college graduate, or in lieu of a formal education, he must have gained sufficient experience in managing the business. • At least 21 years old. • Proven integrity, probity and assiduousness. • Possesses other qualifications as shall be prescribed by the Board.
b. Re-appointment		
(i) Executive Directors	Nominations for election as directors shall be submitted to	• Holder of at least one (1) share of stock of the

	the Nomination Committee not later than 30 January of each year. Thereafter, the Nomination Committee meets to consider all nominees in accordance with the qualifications and disqualifications set by the Manual of Corporate Governance and by the Board.	Corporation. • At least a college graduate, or in lieu of a formal education, he must have gained sufficient experience in managing the business. • At least 21 years old. • Proven integrity, probity and assiduousness. • Possesses other qualifications as shall be prescribed by the Board.
(ii) Non-Executive Directors	Nominations for election as directors shall be submitted to the Nomination Committee not later than 30 January of each year. Thereafter, the Nomination Committee meets to consider all nominees in accordance with the qualifications and disqualifications set by the Manual of Corporate Governance and by the Board.	• Holder of at least one (1) share of stock of the Corporation. • At least a college graduate, or in lieu of a formal education, he must have gained sufficient experience in managing the business. • At least 21 years old. • Proven integrity, probity and assiduousness. • Possesses other qualifications as shall be prescribed by the Board.
(iii) Independent Directors	Nominations for election as directors shall be submitted to the Nomination Committee not later than 30 January of each year. Thereafter, the Nomination Committee meets to consider all nominees in accordance with the qualifications and disqualifications set by the Manual of Corporate Governance and by the Board.	• Holder of at least one (1) share of stock of the Corporation. • At least a college graduate, or in lieu of a formal education, he must have gained sufficient experience in managing the business. • At least 21 years old. • Proven integrity, probity and assiduousness. • Possesses other qualifications as shall be prescribed by the Board.
c. Permanent Disqualification		
(i) Executive Directors	The Nomination Committee pre-screens and shortlists all candidates nominated to become a member of the Board. In case the ground for disqualification arises during the incumbency of a director, he shall automatically cease to become a member and shall immediately vacate the office.	The By-Laws of the Company provide that the following persons shall be disqualified from being elected as members of the Board of Directors: a. any person finally convicted judicially of an offense involving corruption, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury, or

		other fraudulent acts; b. any person finally found by the Securities and Exchange Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the SRC, the Corporation Code, or any other law administered by the Securities and Exchange Commission or the Bangko Sentral ng Pilipinas; c. any person judicially declared to be insolvent; d. any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and e. conviction by final judgment of an offense punishable by imprisonment for a period exceeding 6 years, or a violation of the Corporation Code, committed within 5 years prior to the date of his election or appointment.
(ii) Non-Executive Directors	The Nomination Committee pre-screens and shortlists all candidates nominated to become a member of the Board. In case the ground for disqualification arises during the incumbency of a director, he shall automatically cease to become a member and shall immediately vacate the office.	The By-Laws of the Company provide that the following persons shall be disqualified from being elected as members of the Board of Directors: a. any person finally convicted judicially of an offense involving corruption, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury, or other fraudulent acts; b. any person finally found by the Securities and Exchange Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the SRC, the

		Corporation Code, or any other law administered by the Securities and Exchange Commission or the Bangko Sentral ng Pilipinas; c. any person judicially declared to be insolvent; d. any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and e. conviction by final judgment of an offense punishable by imprisonment for a period exceeding 6 years, or a violation of the Corporation Code, committed within 5 years prior to the date of his election or appointment.
(iii) Independent Directors	The Nomination Committee pre-screens and shortlists all candidates nominated to become a member of the Board. In case the ground for disqualification arises during the incumbency of a director, he shall automatically cease to become a member and shall immediately vacate the office.	Independent directors shall be disqualified if they commit any of the acts that disqualify a regular director or if he fails to meet the requirements or qualifications for an independent director as stated above.
d. Temporary Disqualification		
(i) Executive Directors	If the ground for disqualification is refusal to comply with the disclosure requirements, the disqualification shall be in effect as long as the refusal persists. In case the ground is habitual absence, the disqualification shall apply for purposes of the succeeding election. If the ground is dismissal or termination for cause as director of any corporation covered by the SRC, the disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination. If the beneficial equity ownership of an independent	The Board may provide for the temporary disqualification of a director for any of the following reasons: a. Refusal to comply with the disclosure requirements of the SRC and its Implementing Rules and Regulations. b. Absence in more than 50% of all regular and special meetings of the Board during his incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. c. Dismissal or termination for cause as director of any corporation covered by the SRC.

	director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock, the disqualification shall be lifted if the limit is later complied with. A temporarily disqualified director shall, within 60 business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	d. If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. e. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
(ii) Non-Executive Directors	If the ground for disqualification is refusal to comply with the disclosure requirements, the disqualification shall be in effect as long as the refusal persists. In case the ground is habitual absence, the disqualification shall apply for purposes of the succeeding election. If the ground is dismissal or termination for cause as director of any corporation covered by the SRC, the disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination. If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock, the disqualification shall be lifted if the limit is later complied with. A temporarily disqualified director shall, within 60 business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	The Board may provide for the temporary disqualification of a director for any of the following reasons: a. Refusal to comply with the disclosure requirements of the SRC and its Implementing Rules and Regulations. b. Absence in more than 50% of all regular and special meetings of the Board during his incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. c. Dismissal or termination for cause as director of any corporation covered by the SRC. d. If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. e. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
(iii) Independent Directors	If the ground for disqualification is refusal to comply with the disclosure requirements, the	The Board may provide for the temporary disqualification of a director for any of the following

	disqualification shall be in effect as long as the refusal persists. In case the ground is habitual absence, the disqualification shall apply for purposes of the succeeding election. If the ground is dismissal or termination for cause as director of any corporation covered by the SRC, the disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination. If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock, the disqualification shall be lifted if the limit is later complied with. A temporarily disqualified director shall, within 60 business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	reasons: a. Refusal to comply with the disclosure requirements of the SRC and its Implementing Rules and Regulations. b. Absence in more than 50% of all regular and special meetings of the Board during his incumbency, or any 12-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. c. Dismissal or termination for cause as director of any corporation covered by the SRC. d. If the beneficial equity ownership of an independent director in the Company or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. e. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
e. Removal		
(i) Executive Directors	The Board, by resolution at a meeting called for the purpose, shall remove a director as soon as the grounds for permanent disqualification are discovered. Moreover, if a director violates any of the provisions of the Revised Manual on Corporate Governance (MCG), he shall likewise be ousted from office.	
(ii) Non-Executive Directors	The Board, by resolution at a meeting called for the purpose, shall remove a director as soon as the grounds for permanent disqualification are discovered. Moreover, if a director violates any of the provisions of the Revised Manual on Corporate Governance (MCG), he shall likewise be ousted from office.	

(iii) Independent Directors	The Board, by resolution at a meeting called for the purpose, shall remove a director as soon as the grounds for permanent disqualification are discovered. Moreover, if a director violates any of the provisions of the Revised Manual on Corporate Governance (MCG), he shall likewise be ousted from office.	
f. Re-instatement		
(i) Executive Directors	If the ground is refusal to comply with the disclosure requirements, the director shall be reinstated after he complies with the said requirements. If the ground is dismissal or termination for cause as director of any corporation covered by the SRC, the director shall be reinstated after he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.	
(ii) Non-Executive Directors	If the ground is refusal to comply with the disclosure requirements, the director shall be reinstated after he complies with the said requirements. If the ground is dismissal or termination for cause as director of any corporation covered by the SRC, the director shall be reinstated after he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.	
(iii) Independent Directors	If the ground is refusal to comply with the disclosure requirements, the director shall be reinstated after he complies with the said requirements. If the ground is dismissal or termination for cause as director of any corporation covered by the SRC, the director shall be reinstated after he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination. If the ground is exceeding the	

	2% beneficial ownership limit, he shall be reinstated as soon as the limit is complied with.	
g. Suspension		
(i) Executive Directors	To strictly observe and implement the provisions of the Company's MCG, suspension is imposed on directors in case of second violation of any of the provisions of the MCG.	The guidelines mandated in the Company's Manual of Corporate Governance and other standards as may be set by the Board of Directors.
(ii) Non-Executive Directors	To strictly observe and implement the provisions of the Company's MCG, suspension is imposed on directors in case of second violation of any of the provisions of the MCG.	The guidelines mandated in the Company's Manual of Corporate Governance and other standards as may be set by the Board of Directors.
(iii) Independent Directors	To strictly observe and implement the provisions of the Company's MCG, suspension is imposed on directors in case of second violation of any of the provisions of the MCG.	The guidelines mandated in the Company's Manual of Corporate Governance and other standards as may be set by the Board of Directors.

Voting Result of the last Annual General Meeting

The following directors were re-elected to the Board during the Company's 2014 annual stockholders' meeting:

Director's Name	Position
JOLLY L. TING	Chairman and Chief Executive Officer
NANETTE T. ONGCARRANCEJA	President and Chief Operating Officer
MELODY T. LANCASTER	Vice President
ANNA FRANCESCA C. RESPICIO	Corporate Secretary
ORTRUD T. YAO	Treasurer/CFO/Asst. Secretary/Compliance Officer
RODOLFO L. SEE	Director
DEXTER E. QUINTANA	Independent Director
SERGIO R. ORTIZ-LUIS JR.	Independent Director

Voting for directors was conducted via *viva voce*. Considering that there were as many nominees as there were seats to be filled, and upon the confirmation of the inspectors appointed by the Board that there was no indication of dissent among the stockholders, the Chairman requested the Corporate Secretary to cast all votes for the nominees.

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

The Company has no specific training program for new directors. New directors are given an orientation on the business of the Company. They are also given access to the Company's directors and officers to address any questions or clarifications that new directors may raise.

New directors are asked to undergo workshops or seminars on corporate governance in order to ensure that they meet the regulatory requirements of the SEC and PSE.

(b) State any in-house training and external courses attended by Directors and Senior Management[3] for the past three (3) years:

Program	Name of Training Institute
Corporate Planning Leadership Training Team Building	International Benchmark Consulting Network, Inc.

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

The directors are free to choose training programs and seminars that could further improve and enhance their knowledge in their respective fields. Selected trainings and seminars are submitted to the board for approval.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
None			

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Everyone is duty bound, under the penalty of perjury, to disclose fully their existing business interests, shareholdings, personal activities or relationships that may directly or indirectly conflict with the performance of their intended duties and responsibilities. The Board determines whether each person's business interests, shareholdings, personal activities or relationships result in conflict with the duties and responsibilities in the Company. All employees shall conduct fair business transactions with the Company and ensure that his personal interests do not conflict with the interests of the Company.		
(b) Conduct of Business and Fair Dealings	The Company shall not enter into arrangements with its competitors to arbitrarily set prices of products and other terms of the market/industry. Customers and suppliers should be dealt with fairly.		
(c) Receipt of gifts from third parties	Acceptance of gifts and other favors from customers, suppliers, or any other third party which might compromise one's ability to make objective decisions or which might affect the performance of one's duty is strictly prohibited.		
(d) Compliance with Laws & Regulations	Compliance with applicable laws, rules and regulations must never be compromised. Moreover, the Company has an anti-bribery policy. Everyone is prohibited from giving anything of value to a government official in exchange for a favorable treatment.		
(e) Respect for Trade Secrets/Use of Non-public Information	Information acquired by virtue of office shall be treated with utmost confidentiality. The Company's non-public information should be safeguarded and shall not be disclosed to third parties. Trading in Company's stocks based on material non-public information will be dealt with criminally.		
(f) Use of Company Funds, Assets and	Company assets and funds cannot be used for personal benefit or for the benefit of anyone other than the Company. Everyone is discouraged from engaging in		

[3] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Information	personal activities during working hours.
(g) Employment & Labor Laws & Policies	Labor Laws are strictly complied with. Moreover, the safety and welfare of all people working in the Company should be prioritized at all times.
(h) Disciplinary action	The Compliance Officer is responsible for determining violation of the Manual of Corporate Governance through notice and hearing. He recommends to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board. The Board shall impose a penalty that is in accordance with the Company's HR policy and commensurate to the transgression of the person involved on other violations.
(i) Whistle Blower	Whenever a report is made to the Compliance Officer, the Human Resource Department Head, or to any member of the Audit Committee, anonymity and confidentiality consistent with conducting a thorough and fair investigation are prioritized. Since the Company values people who identify issues that need to be addressed, any form of retaliation is proscribed.
(j) Conflict Resolution	Conflicts are resolved internally as much as possible. It should be resolved in the lowest possible level using procedure that addresses and respects the needs, interests and rights of the parties involved.

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes. All directors, members of senior management, and employees were furnished copies of the Company's code of ethics upon their assumption of their respective positions in the Company.

3) **Discuss how the company implements and monitors compliance with the code of ethics or conduct.**

Everyone is mandated to report any violation of the Company's Code of Business Conduct and Ethics to the Compliance Officer, Human Resource Department Head, or to any member of the Audit Committee.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Company adopts a policy of full disclosure with regard to related party transactions. All terms and conditions of related party transactions are reported to the Board of Directors.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
N/A	•
	•

The Company enters into transactions with full disclosure to the Board of Directors of the related parties involved therein. Moreover, the terms and conditions of contracts are made on an arms length basis. The Company has not identified any actual or probable conflict of interest situation between the Company and its directors, officers, or shareholders holding at least 5% of the Company's outstanding capital stock. All terms and conditions are submitted to the board for approval. At least one independent director should approve d transaction.

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Among the duties of the Compensation and Remuneration Committee is to insure that all incoming officers and directors disclose fully their existing business interests or shareholdings that may directly or indirectly conflict with the performance of their intended duties and responsibilities, under the penalty of perjury, and to review the existing Human Resources Development or Personnel Handbook or its equivalent, to strengthen provisions on conflict of interest. On the other hand, the Nomination Committee considers the possibility of conflicting interest in determining the number of directorships that may be held by a director.
Group	

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[4] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None		

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
None		

[4] Family relationship up to the fourth civil degree either by consanguinity or affinity.

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	Conflicts are usually resolved through mediation between the parties. A mediator will be selected by the parties to facilitate communication and negotiation and to assist them in reaching a voluntary agreement regarding the issue involved.
Corporation & Third Parties	
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

As far as practicable, schedules of Board of Directors' meetings are determined at the beginning of the year. However, actual details as to date, time, and venue thereof are subject to change depending on the availability of directors and senior management.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman/President	JOLLY L. TING	ASM 6/25/14	12	12	100%
Director	NANETTE T. ONGCARRANCEJA	ASM 6/25/14	12	12	100%
Director	MELODY T. LANCASTER*	ASM 6/25/14	12	7	100%
Director	ORTRUD T. YAO	ASM 6/25/14	12	12	100%
Director	RODOLFO L. SEE	ASM 6/25/14	12	11	91.67%
Independent Director	SERGIO R. ORTIZ-LUIS JR.*	ASM 6/25/14	12	6	85.71%
Independent Director	DEXTER E. QUINTANA	ASM 6/25/14	12	12	100%

**Elected during the annual stockholders' meeting held on June 25, 2014.*

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

None. The non-executive directors of the Board do not meet separately.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

The Company uses the minimum quorum requirement as set forth in the Corporation Code. Thus, when majority of the directors are present, the Board proceeds with transaction of business as stated in the agenda for each meeting.

5) Access to Information

(a) How many days in advance are board papers[5] for board of directors meetings provided to the board?

The Company has adopted a standard that the board materials should be provided to the members of the Board a week in advance to enable the directors to adequately prepare for the meeting.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes. The Company's Manual of Corporate Governance provides that directors shall enjoy independent access to Management and the Corporate Secretary, especially in regard to access to information and documents.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

As part of its Manual of Corporate Governance, the Company has prescribed that the role of the Corporate Secretary be, as follows:

- Gather and analyze all documents, records and other information essential to his duties;
- As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting;
- Attend all board meetings, except in justifiable cases,
- Keep in custody and preserve the integrity of minutes of the Board meetings and other official records;
- Assist the Board in making business judgments in good faith;

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes. Atty. Anna Francesca C. Respicio, the Corporate Secretary, has extensive experience in corporate law practice and possesses administrative and interpersonal skills.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes [x] No [ ]

Committee	Details of the procedures
Executive	The Manual of Corporate Governance ensures that the members of the Board have unhampered access to the reports produced by the different committees as well as to the individual members of the committees and senior officers of the Corporation. Inquiries can be made by a member of the Board at any time to enable him to properly perform his duties and responsibilities. The head of the committee is responsible for circulating the agenda one week before a meeting is held.
Audit	
Nomination	
Remuneration	
Others (Risk)	

[5] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

	Directors can avail of any information regarding the respective committee meeting from the committee head.

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
The Manual of Corporate Governance provides that the members of the Board, whether individually or as a Board, shall have access to independent professional advice at the Corporation's expense.	This independent professional advice may be sourced from the Corporation's retained external legal counsel or auditors. The Board may likewise choose to engage professionals in specific matters.

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

There were no significant changes introduced by the Board during the period covered by this report that may have a material effect on the business of the Company. In compliance with the requirements of the Securities Regulation Code, any such changes are immediately reported to the SEC and the PSE.

Existing Policies	Changes	Reason
None		

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	The Compensation and Remuneration Committee is tasked with coming up with a formal and transparent procedure for developing a policy for executive remuneration and fixing the remuneration packages for corporate officers and directors, and provide oversight over remuneration of senior management and key personnel to ensure that compensation levels are consistent with the Corporation's culture, strategy, and environment. The Committee also determines the amount of remuneration of directors and officers. The Committee ensures that their remuneration is sufficient to attract and retain personnel.	
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments		
(6) Others (specify)		

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	The Corporation's Executive Directors receive remuneration for their services consisting of a fixed amount. They also receive per diems for committee participation or special assignment.		
Non-Executive Directors	The Corporation's Non-Executive Directors receive regular compensation for their services. They also receive per diems for committee participation or special assignment.		

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
The remuneration scheme, as disclosed to the stockholders via SEC Form 20-IS, is ratified by the stockholders as part of the acts of the Board of Directors of the Company on the previous year during each annual stockholders' meeting.	25 June 2014

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	6,321,000	1,976,953	3,953,906
(b) Variable Remuneration	-	-	-
(c) Per diem Allowance	48,000	12,000	24,000
(d) Bonuses	514,500	161,954	323,909
(e) Stock Options and/or other financial instruments	-	-	-
(f) Others (Specify)	-	-	
Total	6,883,500	2,150,907	4,301,815

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	-	-	-

2) Credit granted	-	-	-
3) Pension Plan/s Contributions	-	-	-
(d) Pension Plans, Obligations incurred	-	-	-
(e) Life Insurance Premium	-	-	-
(f) Hospitalization Plan	-	-	-
(g) Car Plan	-	-	-
(h) Others (Specify)	-	-	-
Total			

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
None of the members of the Board own or is entitled to stock rights, options or warrants over the Company's shares				

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
The Company has no existing incentive program.		

Incentive Program	Amendments	Date of Stockholders' Approval
N/A		

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Jefferson Y. Yao	Php3,449,932

Roderick Philip A. Ongcarranceja	
Bernard Tuanquin	
Roger T. Ong	
Robert A. Arandia	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	3				The role of the Executive Committee is to support the Board accomplishes its work in the most efficient way and to strengthen the management and administration of the corporation through the performance of its duties and responsibilities. It facilitates decision making in between Board meetings or in the case of a crisis or other urgent circumstances.	Its responsibilities include performing specific directions of the Board of Directors; discussing in detail strategic plans and directions; forming the policy of the corporation and taking action on policies when they effect the work; evaluating participation of directors and handles issues in case of resignation, termination, or discipline of members of the Board; providing counsel, feedback, and support when needed and seeking assurance of full cooperation and participation of every member of the Board; facilitating annual assessment of the member of the board; reviewing	It shall exercise any of the powers and attributes, allowable by law, of the Board of Directors during the intervening period between the Board's meetings, and shall report all resolutions adopted by it to the Board of Directors at the first meeting that the latter may subsequently hold.

						the compensation, remuneration, and benefit of the board; overseeing budget preparation and financial planning in coordination with the concerned committees; ensuring compliance with the existing laws and ordinances; overseeing the other committees of the corporation;	
Audit and Risk	1	1	1	Y	Its oversight function covers financial reporting and disclosures, risk management and internal controls, management and internal audit, and external audit.	Its responsibilities include assisting the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; providing oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company and over the Company's Internal and External Auditors; reviewing the annual internal audit plan and organize an internal audit department; monitoring and evaluating the adequacy and effectiveness of the internal control system; and coordinating, monitoring and facilitating compliance with	It has the power to disallow any non-audit work that will conflict with the duties of the External Auditor or may pose a threat to his independence. It also has the power to call attendees as required, including having open access to Management and auditors. It has the right to seek additional information as necessary to fulfill its responsibilities.

						laws, rules and regulations.	
Nomination	2		1	N	It is responsible for reviewing the structure, size and composition of the Board and ensuring that both are comprised of the right balance of skills, knowledge and experience.	Its responsibilities include pre-screening and shortlisting all candidates nominated to become a member of the Board and re-defining the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance.	It has the power to seek any information that it requires from employees of the Company, all of whom are directed to co-operate with any request it makes. Moreover, it has the power to employ the services of such advisers as it deems necessary to fulfill its responsibilities.
Remuneration	2		1	N	It's function is to establish a formal and transparent procedure for developing a policy on remuneration packages of corporate officers, directors, senior management and other key personnel to ensure that the compensation levels are consistent with the Company's culture, strategy and control environment.	Its responsibilities include determining the amount of remuneration for the Company's directors and officers; ensuring that all incoming officers and directors disclose fully their existing business interests or shareholdings that may directly or indirectly conflict with the performance of their intended duties and responsibilities; reviewing the existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and	It has the power to engage an adviser as it deems necessary to carry out its duties. It also has unrestricted access to members of management, employees and relevant information.

						career advancement directives and compliance of personnel concerned with all statutory requirements.	
Others (Risk) *The Company has an Audit and Risk Committee.				N	It is established to assist the Board in overseeing the Company's practices and processes relating to risk assessment and risk management; maintaining an appropriate risk culture, reporting of financial and business risks and associated internal controls.	It will assist the Board in providing framework to identify, assess, monitor and manage the risks associated with the Company's business; it helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with Company's risk profile; it will develop a formal risk management policy that guides the Company's risk management and compliance processes and procedures.	It has the power to recommend to the Board changes or improvements to key elements of its processes and procedures.

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	JOLLY L. TING	ASM 6/25/14	12	12	100%	28
Member (ED)	NANETTE T. ONGCARRANCEJA	ASM 6/25/14	12	12	100%	14
Member (ED)	ORTRUD T. YAO	ASM 6/25/14	12	12	100%	13

(b) Audit and Risk Committee

Office	Name	Date of Appoint ment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the

						Committee
Chairman	DEXTER E. QUINTANA	ASM 6/25/14	12	12	100%	13
Member (NED)	RODOLFO L. SEE	ASM 6/25/14	12	11	91.67 %	8
Member (ED)	ORTRUD T. YAO	ASM 6/25/14	12	12	100%	11

Disclose the profile or qualifications of the Audit Committee members.

The Audit and Risk Committee is composed of three (3) members from the Board, one (1) of whom is an independent director, the chair of the committee. Each member has an accounting and finance backgrounds, and one of whom with audit experience. Also, each member has an adequate understanding of accounting and auditing and risk management principles in general and competence at most of the Corporation's financial management systems and environment.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee is assigned the responsibility of working closely and regularly with the Corporation's external auditor to evaluate its work.

The Company's Manual of Corporate Governance enumerates the responsibilities of the Audit Committee relative to the external auditor, to wit:

- Perform oversight functions over the Company's Internal and External Auditors. It should ensure that the Internal and External Auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- Pre-approve all audit plans, scope and frequency one (1) month before the conduct of external audit;
- Perform direct interface functions with the external auditors;
- Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- Review the reports submitted by the External Auditors; and
- Evaluate and determine the non-audit work, if any, of the External Auditor, and review periodically the non-audit fees paid to the External Auditor in relation to their significance to the total annual income of the External Auditor and to the Company's overall consultancy expenses; The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	MELODY T. LANCASTER	ASM 6/25/14	12	7	100%	1
Member (ID)	DEXTER E. QUINTANA	ASM 6/25/14	12	12	100%	13
Member (ED)	NANETTE T. ONGCARRANCEJA	ASM 6/25/14	12	12	100%	14

(d) Remuneration Committee

Office	Name	Date of	No. of	No. of	%	Length

		Appointment	Meetings Held	Meetings Attended		of Service in the Committee
Chairman	NANETTE T. ONGCARRANCEJA	ASM 6/25/14	12	12	100%	14
Member (ED)	ORTRUD T. YAO	ASM 6/25/14	12	12	100%	13
Member (ID)	SERGIO R. ORTIZ-LUIS JR.	ASM 6/25/14	12	6	85.71%	1

(e) Others (Specify) – Risk Committee

This is not applicable as the Corporation has an Audit and Risk Committee.
Info supplied under the Audit Committee.

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	N/A					
Member (ED)						
Member (NED)						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	None	
Audit	None	
Nomination	None	
Remuneration	None	
Others (Risk)	None	

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	Evaluation of current operational procedures.	No significant issues addressed.
Audit	The Committee passed upon and approved the Company's audited financial statements before endorsing for the approval of the Board of Directors.	No significant issues addressed.

Nomination	The Committee passed upon the list of nominees for election as member of the Board of Directors and prepared the final short list of nominee.	No significant issues addressed.
Remuneration	Evaluation of current operational procedures.	No significant issues addressed.
Others (Risk)	The Committee passed upon and approved the Company's audited financial statements before endorsing for the approval of the Board of Directors.	No significant issues addressed.

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	None	No significant issues addressed
Audit	None	No significant issues addressed
Nomination	None	No significant issues addressed
Remuneration	None	No significant issues addressed
Others (specify)	None.	No significant issues addressed

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company's risk management program focuses on safeguarding shareholder value to manage unpredictability of risks and minimize potential adverse impact on its operating performance and financial condition.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Company's Board of Directors is directly responsible for risk management and the Management carries out risk management policies approved by the Board. After the Management identifies, evaluates reports and monitors significant risks, and submits appropriate recommendations, the Board approves formal policies for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk and liquidity risk.

(c) Period covered by the review;

The period covered by the review is from 1 January 2014 up to 31 December 2014.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The Risk Committee annually reviews the Company's approaches to risk management and recommends to the Board the changes or improvements to key elements of its processes and procedures. After submission of the Committee's recommendation, the Board then reviews the risk management system.

(e) **Where no review was conducted during the year, an explanation why** not.

No significant issues were addressed by the Committee in 2014.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Financial Risks	The Company policy is to ensure that the scheduled principal and interest payments are well within its ability to generate cash from its business operations. It is likewise committed to maintain adequate capital at all times to meet shareholders' expectations, withstand adverse business conditions and take advantage of business opportunities.	The Company's objective is to protect investment in the event there would be significant fluctuations in the exchange rate. On the other hand, the Company's objectives to manage its liquidity are: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; and c) to be able to access funding when needed at the least possible cost. The long-term strategy is to sustain a healthy debt-to-equity ratio.
Operational Risks	It is the policy of the Company to be prepared for any event which triggers a material business impact or modifies the existing risk profile	The Company's objective is to protect investment in the event there would be significant events that would result in material impact to the Company's operations.

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
N/A		

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
The principal risk of the minority shareholders in the exercise of the controlling shareholders'

voting power is the risk of share value reduction due to corporate actions by the controlling shareholders that may be detrimental to the minority shareholders. This risk is considered by the Corporation to have a remote possibility of happening to the minority shareholders given the Corporation's controlling shareholders track record of prudent management. For the past years, there were no cited incidents that caused detrimental damage to the Corporation's share value as a result of unsound corporate actions by the Corporation's controlling shareholders.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Financial Risk	It monitors potential sources of the risk through monitoring of investments and assets, and projected cash flows from operations. The Company also maintains a financial strategy that the scheduled principal and interest payments are well within the Company's ability to generate cash from its business operations.	The Company regularly monitors financial trends. The Company regularly keeps track of its capital position and assesses business conditions to ensure early detection and determination of risks, and its consequent adverse impact. It adopts measures, as may be deemed necessary and appropriate, to mitigate risks.
Operational Risks	To avoid, eliminate or reduce loses that can impair the operational capability and/or the financial stability of the company and its subsidiaries and affiliates, the company implements and maintains risk management principles.	Any operational risks monitored are brought to the attention of the Risk Committee and addressed therein, together with inputs from corporate officers. The findings and recommendations are then brought to the Board for approval. There has been no significant operational risk determined by the Company in its operations in the past year.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Financial Risk	N/A	
Operational Risks		

Since the Company is the parent, conduct of a risk assessment on its subsidiary is done whenever a risk assessment of the parent company is conducted.

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Risk Committee	Policies with respect to risk assessment and risk management including the Company's major financial and business risk exposures are laid out. The culture of risk management which includes determining the appropriate risk appetite (risk-taker or risk-averse) or level of exposure as a whole or on any relevant individual issue, and determining what types of risk are acceptable and which are not, are set up.	The Risk Committee assists the Board in overseeing the Company's practices and processes relating to risk assessment and risk management, and maintaining an appropriate risk culture, reporting of financial and business risks and associated internal controls. It assists the Board in providing framework to identify, assess, monitor and manage the risks associated with the Company's business. It helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with Company's risk profile.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

Internal control system pertains to the Company's corporate governance processes with regard to integrity of financial statements and disclosures; effectiveness of internal control systems; independence and performance of internal and external auditors; compliance with accounting standards, legal and regulatory requirements; and evaluation of management's process to assess and manage the risk issues.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

One of the responsibilities of the Board as stated in the Manual of Corporate Governance is to adopt a system of check and balance within the Board, conduct a regular review of the effectiveness of such system to ensure the integrity of the decision-making and reporting processes at all times and perform a continuing review of the Company's internal control system in order to maintain its adequacy and effectiveness.

(c) Period covered by the review;

The period covered by the review is from 1 January 2014 up to 31 December 2014.

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

The Audit Committee regularly updates the Board on its activities and makes recommendations whenever necessary. The Audit Committee likewise ensures that the Board is aware of matters that may significantly impact the financial condition or the Company's operations.

The Management formulated, under the supervision of the Audit Committee, the rules and procedures on internal control in accordance with the following guidelines:

1. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company should be maintained; and

2. On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
The internal auditor provides reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate, and complied with.	Internal audit examinations cover the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations.	In house	Princess O. Montecir	The Internal Auditor submits to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report includes significant risk exposures and control issues.

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

One of the duties of the Audit Committee as stated in the Manual of Corporate Governance and the Audit Committee Charter is to organize an internal audit department and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal. Since the Audit Committee has oversight functions over the Internal Auditor, the removal of the latter is subject to the affirmation of the former.

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Audit Committee reviews the activities and organizational structure of the internal audit function, including the need to outsource certain internal audit activities, and ensures that no unjustified restrictions or limitations are made. It likewise approves the strategic and operational plans of the Internal Audit unit and ensures that the internal audit reporting process is operating as planned.

The Audit Committee and the Internal Audit Unit meets periodically to discuss the results of audit work and the implications of audit findings on the overall quality of internal control and procedures within the organization. Moreover, the internal auditor is given direct access to the board and to all records, properties and employees of the Company to enable him to fulfill his duties and responsibilities.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
None	

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	Not Applicable
Issues[6]	
Findings[7]	
Examination Trends	

An audit plan is currently being formulated.

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
The internal audit controls, policies, and procedures are based on the Audit Charter and Manual of	

[6] "Issues" are compliance matters that arise from adopting different interpretations.
[7] "Findings" are those with concrete basis under the company's policies and rules.

Corporate Governance.

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The Audit Committee disallows any non-audit work that will conflict with the duties of the External Auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report. In compliance with the SRC, the engagement of the Company's external auditor does not exceed 5 consecutive years.	The Company engages the services of an external financial analyst so that individual independence is not put at risk. A general impartiality requirement is implemented to provide a distance between the analyst and the analyzed security.	The Company ensures that the investment bank is accredited by regulatory agencies and does not own shares of stocks of the Company. A rotations scheme is likewise implemented to avoid occurrence or appearance of biases	The Company ensures that the rating agency it engages does not own shares of stocks of the Company. A rotations scheme is likewise implemented to avoid occurrence or appearance of biases.

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Jolly L. Ting
Ortrud T. Yao

H. ROLE OF STAKEHOLDERS

1) **Disclose the company's policy and activities relative to the following:**

	Policy	Activities
Customers' welfare	Part of its core values is to promote good customer relationship among its clients. With this, we try to excel by ensuring the needs of the clients are always provided.	Improving the customers' access to bills payment. Ensuring the good quality of water through rigid and frequent testing. It also strives to have sufficient supply of electricity to meet the customers' demand.
Supplier/contractor selection practice	The Company ensures that the suppliers are well equipped and have sufficient professional experience to	A bidding process is in place where at least four suppliers or service providers are required to

	provide after-sales support. Only pre-qualified bidders are allowed to bid and the bid is awarded to the lowest bidder.	submit their bid proposal for review and evaluation of the designated official and a recommendation is submitted for consideration.
Environmentally friendly value-chain	The Company strictly adheres with government mandated policies and procedures catering to environment preservation, control and any related Corporate Social Responsibility. The Company maintains a harmonious relationship with the community and the local government leaders in such cases like gov't and other organizations ocular visit.	It participates jointly in community related projects undertaken by other entities from time to time through donations, sponsorship and being resource speaker in certain events which aim to raise the insurance awareness of the general public.
Community interaction		
Anti-corruption programmes and procedures?	N/A	
Safeguarding creditors' rights	The Company ensures that operations and investments are managed so as not to impair the Company's ability to repay its creditors.	Meeting with the creditors annually.

2) **Does the company have a separate corporate responsibility (CR) report/section or sustainability report**/section?

The Company has a corporate responsibility section and sustainability section in its Annual Report that discusses the key issues that may affect the long-term sustainability of the Company.

3) **Performance-enhancing mechanisms for employee participation.**

(a) What are the company's policy for its employees' safety, health, and welfare?

The Company aims to provide quality and timely health and welfare services to its employees in order to avoid interruption on their jobs and to prevent conditions (physical, mental or social) that will preclude them from giving their full attention to their work.

(b) Show data relating to health, safety and welfare of its employees.

None available.

(c) State the company's training and development programs for its employees. Show the data.

Program	Name of Training Institute
Leadership Training Team Building	International Benchmark Consulting Network, Inc.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

None.

4) **What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.**

Employees are encouraged to promptly report concerns about any illegal and unethical behavior. Reports can be made anonymously to the Company's Compliance Officer, Human Resource Department Head, or to any member of the Audit Committee. To enable the Company to verify and act on the report, employees are encouraged to make reports that contain as much information as possible, including the person involved, any witnesses, the location of any other information that would assist in investigating the concerns, and any supporting documentation. All whistle blower reports are handled in a confidential manner and confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate investigation of the report and to perform subsequent remedial measures.

All reports received are forwarded to the Audit and Risk Committee that will make the preliminary assessment of the issues raised. The Audit Committee will then determine whether there is justification for an investigation and how it should be handled, should one be necessary. Depending on the issues involved, the Audit Committee may, in some cases, decide to delegate responsibility for an investigation to the Compliance Officer or to a legal counsel who will report directly to the Audit Committee.

Prompt and appropriate corrective action will be taken in response to any finding of illegal and unethical behavior. If after the investigation, the Audit and Risk Committee concludes that disciplinary measures are necessary, it will recommend such measures to the Board of Directors.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Elgeete Holdings Inc.	120,000,000	42.63%	Elgeete Holdings Inc.
PCD Nominee Corporation - Filipino	96,659,739	34.34%	Various stockholders/ Clients
Myron Ventures Corp.	18,000,000	6.39%	Myron Ventures Corp.

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Jolly L. Ting	959,999	N/A	0.34%
Nanette T. Ongcarranceja	500,001	N/A	0.17%
Melody T. Lancaster	1	N/A	0.00%
Ortrud T. Yao	1,000,001	N/A	0.36%

2) Does the Annual Report disclose the following:

Key risks	Y
Corporate objectives	Y
Financial performance indicators	Y
Non-financial performance indicators	Y
Dividend policy	Y
Details of whistle-blowing policy	N
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Y
Training and/or continuing education programme attended by each	N

director/commissioner	
Number of board of directors/commissioners meetings held during the year	N
Attendance details of each director/commissioner in respect of meetings held	N
Details of remuneration of the CEO and each member of the board of directors/commissioners	Y

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

- Details of whistle-blowing policy - While the Company adopts an open stance toward corporate whistle-blowers and is receptive to any information coming from them, the Company presently does not have a formal and written whistle-blowing policy.
- Training and/or continuing education program attended by each director/commissioner – The Company discloses the educational background, continuing education information, and general training of each director. However, training or specific seminars attended by each director during a reporting period is not disclosed since the Company does not obtain these information from the directors.
- Number of directors/commissioners meetings held during the year – While not included in the annual report, this information is submitted to the SEC each year and also made available to the public as part of the Company's corporate disclosures via the PSE and its own website.
- Attendance details of each director/commissioner in respect of meetings held – This information is also submitted to the SEC and disclosed to the public via the PSE and the Company's website.

3) **External Auditor's fee**

Name of auditor	Audit Fee	Non-audit Fee
Constantino Guadalquiver & Co.	Php 1,074,500	None

4) **Medium of Communication**

List down the mode/s of communication that the company is using for disseminating information.

In communicating with its shareholders, the Company makes use of the following:
- Direct mailing of Company materials;
- Disclosures via the PSE website; and
- Posting to the Company website.

5) **Date of release of audited financial report:** 31 March 2015

6) **Company Website**

Does the company have a website disclosing up-to-date information about the following?

Business operations	Y
Financial statements/reports (current and prior years)	Y
Materials provided in briefings to analysts and media	Y
Shareholding structure	Y
Group corporate structure	Y

Downloadable annual report	Y
Notice of AGM and/or EGM	Y
Company's constitution (company's by-laws, memorandum and articles of association)	N

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

Company's constitution is maintained at the Office of the Corporate Secretary and is not made available via the Company's website. All amendments thereto are disclosed to the SEC. Likewise, these are available to all stockholders upon request.

7) **Disclosure of RPT**

RPT	Relationship	Nature	Value
Calapan Ventures, Inc. Jollideal Marketing Corp. Jolliville Leisure & Resort Corp. Ormina Realty & Dev't. Corp. Servwell BPO Int'l. Inc. Kristal Water Source Corp. Ormin Power Inc.	Subsidiaries	Cash Advances	(Php13,388,589)

Full disclosure of the nature of these related party transactions are made to, and the terms and conditions thereof are approved by, the Board of Directors. Shareholders are informed of these transactions via the annual reports and definitive information statements. Information on these transactions are likewise passed upon by the external auditor. The Company ensures that contracts with related parties are made on an arms length basis.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Presence, in person or by proxy, of stockholders holding 50% + 1 of the outstanding capital stock of the Company

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Ratification by stockholders during the annual stockholders meetings.
Description	The actions of the Company's board of directors and senior management are presented to the stockholders during the annual stockholders meeting. These are ratified by the stockholders during the meeting.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights not in The Corporation Code
The rights of the stockholders under the Corporation Code are duly recognized by the Company. No deviations or modifications were implemented by the Company.	

Dividends

Declaration Date	Record Date	Payment Date
None		

No dividends declared for the year 2014.

(d) Stockholders' Participation

1. **State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.**

Measures Adopted	Communication Procedure
All stockholders who will not, are unable, or do not expect to attend the meeting in person are encouraged to fill out, date, sign and send a proxy.	The annual stockholders meeting provide the avenue for shareholders to exercise their rights, including the right to raise questions or issues concerning the Company. During the annual stockholders meeting, the Chairman of the Board or the officers of the Company addresses the questions and suggestions of the stockholders.
The date of the Annual Stockholders Meeting is announced through disclosure in the Philippine Stock Exchange more than a month before the scheduled date.	The website of the Company indicates its contact information which the stockholders may utilize to voice their concerns.

2. **State the company policy of asking shareholders to actively participate in corporate decisions regarding:**
   a. **Amendments to the company's constitution**
   b. **Authorization of additional shares**
   c. **Transfer of all or substantially all assets, which in effect results in the sale of the company**

   The Company complies with the requirements of the Corporation Code that a stockholders' meeting be called to approve the forgoing matters. A vote of stockholders holding at least 2/3 of the Company's outstanding capital stock is required to approve the foregoing matters.

3. **Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?**

   The Company complies with the requirement under the Securities Regulation Code that notice of an annual or special stockholders' meeting be sent to stockholders not later than 15 business days before the meeting.

a. **Date of sending out notices:** June 4, 2014
b. **Date of the Annual/Special Stockholders' Meeting:** June 25, 2014

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting

During the last annual stockholders' meeting, the questions centered on the operations of the Company and the audited financial statements.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Ratification of the acts and proceedings of the Board of Directors and Management for the year	100%		
Election of Directors	100%		
Appointment of External Auditor	100%		

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

The results of the annual meeting of stockholders were disclosed to the public via the PSE on 25 June 2014.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
None	

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual Stockholders Meeting	**Directors:** (1) Jolly L. Ting (2) Nanette T. Ongcarranceja (3) Melody T. Lancaster (4) Rodolfo L. See (5) Dexter E. Quintana (6) Sergio R. Ortiz-Luis Jr.	June 25, 2014	Viva voce	4.56%	82.40%	86.96%

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

An inspector is appointed by the Board of Directors before or at each meeting of the stockholders at which an election of directors is to take place. If no appointment shall have been made or if the inspector appointed by the Board refuses to act or fails to attend, the appointment shall be made by the presiding officer of the meeting.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

The Company's common shares are entitled to one vote for each share.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	All stockholders who will not, are unable, or do not expect to attend the meeting in person were encouraged to fill out, date, sign and send a proxy to the Company's Corporate Secretary. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the Company's authorized signatory.
Notary	Proxy should be duly notarized.
Submission of Proxy	All proxies should be received by the Corporation at least five (5) days before the Annual/Special Stockholders' meeting.
Several Proxies	Where one stockholder names several proxy holders, it is their responsibility to determine among themselves which of them will cast the vote, and how.
Validity of Proxy	Unless otherwise provided in the proxy, it is considered valid only for the meeting at which it has been presented to the Secretary.
Proxies executed abroad	Proxies executed abroad must be duly authenticated by the Philippine Embassy or Consular Office.
Invalidated Proxy	Proxies may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary, prior to scheduled meeting or by their personal presence at the meeting.
Validation of Proxy	Proxies submitted will be validated by a Committee of Inspectors in the morning of the scheduled meeting.
Violation of Proxy	Votes cast in violation of the proxy are considered as stray votes.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
The Company shall exercise transparency and fairness in the conduct of the Company's annual and special stockholders' meetings. The stockholders are encouraged to personally attend such meetings.	Pursuant to the By-Laws of the Company, notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery or by mail at least 2 weeks prior to the date of the meeting to each stockholder of record at his last known post office address or by publication in a newspaper of general circulation. The notice shall state the place, date and hour of the meeting, and the purpose and purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meeting. However, considering that the Securities Regulation Code requires notices of stockholders' meetings to be sent 15 business days prior to the meeting, the Company adheres to the requirements of the SRC.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	Certificated: Individual & Corp. 39 Brokers : 47
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	June 4, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	June 4, 2014
State whether CD format or hard copies were distributed	Hard copies were provided.
If yes, indicate whether requesting stockholders were provided hard copies	During the annual stockholders meeting, stockholders requested to be given hard copies of reports.

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

The Company's Manual of Corporate Governance provides for the protection of minority stockholders' rights in terms of voting, inspection of corporate records, right to information, right to dividends, and the exercise of appraisal rights.

The Manual of Corporate Governance vests in the Board of Directors the duty to promote shareholder rights, remove impediments to exercise of shareholder's rights, and allow possibilities to seek redress for violation of their rights. The Board is also tasked to encourage the shareholders to exercise their voting rights and the solution of collective action problems through appropriate mechanisms. The Board shall also be instrumental in removing excessive costs and other administrative or practical impediments to shareholder participation.

.

Policies	Implementation
Voting rights	All shareholders, including minority shareholders, have the right to elect, remove, and replace directors. They also have the right to vote on certain corporate acts, as provided under the Corporation Code. With the use of cumulative voting, minority shareholders may vote together to ensure the election of a director.
Inspection of corporate records	All shareholders are allowed to inspect the corporate books and records during office hours. They may also be furnished with annual reports, including financial statements, without cost or restrictions.
Right to information	Aside from the right to be provided with copies of periodic reports upon request, minority shareholders shall have the right to propose the holding of a meeting. Minority shareholders shall also have access to any and all information relating to matters for which the management is accountable. The minority shareholders may propose the inclusion of matters pertaining to management accountability in the agenda of the stockholders' meeting.
Right to dividends	All stockholders are entitled to receive dividends upon the declaration thereof by the Board of Directors. The Board may also make arrangements with stockholders whereby dividends and other distributions may be reinvested in new shares instead of being paid in cash to stockholders.
Appraisal right	Shareholders have the appraisal right or the right to dissent and demand payment of the fair value of their shares as provided under Section 82 of the Corporation Code under any of the following circumstances: a. Amendment of articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding

	shares of any class, or of extending or shortening the term of corporate existence; b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and c. In case of merger or consolidation.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes. All shareholders have the right to nominate candidates for the board of directors. However, they must conform to the eligibility requirements under the Corporation Code and Manual of Corporate Governance, as well as the guidelines set by the Nomination Committee.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

The Company has an internal vetting process for communications to ensure that all information disseminated is accurate. Communications are also reviewed by the Compliance Officer to ensure that the regulatory requirements of the PSE and SEC are met. Finally, in cases where there may be legal implications or repercussions to the Company, the opinion of the Corporate Secretary is also sought. No specific committee has been assigned to review and approve major company announcements. However, major communications of the Company are reviewed by the President.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	To establish and maintain an investor relations program that will keep stockholders informed of the important developments in the Company and ensure them that the Company values their investment.
(2) Principles	Accuracy, transparency, and timeliness are the core principles that guide the Company's Investor Relations Program.
(3) Modes of Communications	The Company sends notices of meetings via direct mail to its stockholders. Updates on the Company's activities and other periodic reports to regulatory bodies are posted to the Company website.
(4) Investors Relations Officer	Mrs. Ortrud T. Yao, CFO/Chief Compliance Officer/Asst. Corp. Sec., contact number (632)-3733038

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

In all of its transactions, particularly in extraordinary matters such as mergers and sales of substantial corporate assets, the Company ensures that it obtains the terms and conditions most beneficial to the corporation and maximizes shareholder value. The Company conducts due diligence in assessing the transaction and engages the services of consultants, legal counsel or independent auditors. The findings and recommendations of these experts are taken into account by the Board in making decisions and the corresponding approvals of the stockholders, in cases where the law prescribes that approval be obtained, are sought.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

The Company engages the services of consultants, external legal counsel, or external auditors to evaluate and determine the fairness of the transaction price.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Tree planting	Calapan City and Tabuk City
Book donation	Tabuk City
Active Participation in fire prevention month	Calapan City

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	Annual self-assessment of Board performance	Criteria used to evaluate performance are based on the standards set in the Company's Manual of Corporate Governance.
Board Committees	Each committee likewise conducts a self-assessment.	Criteria used are also based on the standards set in the Company's Manual of Corporate Governance. In the case of the Audit Committee, the performance evaluation is based on the standards set by the Audit Committee Charter.
Individual Directors	The Board of Directors evaluates the performance of individual directors. On the other hand, the Nomination Committee likewise passes upon the performance of a director when it examines fitness of nominees for re-election as directors.	Criteria used are based on the standards set in the Manual of Corporate Governance.
CEO/President	The Board evaluates the performance of the CEO.	Criteria used are based on the standards set in the Manual of Corporate Governance.

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
First violation	Reprimand
Second violation	Suspension from office, the duration of which shall depend on the seriousness of the violation.
Third violation	Removal from office.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Quezon on January 9, 2015.

SIGNATURES

JOLLY L. TING **Chairman of the Board/Chief Executive Officer**	
DEXTER E. QUINTANA **Independent Director**	**SERGIO R. ORTIZ-LUIS JR.** **Independent Director**
ORTRUD T. YAO **Compliance Officer**	

101122015002311

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

Barcode Page
The following document has been received:

Receiving Officer/Encoder : Buen Jose Mose - COS
Receiving Branch : SEC Head Office
Receipt Date and Time : January 12, 2015 05:12:47 PM
Received From : Head Office

Company Representative

Doc Source

Company Information

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

Document Information

Document ID	101122015002311
Document Type	LETTER/MISC
Document Code	LTR
Period Covered	January 09, 2015
No. of Days Late	0
Department	CED/CFD/CRMD/MRD/NTD
Remarks	

COVER SHEET

1	3	4	8	0	0					

S.E.C. Registration Number

JOLLIVILLE HOLDINGS

CORPORATION

(Company's Full Name)

4F 20 LANSBERGH PLACE BLDG.

170 TOMAS MORATO AVE., Q.C.

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

ANNA FRANCESCA C. RESPICIO

Contact Person

632-09-05

Company Telephone Number

1	2		3	1

Month Day

Fiscal Year

Month of

Month Day

Annual Meeting

LETTER

FORM TYPE

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

JOLLIVILLE HOLDINGS CORPORATION

9 January 2015

SECURITIES AND EXCHANGE COMMISSION
SEC Bldg. EDSA, Greenhills
Mandaluyong City, Metro Manila

Attention: **Atty. Justina F. Callangan**
Director
Corporate Governance Finance Department

Re: Jolliville Holdings Corporation (the "Corporation" or "JOH")
Consolidated changes in Annual Corporate
Governance Report for the year 2014

Gentlemen:

In compliance with SEC Memorandum Circular No. 12, Series of 2014, please see attached Secretary's Certificate on consolidated changes in the Corporation's annual corporate governance report for the year 2014.

Thank you for your kind attention.

Very truly yours,

ANNA FRANCESCA C. RESPICIO
Corporate Secretary

F:\data\CLIENTS\717\Lt\SEC\consolidated changes in acgr 2014.docx
ABKT\JCN\ACR/jen d 717- 204

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

REPUBLIC OF THE PHILIPPINES)
PASIG CITY, METRO MANILA) S.S.

SECRETARY'S CERTIFICATE

ANNA FRANCESCA C. RESPICIO, of legal age, Filipino, with office address at 2704 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, being the duly elected and qualified Corporate Secretary of **JOLLIVILLE HOLDINGS CORPORATION** (the "Corporation"), a corporation organized and existing under the laws of the Philippines, under oath, does hereby certify that the following items in the Corporation's Annual Corporate Governance Report have been amended to reflect the updates for the year 2014:

1. Item A (1) a: Composition of the Board; Attached as Annexes "A" and "B" is the minutes of the Annual Stockholders' Meeting held on June 25, 2014[1] and excerpt of the Organizational Meeting of the Board of Directors held on the same day, respectively.

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)[2]	Elected when (Annual /Special Meeting)	No. of years served as director
JOLLY L. TING	ED	N/A	Dexter E. Quintana	09-06-1986	06-25-2014	ASM 06-25-2014	28
NANETTE T. ONGCARRANCEJA	ED	N/A	Rodolfo L. See	03-02-2000	06-25-2014	ASM 06-25-2014	14
ORTRUD T. YAO	ED	N/A	Ortrud T. Yao	07-20-2001	06-25-2014	ASM 06-25-2014	13
MELODY T. LANCASTER	ED	N/A	Nanette T. Ongcarranceja	06-25-2014	06-25-2014	ASM 06-25-2014	1
DEXTER E. QUINTANA	ID	N/A	Lourdes G. Ting	07-20-2001	06-25-2014 (1 year)	ASM 06-25-2014	11
SERGIO R.ORTIZ-LUIS JR.	ID	N/A	Nanette T. Ongcarranceja	06-25-2014	06-25-2014 (1 year)	ASM 06-25-2014	4
RODOLFO L. SEE	NED	N/A	Jolly L. Ting (close friend)	06-29-2006	06-15-2012	ASM 06-25-2014	6

[1] For approval on the next stockholders' meeting.
[2] Reckoned from the election during the annual stockholders meeting.

2. Item A (1) d (i): Directoship in Company's Group

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
MELODY T. LANCASTER	Calapan Ventures Inc.	ED
	Jolliville Holdings Corporation	ED
	Melan Properties Corp.	ED
	Kenly Resources Inc.	ED
	Febra Resources Corp.	ED
	Elgeete Holdings Inc.	ED
	A-net Resources Corp.	NED
	Oltru Holdings Corp.	NED
SERGIO R. ORTIZ-LUIS JR.	Calapan Ventures Inc.	ID

3. Item A (1) e: Shareholding in Company

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
JOLLY L. TING	959,999	None	0.3410%
NANETTE T. ONGCARRANCEJA	500,001	None	0.1776%
RODOLFO L. SEE	5,994,000	None	2.1293%
ORTRUD T. YAO	1,000,001	None	0.3552%
MELODY T. LANCASTER	1	None	0.0%
DEXTER E. QUINTANA	854,001	None	0.3034%
SERGIO R. ORTIZ-LUIS JR.	1,000	None	0.0000%

4. Item C (2): Attendance of Directors.

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman/President	JOLLY L. TING	ASM 6/25/14	12	12	100%
Director	NANETTE T. ONGCARRANCEJA	ASM 6/25/14	12	12	100%
Director	MELODY T. LANCASTER*	ASM 6/25/14	12	7	100%
Director	ORTRUD T. YAO	ASM 6/25/14	12	12	100%
Director	RODOLFO L. SEE	ASM 6/25/14	12	11	91.67%
Independent Director	SERGIO R. ORTIZ-LUIS JR.**	ASM 6/25/14	12	6	85.71%
Independent Director	DEXTER E. QUINTANA	ASM 6/25/14	12	12	100%

**Elected during the annual stockholders' meeting held on June 25, 2014.*
*** Elected as Independent Director in the Organizational Meeting of the Board of Directors held on 25 June 2014.*

5. Item C (5) d: Training of Company Secretary:

Yes. Atty. Anna Francesca C. Respicio, the corporate secretary, has extensive experience in corporate law practice and possesses administrative and interpersonal skills.

6. Item D (3): Aggregate Remuneration.

REMUNERATION SCHEME	DATE OF STOCKHOLDERS' APPROVAL
The remuneration scheme, as disclosed to the stockholders via SEC Form 20-IS, is ratified by the stockholders as part of the acts of the Board of Directors of the Company on the previous year during each annual stockholders' meeting.	25 June 2014

7. Item E (2) a: Executive Committee. Attached as Annex "B" is an excerpt of the Organizational Meeting of the Board of Directors held on 25 June 2014.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	JOLLY L. TING	ASM 6/25/14	12	12	100%	28
Member (ED)	NANETTE T. ONGCARRANCEJA	ASM 6/25/14	12	12	100%	14
Member (ED)	ORTRUD T. YAO	ASM 6/25/14	12	12	100%	13

8. Item E (2) b: Audit and Risk Committee Attached as Annex "B" is an excerpt of the Organizational Meeting of the Board of Directors held on 25 June 2014.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	DEXTER E. QUINTANA	ASM 6/25/14	12	12	100%	13
Member (NED)	RODOLFO L. SEE	ASM 6/25/14	12	11	91.67 %	8
Member (ED)	ORTRUD T. YAO	ASM 6/25/14	12	12	100%	11

9. Item E (2) c: Nomination Committee. Attached as Annex "B" is an excerpt of the Organizational Meeting of the Board of Directors held on 25 June 2014.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	MELODY T. LANCASTER	ASM 6/25/14	12	7	100%	1
Member (ID)	DEXTER E. QUINTANA	ASM 6/25/14	12	12	100%	13
Member (ED)	NANETTE T. ONGCARRANCEJA	ASM 6/25/14	12	12	100%	14

10. Item E (2) d: Remuneration Committee. Attached as Annex "B" is an excerpt of the Organizational Meeting of the Board of Directors held on 25June 2014.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	NANETTE T. ONGCARRANCEJA	ASM 6/25/14	12	12	100%	14
Member (ED)	ORTRUD T. YAO	ASM 6/25/14	12	12	100%	13
Member (ID)	SERGIO R. ORTIZ-LUIS JR.	ASM 6/25/14	12	6	85.71%	1

11. Item F (1) c: Period Covered by the Review

The period covered by the review is from 1 January 2014 up to 31 December 2014.

12. Item G (1) c: Period Covered by the Review

The period covered by the review is from 1 January 2014 up to 31 December 2014.

13. Item I (1) a: Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
Elgeete Holdings Inc.	120,000,000	42.63%	Elgeete Holdings Inc.
PCD Nominee Corporation - Filipino	96,659,739	34.34%	Various stockholders/ Clients

Myron Ventures Corp.	18,000,000	6.39%	Myron Ventures Corp.

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Jolly L. Ting	959,999	N/A	0.34%
Nanette T. Ongcarranceja	500,001	N/A	0.17%
Melody T. Lancaster	1	N/A	0.00%
Ortrud T. Yao	1,000,001	N/A	0.36%

14. Item I (3): External Auditor's Fee:

Name of auditor	Audit Fee	Non-audit Fee
Constantino Guadalquiver & Co.	Php 1,074,500	None

15. Item J (1) d (3): Notices to the AGM

    a. Date of sending out notices: *4 June 2014*

    b. Date of the Annual/Special Stockholders' Meeting: *25 June 2014*

16. Item J (1) d (6): Publishing of ASM Results:

    The results of the annual meeting of stockholders were disclosed on 25 June 2014.

17. Item J (6) f (i): Stockholders Attendance. Please see minutes of the Annual Stockholders' Meeting held on June 25, 2014 attached as Annex "A"

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual Stockholders Meeting	**Directors:** (1) Jolly L. Ting (2) Nanette T. Ongcarranceja (3) Melody T. Lancaster (4) Rodolfo L. See (5) Dexter E. Quintana (6) Sergio R. Ortiz-Luis Jr.*	June 25, 2014	Viva voce	4.56%	82.40%	86.96%

* Note that Mr. Sergio R. Ortiz-Luis was elected during Organizational Meeting of the Board of Directors held shortly after the Annual Stockholders' Meeting

18. Item J (6) i: Definitive Information Statements and Management Report

Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	4 June 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	4 June 2014

IN ATTESTATION OF THE ABOVE, this Certificate was signed this 9th day of January 2015 at Pasig City, Metro Manila.

ANNA FRANCESCA C. RESPICIO
Assistant Corporate Secretary

JAN 12 2015 QUEZON CITY

SUBSCRIBED AND SWORN to before me this 9th day of January 2015 at Manila, affiant exhibiting to me her Community Tax Certificate No. 12567208 issued on 8 January 2015 at Manila and TIN 419-191-112 as her competent evidence of identity.

ATTY. JOEL C. GORDOLA
NOTARY PUBLIC
COMMISSION EXPIRES DEC. 31, 2015
PTR NO. 0560688 1/05/2015, Q.C.
ROLL OF ATTORNEY NO. 25103.

Doc. No. [illegible];
Page No. [illegible];
Book No. [illegible];
Series of 2015.

f:\data\clients\717\corp\sc\updates on 2014 acgr.docx
ABKT\ACR\jen d 717-203

ANNEX "A" 99

FOR APPROVAL

MINUTES OF THE ANNUAL STOCKHOLDERS MEETING OF

JOLLIVILLE HOLDINGS CORPORATION

Held at its principal office
on 25 June 2014

PRESENT IN PERSON OR BY PROXY	NO. OF SHARES
Total number of shares present	244,790,847
Total number of shares entitled to vote	281,500,000

CALL TO ORDER

At the request of the stockholders present, the Chairman, Mr. Jolly L. Ting, called the meeting to order and presided over the same. The Assistant Corporate Secretary, Ms. Ortrud T. Yao, recorded the minutes of the proceedings.

CERTIFICATION OF QUORUM

Majority of the stockholders being present in person or represented by proxy, the Corporate Secretary certified that a quorum existed for the transaction of business at hand.

Upon request of the Chairman, the Secretary confirmed notices of the meeting were sent to all shareholders of record in accordance with the provisions of the By-Laws. The Chairman instructed the Secretary to append the Certificate attesting to the mailing of notices to the original Minutes of the Meeting.

Thereafter, the Secretary certified that, based on the register of attendees and proxies, out of the Two Hundred Eighty One Million Five Hundred Thousand, (281,500,000) shares of the total outstanding capital stock of the Corporation, there were present in person or by proxy, Two Forty Four Million Seven Hundred Ninety Thousand Eight Hundred Forty Seven (244,790,847) shares representing an attendance of Eighty Six and 96/100 percent (86.96%) of the total outstanding capital stock of the Corporation. Accordingly, the Secretary certified that a quorum existed for the transaction of business at hand.

APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING

Upon motion duly made and seconded, the reading of the minutes of the last stockholders' meeting held on 3 July 2013 was dispensed with and the same was approved as circulated.

PRESIDENT'S REPORT AND 2013 FINANCIAL STATEMENTS

The Chairman presented the Corporation's report for the year 2013.After his report, Ms. Ortrud T. Yao, the Corporation's Chief Financial Officer, presented the Corporation's financial report. She informed the stockholders of the financial performance of the Corporation in 2013 with the aid of a powerpoint presentation.

The stockholders, upon motion made and duly seconded, and there being no objections, noted and approved the Audited Financial Statements for the Fiscal Year ended 31 December 2013.

RATIFICATION OF CORPORATE ACTS

Upon motion duly made and seconded, all the acts of the Board of Directors and Officers of the Corporation from the date of the last stockholders' meeting to the present in all respects were confirmed, ratified and approved.

ELECTION OF DIRECTORS

Upon nominations made and duly seconded, the following persons were unanimously elected as members of the Board of Directors of the Corporation for the year 2014-2015, to serve as such until their successors shall have been duly elected and qualified:

Jolly L. Ting	- Director
Melody T. Lancaster	- Director
Nanette T. Ongcarranceja	- Director
Ortrud T. Yao	- Director
Rodolfo L. See	- Director
Dexter E. Quintana	- Independent Director

In compliance with the requirements of the Revised Code of Corporate Governance and Rule 38 of the Revised Implementing Rules of the Securities Regulation Code, Mr. Dexter E. Quintana was elected as an independent director of the Corporation, as endorsed by the Corporation's Nomination Committee in its meeting of June 18, 2014.

APPOINTMENT OF EXTERNAL AUDITOR

Upon recommendation from the Board of Directors, the stockholders voted for the reappointment of the auditing firm of Constantino Guadalquiver and Co. as the Corporation's external auditor for the year 2014-2015. Upon motion made and duly seconded, the following resolution was approved:

> "RESOLVED, that the auditing firm of Constantino Guadalquiver and Co. be re-appointed as the Corporation's external auditor for the year 2014-2015."

ADJOURNMENT

There being no further business to transact, the meeting was thereupon adjourned.

Attested by:

JOLLY L. TING
Chairman of the Meeting

ORTRUD T. YAO
Assistant Corporate Secretary

F:\data\CLIENTS\717\CORP\MIN\ASM 2014.doc
717 200ABKT/ACR

99

ANNEX "B"

REPUBLIC OF THE PHILIPPINES)
PASIG CITY, METRO MANILA) S.S.
QUEZON CITY

SECRETARY'S CERTIFICATE

ANNA FRANCESCA C. RESPICIO, of legal age, Filipino, with office address at 2704 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, being the duly elected and qualified Corporate Secretary of **JOLLIVILLE HOLDINGS CORPORATION** (the "Corporation"), a corporation organized and existing under the laws of the Philippines, under oath, does hereby certify that:

1. During the Organizational Meeting of the Board of Directors on 25 June 2014, Mr. Sergio R. Ortiz-Luis, Jr. was elected as an independent director.

2. The following members of the Board of Directors were appointed as members of the following Board Committees during the Organizational Meeting of the Board of Directors on 25 June 2014:

Executive Committee

1. Jolly L. Ting (Chairman)
2. Nanette T. Ongcarranceja
3. Ortrud T. Yao

Audit & Risk Committee

1. Dexter E. Quintana (Chairman)
2. Rodolfo L. See
3. Ortrud T. Yao

Nomination Committee

1. Melody T. Lancaster (Chairman)
2. Dexter E. Quintana
3. Nanette T. Ongcarranceja

Compensation and Remuneration Committee

1. Nanette T. Ongcarranceja (Chairman)
2. Ortrud T. Yao
3. Sergio R. Ortiz-Luis, Jr.

IN ATTESTATION OF THE ABOVE, this Certificate was signed this 9th day of January 2015 at Pasig City, Metro Manila.

ANNA FRANCESCA C. RESPICIO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 9th day of January 2015 at Pasig City, affiant exhibiting to me her Community Tax Certificate No. 12567208 issued on 8 January 2015 at Manila and TIN 419-191-112 as her competent evidence of identity.

JAN 12 2015 QUEZON CITY

ATTY. JOEL G. GORDOLA
NOTARY PUBLIC
COMMISSION EXPIRES DEC. 31, 2015
PTR NO. 0560688 1/05/2015, Q.C.
ROLL OF ATTORNEY NO. 25102.

Doc. No. 141;
Page No. 12;
Book No. 4;
Series of 2014.

F:\data\CLIENTS\717\CORP\SC\election of committee members.doc
ABKT\ACR\jen d 717-200

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FORM 17-A, Item 7

December 31, 2014
For the Year Ended December 31, 2014

** These schedules, which are required by SRC Rule 68, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's consolidated financial statements or the notes to consolidated financial statements.*

JOLLIVILLE HOLDINGS CORPORATION

April 8, 2015

The Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Jolliville Holdings Corporation** is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2014 and 2013, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

Constantino Guadalquiver & Co., the independent auditors and appointed by the stockholders, has examined the consolidated financial statements of the company in accordance with Philippine Standards on Auditing and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

JOLLY L. TING
Chairman
CTC No. 25294727
Issued on 02-17-15 at Quezon City

NANETTE T. ONGCARRANCEJA
President
CTC No. 25294715
Issued on 02-17-15 at Quezon City

ORTRUD T. YAO
Treasurer
CTC No. 25294734
Issued on 02-17-15 at Quezon City

SUBSCRIBED AND SWORN to before me this 10 day of APR, 2015 in the city of MAKATI CITY, Philippines. Affiant exhibiting to their Community Tax Number as above stated.

Doc No. 307;
Page No. 63;
Book No. XII;
Series of 2015.

JOSHUA P. LAPUZ
Notary Public for Makati
Appointment No. M-41
Until December 31, 2015
Roll No. 45790
IBP Lifetime Roll No. 04897
PTR No. 4748511 / 1-5-15 / Makati City
G/F Fedman Suites, 199 Salcedo St.
Legaspi Village Makati City

CG&Co

an independent member of
BAKER TILLY
INTERNATIONAL

Constantino Guadalquiver & Co.
Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT

The Stockholders and Board of Directors
Jolliville Holdings Corporation
4th Floor, 20 Lansbergh Place Building
170 Tomas Morato corner Scout Castor Street
Quezon City

We have audited the accompanying consolidated financial statements of Jolliville Holdings Corporation and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Jolliville Holdings Corporation and subsidiaries as of December 31, 2014 and 2013 and their financial performance and cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

CONSTANTINO GUADALQUIVER & CO.
BOA Registration No. 0213, valid until December 31, 2016
SEC Accreditation No. (A.N.) 0003-FR-3, valid until November 10, 2017 (Group A)
BIR A.N. 08-001507-0-2014, valid until January 4, 2017

By:

ERamos
Edwin F. Ramos
Partner
CPA Certificate No. 0091293
SEC A.N. 0432-AR-2, valid until February 13, 2016 (Group A)
TIN 134-885-074-000
BIR A.N. 08-001507-8-2014, valid until January 4, 2018
PTR No 4755984, issued on January 14, 2015, Makati City

Makati City, Philippines
April 8, 2015

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013
(Amounts in Philippine Pesos)

	Note		**2014**		2013
ASSETS					
Current Assets					
Cash and cash equivalents	6	₱	**315,310,916**	₱	227,792,017
Receivables – net	7		**236,758,736**		115,404,883
Inventories - net	8		**16,027,707**		24,309,768
Due from related parties	17		**55,811,669**		47,010,801
Other current assets	9		**67,371,213**		68,361,655
Total Current Assets			**691,280,241**		482,879,124
Noncurrent Assets					
Available-for-sale (AFS) investments	10		**3,005,410**		2,887,074
Investment in an associate	11		**21,028,347**		20,290,138
Investment property	12		**614,850,001**		680,963,882
Property, plant and equipment – net	13		**1,237,515,838**		778,236,638
Deferred tax assets	22		**10,715,814**		9,357,052
Other noncurrent assets	14		**49,296,495**		34,985,938
Total Noncurrent Assets			**1,936,411,905**		1,526,720,722
		₱	**2,627,692,146**	₱	2,009,599,846
LIABILITIES AND EQUITY					
Current Liabilities					
Current portion of loans payable	15	₱	**261,098,384**	₱	269,374,572
Accounts payable and accrued expenses	16		**313,621,126**		150,469,043
Due to related parties	17		**62,726,812**		73,691,552
Dividend payable			**126,557**		302,279
Income tax payable			**16,990,603**		10,778,625
Total Current Liabilities			**654,563,482**		504,616,071
Noncurrent Liabilities					
Noncurrent portion of loans payable	15		**579,270,960**		248,787,572
Retirement benefit obligation	18		**27,591,751**		24,371,606
Deferred tax liabilities	22		**26,068,703**		26,714,516
Deposit for future stock subscription			**95,000,000**		95,000,000
Customers' deposits			**24,726,795**		19,095,674
Total Noncurrent Liabilities			**752,658,209**		413,969,368
Total Liabilities			**1,407,221,691**		918,585,439

(Forward)

(Carryforward)

	Notes		2014		2013
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	12, 13		**205,595,633**		205,654,298
Revaluation reserves on AFS investments	10		**820,821**		727,298
Retained earnings			**459,172,754**		355,521,854
Reserve for actuarial gain			**735,471**		735,471
			948,636,787		844,951,029
Noncontrolling Interests			**271,833,668**		246,063,378
Total Equity			**1,220,470,455**		1,091,014,407
		₱	**2,627,692,146**	₱	2,009,599,846

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Note	**2014**	2013	2012
REVENUES				
Power sales		**₱ 501,909,524**	₱ 457,863,336	₱ 440,317,360
Water services		**188,329,549**	150,093,049	130,447,382
Rental	23	**59,820,720**	65,574,395	64,181,778
Technical services	23	**37,493,544**	25,742,601	15,093,540
Equity share in net earnings of an associate	11	**738,209**	293,970	131,520
Sale of goods		–	15,403,475	19,078,059
Others		**18,205**	364,372	428,955
		788,309,751	715,335,198	669,678,594
COSTS OF SALES AND SERVICES	19	**508,423,915**	496,464,416	468,683,255
GROSS INCOME		**279,885,836**	218,870,782	200,995,339
OPERATING EXPENSES	20	**109,876,319**	97,412,178	72,008,391
INCOME FROM OPERATIONS		**170,009,517**	121,458,604	128,986,948
OTHER INCOME (CHARGES) – Net	21	**(9,558,460)**	10,319,424	(22,526,838)
INCOME BEFORE INCOME TAX		**160,451,057**	131,778,028	106,460,110
INCOME TAX EXPENSE (BENEFIT)	22			
Current		**32,674,662**	21,404,883	19,520,543
Deferred		**(1,979,433)**	(1,520,971)	(180,201)
		30,695,229	19,883,912	19,340,342
NET INCOME		**₱ 129,755,828**	₱ 111,894,116	₱ 87,119,768
OTHER COMPREHENSIVE INCOME				
Not reclassifiable to profit or loss				
Actuarial gain (loss)		**₱ –**	₱ 2,579,505	₱ –
Deferred tax effect		**–**	(746,518)	–
		–	1,832,987	–

(Forward)

(Carryforward)

	Note		**2014**		2013		2012
Reclassifiable to profit or loss							
Increase in:							
Revaluation surplus - net		₱	**–**	₱	2,981,383	₱	–
Fair value of AFS investments	10		**152,848**		150,853		228,744
			152,848		3,132,236		228,744
			152,848		4,965,223		228,744
TOTAL COMPREHENSIVE INCOME		₱	**129,908,676**	₱	116,859,339	₱	87,348,512
NET INCOME ATTRIBUTABLE TO:							
Equity holders of the parent company		₱	**98,800,471**	₱	93,019,028	₱	59,738,323
Noncontrolling interests			**30,955,357**		18,875,088		27,381,445
		₱	**129,755,828**	₱	111,894,116	₱	87,119,768
EARNINGS PER SHARE			**0.3510**		0.3304		0.2122
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:							
Equity holders of the parent company		₱	**99,287,957**	₱	98,878,554	₱	59,967,067
Noncontrolling interests			**30,620,719**		17,980,785		27,381,445
		₱	**129,908,676**	₱	116,859,339	₱	87,348,512
EARNINGS PER SHARE	24	₱	**0.3527**	₱	0.3513	₱	0.2130

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	2014	2013	2012
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	₱ 281,500,000
ADDITIONAL PAID-IN CAPITAL		**812,108**	812,108	812,108
REVALUATION SURPLUS IN INVESTMENT PROPERTY AND PROPERTY AND EQUIPMENT - Net				
Balance at beginning of year	12, 13	**205,654,298**	204,103,821	204,097,899
Appraisal increase		–	1,550,477	–
Depreciation on property and equipment		**(58,665)**	–	–
Change in ownership interest		–	–	5,922
Balance at end of year		**205,595,633**	205,654,298	204,103,821
REVALUATION RESERVES ON AFS INVESTMENTS	10			
Balance at beginning of year		**727,298**	612,728	384,236
Increase in fair value		**93,523**	114,570	228,356
Change in ownership interest		–	–	136
Balance at end of year		**820,821**	727,298	612,728
RETAINED EARNINGS				
Balance at beginning of year		**355,521,854**	262,502,826	202,915,050
Change in ownership interest		**4,850,429**	–	(234,445)
Net income during the year		**98,800,471**	93,019,028	59,738,323
Balance at end of year		**459,172,754**	355,521,854	262,418,928
RESERVE FOR ACTUARIAL GAIN (LOSS)				
Adjustment at beginning of year		**735,471**	(2,028,102)	(2,028,102)
Actuarial gain during the year		–	2,763,573	–
Balance at end of year	3	**735,471**	735,471	(2,028,102)
		₱ **948,636,787**	₱ 844,951,029	₱ 747,419,483
NONCONTROLLING INTERESTS				
Balance at beginning of year		₱ **246,063,378**	₱ 221,141,598	₱ 209,301,654
Increase (decrease) in noncontrolling interests		**(4,850,429)**	6,940,995	(15,541,501)
Share in total comprehensive income		**30,620,719**	17,980,785	27,381,445
Balance at end of year		₱ **271,833,668**	₱ 246,063,378	₱ 221,141,598
		₱ **1,220,470,455**	₱ 1,091,014,407	₱ 968,561,081

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	**2014**	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱ **160,451,057**	₱ 131,778,028	₱ 106,460,110
Adjustments for:				
Depreciation and amortization	13	**59,253,579**	54,600,126	43,800,874
Increase in fair value of investment property through profit or loss	12, 21	**(17,548,000)**	(36,087,300)	(9,292,000)
Finance charges	15	**25,705,153**	27,120,417	35,692,461
Interest income	6, 21	**(3,174,106)**	(2,989,472)	(4,808,947)
Provisions for:				
Retirement expense	18	**3,123,232**	3,142,403	2,270,190
Impairment loss	7	**1,197,641**	936,290	310,418
Unrealized foreign exchange loss	6	**52,372**	360,805	11,024
Equity share in net earnings of the associate	11	**(738,209)**	(293,970)	(131,520)
Operating income before working capital changes		**228,322,719**	178,567,327	174,312,610
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables	7	**(40,996,853)**	(20,446,685)	(10,756,299)
Inventories	8	**8,282,061**	(4,883,339)	(1,003,671)
Other current assets	9	**4,427,907**	(17,997,083)	(2,201,213)
Increase (decrease) in:				
Accounts payable and accrued expenses	16	**95,077,941**	(33,392,457)	(34,064,318)
Customers' deposits		**5,631,121**	6,871,620	425,500
Cash generated from operations		**300,744,895**	108,719,383	126,712,609
Interest paid		**(26,708,976)**	(28,181,353)	(37,435,980)
Income tax paid		**(31,097,790)**	(24,301,542)	(22,872,324)
Interest received		**3,174,106**	2,988,282	4,808,947
Net cash provided by operating activities		**246,112,236**	59,224,770	71,213,252

(Forward)

(Carryforward)

	Notes	**2014**	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property and equipment	13, 28	**₱ (441,969,733)**	₱ (109,693,444)	₱ (54,278,593)
Decrease (increase) in:				
Due from related parties	17	**(8,800,868)**	10,116,672	(33,601,318)
Other noncurrent assets	14	**(14,310,557)**	(9,465,976)	(5,928,930)
Cash and cash equivalents due to a deconsolidated subsidiary		–	–	(2,242,333)
Increase in dividend payable		**(175,722)**	–	302,279
Net cash used in investing activities		**(465,256,880)**	(109,042,748)	(95,748,895)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loan availment	15	**478,418,406**	369,124,997	131,037,900
Payments of loans	15	**(156,211,206)**	(301,361,977)	(121,048,856)
Increase (decrease) in:				
Noncontrolling interests		**(4,526,545)**	10,374,265	(15,770,278)
Due to related parties	17	**(10,964,740)**	3,175,490	(1,948,973)
Net cash provided by (used in) financing activities		**306,715,915**	81,312,776	(7,730,207)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(52,372)**	(360,805)	(11,024)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**87,518,899**	31,133,993	(32,276,874)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**227,792,017**	196,658,024	228,934,898
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	**₱ 315,310,916**	₱ 227,792,017	₱ 196,658,024

See accompanying Notes to Consolidated Financial Statements.

(Amounts in Philippine Pesos)

1. Corporate Information

Jolliville Holdings Corporation ("JOH" or "the Parent Company") and subsidiaries, collectively referred to as "the Group" were incorporated and organized under the laws of the Philippines and registered with the Securities and Exchange Commission (SEC) on various dates.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

Subsidiaries	Percentage of Ownership			
		2014		2013
Ormina Realty and Development Corporation (ORDC)		**100.00**		100.00
Jolliville Group Management, Inc. (JGMI)		**100.00**		100.00
Servwell BPO International (Servwell)		**100.00**		100.00
Granville Ventures Inc. (GVI)*		**100.00**		100.00
Jollideal Marketing Corporation (JMC)*		**100.00**		100.00
Jolliville Leisure and Resort Corporation (JLRC)*		**100.00**		100.00
Ormin Holdings Corporation (OHC)* and Subsidiaries:		**100.00**		100.00
OTY Development Corp. (OTY)*		**100.00**		100.00
Melan Properties Corp. (MPC)*		**100.00**		100.00
KGT Ventures, Inc. (KGT)*		**100.00**		100.00
Ibayo Island Resort Corp. (IIRC)*		**100.00**		100.00
NGTO Resources Corp. (NGTO)*		**100.00**		100.00
Philippine Hydro Electric Ventures, Inc.		**100.00**		
Ormin Power, Inc. (OPI)	**60.00**			60.00
Philippine H20 Venture Corp. and Subsidiaries				
Direct ownership of the Parent Company	**33.51**		27.34	
Parent Company's ownership through OHC Subsidiaries	**24.67**	**58.18**	24.67	52.01
Tabuk Water Corp. (Tabuk Water)*		**58.18**		52.01
Calapan Waterworks Corporation (CWC)		**57.98**		51.83
Metro Agoo Waterworks Inc. (MAWI)* (see Note 2)				
Parent Company's ownership through CWC		**49.19**		44.12
Nation Water Corporation (NWC) * (see Note 2)				
Parent Company's ownership through CWC and TWC		**43.54**		–

**preoperating stage*

The Parent Company was incorporated primarily to acquire, invest in, hold, sell, exchange and generally deal in with securities of every kind and description (without in any way acting as investment house, or securities dealer or broker), and to purchase, lease or otherwise acquire lands or interest in lands, and to build, construct or erect thereon buildings, factories, or other structures.

Currently, the Parent Company's principal activity is holdings in subsidiaries and associates and leasing of investment property and movable property. The principal activities of the subsidiaries are as follows:

Name of subsidiary	Principal activity
Philippine H20 Ventures Inc.	Will invest in, purchase, or otherwise acquire and own, hold, use, develop, lease, sell, assign, transfer, mortgage, pledge, exchange, operate, enjoy or otherwise dispose of, as may be permitted by law, all properties of every kind, nature and description and wherever situated, including but not limited to real estate, whether improved or unimproved, agricultural and natural resource projects, buildings, warehouses, factories, industrial complexes and facilities; shares of stock, subscriptions, bonds, warrants, debentures, notes, evidences of indebtedness, and other securities and obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefore in money or by exchanging therefore stocks, bonds or other evidences of indebtedness or securities of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, subscriptions, bonds, debentures, contracts, or obligations, to receive, collect, and dispose of interest, dividends, and income arising from such property; and to possess and exercise in respect thereof all the rights, powers, and privileges of ownership, including complying with the provisions of the Revised Securities Act.
CWC	Operates, manages and maintains the general business of development and utilization of water resources to harness, produce and supply water for domestic, municipal, agricultural, industrial, commercial or recreational purposes.
NWC	Will operate, manage and maintain the general business of, development and utilization of water resources to harness, produce and supply water for domestic, municipal, agricultural, industrial, commercial or recreational purposes
Tabuk Water* / MAWI*	Will engage in the operation, management and maintenance of development and utilization of water resources. Also, will acquire, own, lease, construct, install, equip, operate, manage and maintain plants.
Philippine Hydro Electric Ventures, Inc.*	Will engage in, own, develop, construct, rehabilitate, operate, and maintain water and electric power plant systems and facilities, indigenous power generation plants and other types of power generation and/or converting stations; to make the necessary undertaking for the distribution of such facilities to consumers; to act as holding company or joint venture partner or investor in the business of developing, operating, and/or owning power generation plants, converting stations, and/or distribution facilities; to acquire, build, construct, own, maintain and operate all necessary and convenient building, structures, dows, machinery, sub-stations, transmission lines, poles, wires, and other devices; and in relation thereto, engage in all allied services and business necessary for the conduct and maintenance of the above projects.

Name of subsidiary	Principal activity
OPI	Provide power generation and electricity supply services to distribution utilities, including but not limited to, electric cooperatives; to install, build, own, lease maintain or operate power generation facilities, using fossil fuel, natural gas, or renewable energy; and to engage in any and all acts which may be necessary, or convenient, in the furtherance of such power generation services.
JGMI	Provide management, investment and technical advices and services except the management of funds, securities, portfolio or similar assets of the managed entities or corporations.
Servwell	Design, implement, and operate certain business processes; assist companies in running their accounting units; provide receivables and payables processing, billings and collections, treasury, escrow and other related services; provide provident fund accounting; and provide human resource-related processes.
ORDC	Engages in real estate business including property development, sale or lease. Develops, sells and/or leases movable property.
JLRC/MPC KGT/OTY IIRC/NGTO*	Will engage in the lease and purchase of marine, aquatic and environmental resources located in the Philippines and develop and conserve places with tourism value.
JMC*	Will engage in the purchase and sale of construction and other related materials.
GVI OHC*	Will engage in real estate business including property acquisition, development, sale or lease. Also, will engage in the purchase, investment and sale of securities of any kind, without, in any way, acting as investment house or security dealer or broker.

**preoperating stage*

The Parent Company's registered office and principal place of business is No. 20 Lansbergh Place, 170 Tomas Morato corner Scout Castor Street, Quezon City.

The consolidated financial statements of the Parent Company and subsidiaries (Group) were approved and authorized for issue by the Board of Directors (BOD) on April 8, 2015.

2. **Basis of Preparation**

Presentation of Financial Statements

The consolidated financial statements of the Group 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 value. The Group presents all items of income and expenses in a single statement of comprehensive income. Two comparative periods are presented for the statement of financial position when the Group applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or reclassifies items in the financial statements. 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.

Statement of Compliance

The financial statements of the Group have been prepared in compliance with PFRS. PFRS includes statements named PFRS and Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

Basis of Consolidation

The consolidated financial statements of the Group include the accounts of Jolliville Holdings Corporation and its subsidiaries where the Parent Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. 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.

Disposals of equity investments to noncontrolling interests result in gains and losses for the Group are recorded in the consolidated statements of comprehensive income. Purchase of equity shares from noncontrolling interests are accounted for as equity transaction (i.e., transactions with owners in their capacity as owners). In such circumstances, the carrying amounts of the controlling and noncontrolling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid shall be recognized directly in equity.

On May 18, 2012, CWC's BOD unanimously approved to accept ₱100 million from CVI as an additional equity investment in CWC, in consideration for the latter's additional subscription of 14,285,714 shares, valued at ₱7 per share.

On the same date, CVI's BOD approved the sale of its investment in Kristal Water. The decision was reached in order for CVI to focus its resources to the growth of its core water utility business. The investment was sold at cost to CVI's affiliates on July 5, 2012.

On June 4, 2012, CWC's BOD approved the declaration of cash dividends of ₱0.35 per share, or a total of ₱35.5 million to stockholders of record as of June 8, 2012. Dividend still payable to CWC's noncontrolling interests amounted to ₱302,279.

On June 13, 2012, CVI's BOD approved the declaration of cash dividends of ₱0.2 per share, with an aggregate amount of ₱32.4 million to stockholders of record as of June 29, 2012.

In 2012, CWC subscribed to 84.84% equivalent to 2,121,000 shares of MAWI and paid an amount equal to ₱527,250.

On February 22, 2014, OPI entered into a construction contract with an affiliate, 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.

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 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.

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

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.

On November 24, 2014, the CWC's BOD approved the declaration of cash dividends of ₱1 per common share, or a total of ₱101,027,839 to stockholders on record as of November 24, 2014. Out of the total amount of dividends declared, dividends attributable to Philippine H2O Ventures Corp. amounting to ₱100,686,484 were converted into deposit for future stock subscription.

In 2013, the Parent Company subscribed additional 51,900,000 shares of OPI with ₱1 par value. As of December 31, 2014 and 2013 the related subscription payable related to the investment in OPI amounted to ₱35.4 million.

On December 18, 2013 JGMI and Servwell declared its 2012 retained earnings as cash dividend amounting to ₱28,091,097 and ₱11,905,585, respectively. These are to be distributed on 2014.

On December 15, 2014 JGMI and Servwell declared its 2014 retained earnings as cash dividend amounting to ₱10,000,000 and ₱25,000,000, respectively. On December 16, 2014 ORDC declared its 2014 retained earnings as cash dividends amounting to ₱40,000,000.

3. Summary of 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:

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

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

Determination of fair value
Fair value is determined by preference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for a similar instruments with similar maturities.

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

As of December 31, 2014 and 2013, the Group holds financial asset under loans and receivables and financial liability under other financial liabilities.

A more detailed description of the categories of financial assets and liabilities that the Group has is as follows:

- *Loans and Receivables*
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Subsequent to initial recognition, loans and receivables that are classified as non-current are carried at amortized cost in the statements of financial position. Assets that are classified as current are carried at their undiscounted amount. Amortization is determined using the effective interest rate method. Loans and receivables are included in current assets if maturity is within twelve (12) months of each end of financial reporting period. Otherwise, these are classified as noncurrent assets.

  This category includes cash and cash equivalents (Note 6), receivables (Note 7) and due from related party (Note 17).

- *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 (see Note 10).

- *Other Financial Liabilities*
  Other financial liabilities pertain to liabilities that are not held for trading or not designated as 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 the 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 the effective interest method. These include liabilities arising from operations and borrowings.

  This category includes accounts payable and accrued expenses (Note 16) and due to related parties (Note 17) and loan payable (Note 15) in the consolidated statements of financial positions.

Impairment of Financial Assets

The Group assesses at the 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 statements of comprehensive income.

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

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

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

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

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

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

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

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

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to profit or loss.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

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

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

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

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 and water revenues* are recognized when the related 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 Recognition

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

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

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

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

Any gain or loss resulting from either a change in the fair value or the sale or retirement of an investment property is immediately recognized in profit or loss as fair value adjustment on investment property under other income in the Group's statement of income.

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

A company-occupied property classified under property and equipment account becomes an investment property when it ends company-occupation.

Property, Plant and Equipment

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 residual values, 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, equipment 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.

Borrowing costs capitalized in 2014 amounted to ₱6.4 million.

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 and Relationships

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

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

Foreign Currency Transactions and Translations

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

Equity

- Capital stock is determined using the nominal value of shares that have been issued.

- Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related 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.

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

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

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the end of financial reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and carryforward benefits of net operating loss carryover (NOLCO) and minimum corporate income tax (MCIT). Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets and liabilities are measured using the tax rate that is expected to apply to the period when the asset is realized or the liability is settled.

The carrying amount of deferred tax assets is reviewed at end of each financial reporting period and reduced to the extent that it is not probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

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

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

Segment Information

For management purposes, the Group is organized into five (5) major operating businesses which comprise the bases on which the Group reports its primary segment information. Financial information on business segments is presented in Note 5. The Group has no geographical segments as all of the companies primarily operate only in the Philippines.

Segment revenue, expenses and performance include transfers between business segments. The transfers are accounted for at competitive market prices charged to unaffiliated customers for similar products and services. The measurement policies the Group used for segment reporting are the same as those used in the consolidated financial statements. There have been no changes from prior periods in the measurement methods used to determine profit and loss. No asymmetrical allocations have been applied between segments.

Inter-segment assets, liabilities, revenue, expenses and results are eliminated in the consolidated financial statements.

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.

4. 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.

  Rental expense for 2014, 2013 and 2012 are shown in Notes 19 and 20.

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

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

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

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

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

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

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

The Group's allowance for impairment losses amounted to ₱3.0 million and ₱1.8 million as of December 31, 2014 and 2013, respectively (see Notes 7 and 9).

- *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.

  The Group's inventories as of December 31, 2014 and 2013 amounted to ₱16.0 million and ₱24.3 million, respectively (see Note 8).

- *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.

  No allowance for inventory obsolescence recognized in the consolidated financial statements as of December 31, 2014 and 2013.

- *Fair Value Measurement 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. The amounts of revaluation and fair value gains recognized on investment property are disclosed in Note 12.

  The carrying value of the Group's investment property amounted to ₱614.9 million and ₱681.0 million as of December 31, 2014 and 2013, respectively (see Note 12).

- *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.

  The Group's property, plant and equipment as of December 31, 2014 and 2013 amounted to ₱1.2 billion and ₱778.2 million, respectively (see Note 13).

- *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 18, 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.

  Retirement expense amounted to ₱3.1 million in 2014, ₱3.7 million in 2013 and ₱2.3 million in 2012. The Group's retirement benefit obligation amounted to ₱27.6 million and ₱24.4 million as of December 31, 2014 and 2013, respectively (see Note 18).

- *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.

Impairment of Goodwill
Purchase accounting requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at the acquisition date. It also requires the acquirer to recognize goodwill. The Group's business acquisitions have resulted in goodwill which is subject to a periodic impairment test. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate to calculate the present value of those cash flows. There was no impairment loss in 2014, 2013 and 2012.

The carrying amounts of investment property, property, plant and equipment and other noncurrent assets are disclosed in Notes 12, 13 and 14.

- *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.

  The Group's deferred tax assets amounted to ₱10.7 million and ₱9.4 million as of December 31, 2014 and 2013, respectively (see Note 22). The Group's deferred tax liabilities amounted to ₱26.1 million and ₱26.7 million as of December 31, 2014 and 2013, respectively (see Note 22).

- *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 (see Note 26).

- *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.

  No provisions were recognized in 2014 and 2013.

5. Business Segments

The Group's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that serves different market.

- The Parent Company and ORDC are engaged in providing furnishings and non-heavy equipment for lease. Also, the Parent Company leases some of its investment property.

- Water segment pertains to CWC, engaged in the operation, maintenance and distribution of water supplies in the City of Calapan, province of Oriental Mindoro and City of Tabuk, province of Kalinga.
- Power segment pertains to OPI, engaged in power generation and provides electricity supply services in the Province of Oriental Mindoro.
- Trading segment pertains to CVI's trading of goods. On October 9, 2013, the Group announced the discontinuance of CVI's trading business activity.
- Management services segment pertains to JGMI and Servwell, engaged in providing management, investment and technical advices and services.
- Marketing service, other water service and real estate businesses are still in their preoperating stages.

Segment accounting policies are the same as the policies described in Note 4.

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, investment property, property and equipment - net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of accounts payable, wages, and taxes currently payable and accrued liabilities.

The Group generally accounts for inter-segment sales and transfers as in arm's-length transactions at current market prices. Such sales and purchases are eliminated in consolidation.

The following are revenue and income information regarding industry segments for the years ended December 31, 2014, 2013 and 2012 and certain assets and liability information regarding industry segments as of December 31, 2014, 2013 and 2012:

	2014						
	Rental	Water	Power	Management services	Unallocated	Elimination	Consolidated
Segment revenues	₱68,621,868	₱188,329,549	₱501,909,524	₱72,019,793	₱15,221,593	₱43,327,398	₱802,774,929
Segment cost and expenses	42,795,610	116,487,383	421,588,480	26,112,970	29,064,591	43,327,398	592,721,638
Earnings before depreciation and income tax	25,826,258	71,842,166	80,321,044	45,906,823	(13,843,000)	–	210,053,291
Depreciation and amortization	16,176,055	20,036,058	16,224,238	470,765	–	–	52,907,116
Income tax expense (benefit)	2,210,961	13,951,812	(264,510)	14,232,725	564,240	–	30,695,228
Net income (loss)	7,439,242	37,854,296	64,361,316	31,203,333	(14,407,240)	–	126,450,947
Segment assets	414,168,667	817,856,708	947,925,966	69,174,897	378,565,908	–	2,627,692,146
Segment liabilities	51,855,286	425,785,573	707,815,993	9,908,299	211,856,540	–	1,407,221,691
Additions to property, plant and equipment (Note 13)	₱3,675,876	₱–	₱320,696,647	₱7,705	₱188,149,549	₱–	₱512,529,777

	2013							
	Rental	Water	Power	Trading	Management services	Unallocated	Elimination	Consolidated
Segment revenues	₱74,116,366	₱150,093,049	₱457,863,335	₱15,403,475	₱46,310,263	₱40,040,270	₱29,109,630	₱754,717,128
Segment cost and expenses	36,177,958	97,499,276	394,637,184	16,329,261	23,371,063	29,433,862	29,109,630	568,338,974
Earnings before depreciation and income tax	37,938,408	52,593,773	63,226,151	(925,786)	22,939,200	10,606,408	–	186,378,154
Depreciation and amortization	23,025,176	16,923,092	13,761,628	12,004	878,226	–	–	54,600,126
Income tax expense (benefit)	3,890,530	9,478,814	102,733	(259,994)	6,671,829	–	–	19,883,912
Net income (loss)	₱11,022,702	₱26,191,867	₱49,361,790	(₱677,796)	₱15,389,145	₱10,606,408	₱–	₱111,894,116
Segment assets	₱437,006,058	₱465,999,968	₱596,771,271	₱10,582,038	₱61,506,389	₱437,734,122	₱–	₱2,009,599,846
Segment liabilities	₱115,431,060	₱210,375,335	₱368,714,066	₱690,870	₱3,294,155	₱220,079,953	₱–	₱918,585,439
Additions to property, plant and equipment (Note 13)	₱13,712,369	₱58,049,827	₱73,521,905	₱82,468	₱47,344	₱–	₱–	₱145,413,913

	2012							
	Rental	Water	Power	Trading	Management services	Unallocated	Elimination	Consolidated
Segment revenues	₱71,652,319	₱130,447,382	₱440,317,360	₱19,078,059	₱37,061,099	₱14,789,404	(₱29,438,099)	₱683,907,524
Segment cost and expenses	41,643,734	83,968,539	395,719,497	20,248,455	20,615,303	889,111	(29,438,099)	533,646,540
Earnings before depreciation and income tax	30,008,585	46,478,843	44,597,863	(1,170,396)	16,445,796	13,900,293	–	150,260,984
Depreciation and amortization	17,046,620	13,925,197	11,894,940	–	934,117	–	–	43,800,874
Income tax expense (benefit)	4,552,273	10,027,915	94,392	(16,271)	4,682,033	–	–	19,340,342
Net income (loss)	₱8,409,692	₱22,525,731	₱32,608,531	(₱1,154,125)	₱10,829,646	₱13,900,293	₱–	₱87,119,768
Segment assets	₱446,900,660	₱411,735,829	₱472,050,924	₱16,344,321	₱49,169,828	₱410,461,999	(₱6,903,105)	₱1,799,760,456
Segment liabilities	₱73,754,339	₱185,356,201	₱357,514,836	₱5,657,444	₱1,178,296	₱214,557,466	(₱6,903,105)	₱831,115,477
Additions to property, plant and equipment (Note 13)	₱17,038,704	₱70,124,124	₱23,748,324	₱–	₱731,871	₱–		₱111,643,023

6. **Cash and Cash Equivalents**

This account consists of:

	Note	**2014**	2013
Short-term time deposits	26	**₱112,657,346**	₱103,061,247
Cash in banks	26	**202,335,048**	124,412,248
Cash on hand		**318,522**	318,522
		₱315,310,916	₱227,792,017

Cash in banks earn interest at the respective bank deposit rates. Time deposits are made for varying periods up to three months depending on the immediate cash requirements of the Group, and earn interest at 0.625% to 4.5% gross. Interest income earned amounted to ₱3.2 million in 2014, ₱3.0 million in 2013 and ₱4.8 million in 2012 (see Note 21).

The Group's foreign currency denominated monetary asset under cash in bank amounted to US$17,708 with peso equivalent of ₱786,476 as of December 31, 2014 and 2013. This balance was restated using the closing rate as of December 31, 2014 and 2013 of ₱44.617/US$1 and ₱44.414 /US$1, respectively. The Group's net foreign exchange loss amounted to ₱52,372 in 2014, ₱452,312 in 2013 and net foreign exchange gain amounted to ₱379 in 2012 are reported under "Other income (charges)" account in the consolidated statements of comprehensive income (see Note 21).

7. **Receivables** - net

This account consists of:

	2014	2013
Trade	**₱97,767,536**	₱84,675,375
Advances to supplier	**31,898,595**	3,975,650
Advances to contractor	**14,548,078**	15,000,000
Advances to officers and employees	**10,233,973**	9,814,076
Others	**84,665,442**	3,723,778
	239,113,624	117,188,879
Less allowance for impairment	**2,354,888**	1,783,996
	₱236,758,736	₱115,404,883

OPI's trade receivables as of December 31, 2014 and 2013 amounting to ₱33.1 million and ₱25.3 million, respectively, were assigned in favor of a creditor bank (see Note 15).

Others in 2014 include receivables from sale of investment property of ₱80.3 million.

The rollforward analysis of allowance for impairment losses follows:

	Note	**2014**	2013
Balance at beginning of year		**₱1,783,996**	₱1,085,891
Provision for impairment losses	20	–	936,290
Write-off		–	(238,185)
Balance at end of year		**₱1,783,996**	₱1,783,996

8. **Inventories** - net

This account consists of:

	2014	2013
Bunker C and low sulfur fuel oil, lube and diesel oil	**₱11,840,540**	₱19,810,750
Spare parts	**4,187,167**	4,499,018
	₱16,027,707	₱24,309,768

9. **Other Current Assets**

This account consists of:

	2014	2013
Input VAT	**₱46,783,994**	₱51,977,143
Creditable withholding taxes	**16,983,713**	12,348,607
Deposits	**2,159,430**	2,156,930
Prepaid insurance	**905,646**	856,098
Others	**1,736,071**	1,022,877
	68,568,854	68,361,655
Less allowance for impairment loss	**1,197,641**	–
	₱67,371,213	₱68,361,655

Others include prepaid rent, unused office supplies and other prepaid expenses.

10. **Available-for-Sale Investments**

The rollforward analysis of the net carrying value of this account is shown below:

	Note	**2014**	2013
Cost:			
Balance at beginning and end of year		**₱2,000,000**	₱2,000,000
Fair value gain on available for sale investments:			
Balance at beginning of year		**887,074**	736,221
Gain during the year		**118,336**	150,853
Balance at end of year		**1,005,410**	887,074
Net carrying value	26	**₱3,005,410**	₱2,887,074

This account pertains to investment in mutual fund managed by an insurance company. This fund seeks to achieve an optimal level of income in the medium term together with long term capital growth through investments in fixed income securities and money market instruments and shares listed in the Philippine Stock Exchange (PSE).

Although the amount can be withdrawn anytime, the Group's management intends to hold the fund on a long-term basis.

11. **Investment in an Associate**

This account consists of:

	2014	2013
Cost:		
Balance at beginning and end of year	**₱18,369,837**	₱18,369,837
Accumulated equity share in net earnings of an associate:		
Balance at beginning of year	**1,920,301**	₱1,626,331
Share in net earnings during the year	**738,209**	293,970
Balance at end of year	**2,658,510**	1,920,301
Net carrying value	**21,028,347**	₱20,290,138

The undistributed earnings of the associate included in the Group's unappropriated retained earnings amounted to ₱2,658,510 and ₱1,920,301 as of December 31, 2014 and 2013, respectively. These amounts are not currently available for distribution as dividends until these are actually received.

Summarized financial information of the associate follows:

	2014	2013
Total current assets	**₱8,820,444**	₱6,181,120
Total noncurrent assets	**63,554,690**	63,370,764
Total current liabilities	**14,436,897**	13,187,108
Total noncurrent liabilities	**7,229,922**	7,689,784
Total revenue	**25,999,253**	24,118,484
Total comprehensive income	**1,963,323**	781,836

12. **Investment Property**

The rollforward analysis of this account follows:

		2014		
	Note	Land	Buildings and condominium units	Total
Cost:				
Balance at beginning of year		₱115,299,928	₱204,141,480	₱319,441,408
Disposal during the year		(41,152,250)	–	(41,152,250)
Balance at end of year		74,147,678	204,141,480	278,289,158
Fair value adjustment:				
Balance at beginning of year		306,303,373	55,219,101	361,522,474
Gain (loss) during the year	21	24,559,500	(10,316,381)	14,243,119
Disposal		(39,204,750)	–	(39,204,750)
Balance at end of year		291,658,123	44,902,720	336,560,843
Net carrying value		₱365,805,801	₱249,044,200	₱614,850,001

	Note	2013 Land	2013 Buildings and condominium units	2013 Total
Cost:				
Balance at beginning of year		₱164,900,992	₱149,677,368	₱314,578,360
Reclassification		(49,601,064)	54,464,112	4,863,048
Balance at end of year		115,299,928	204,141,480	319,441,408
Fair value adjustment				
Balance at beginning of year		275,053,338	55,244,884	330,298,222
Gain during the year	21	36,087,300	–	36,087,300
Reclassification		(4,837,265)	(25,783)	(4,863,048)
Balance at end of year		306,303,373	55,219,101	361,522,474
Net carrying value		₱421,603,301	₱259,360,581	₱680,963,882

Changes in the fair value of the investment property recognized in the consolidated statements of comprehensive income amounted to ₱14.2 million in 2014, ₱36.1 million in 2014 and ₱9.3 million in 2013 were presented under "Other income (charges)" and "Revaluation surplus" in the consolidated statements of comprehensive income and consolidated statement of changes in equity, respectively.

On December 15, 2014, the Group entered into a contract of sale with Baliland Enterprises Inc. to sell a property for a total consideration of ₱80,357,000.

The Group leases out some of its investment property generally for a period of one (1) year, renewable annually upon mutual consent of the parties. Rental income earned by the Group from its investment property under operating leases amounted to ₱20.9 million in 2014, ₱20.5 million in 2013 and ₱20.0 million in 2012.

Direct costs relative to investment property held under lease are as follows:

	2014	2013	2012
Insurance	**₱171,136**	₱198,942	₱198,961
Repairs and maintenance	**238,000**	176,781	312,735
Real property tax	**1,954,552**	7,236	8,178
	₱2,363,688	₱382,959	₱519,874

13. **Property, Plant and Equipment**

The rollforward analysis of this account follows:

	2014									
	Land and improvements	Leasehold improvements	Buildings, condominium units and improvements	Furniture, furnishings and equipment for lease	Water utilities and distribution system	Power plant	Office furniture, fixtures and equipment	Transportation equipment	Construction in progress	Total
Cost:										
At January 1	₱43,799,039	₱19,720,735	₱87,629,784	₱267,972,065	₱308,516,490	₱327,487,407	₱30,752,890	₱30,133,309	₱77,850,333	₱1,193,862,052
Additions	498,750	–	1,706,474	1,182,707	92,854,723	96,178,396	3,043,405	2,538,573	314,526,749	512,529,777
Reclassification	–	–	–	–	–	(173,880)	–	–	–	(173,880)
At December 31	44,297,789	19,720,735	89,336,258	269,154,772	401,371,213	423,491,923	33,796,295	32,671,882	392,377,082	1,706,217,949
Accumulated depreciation and amortization:										
At January 1	346,902	1,467,536	28,460,683	255,705,296	80,154,058	26,754,645	21,728,422	18,817,403	–	433,434,945
Depreciation and amortization	507	655,803	8,424,450	7,128,758	15,197,104	15,001,966	3,049,354	3,534,949	–	52,992,891
At December 31	347,409	2,123,339	36,885,133	262,834,054	95,351,162	41,756,611	24,777,776	22,352,352	–	486,427,836
Revaluation increment in land										
At January 1 and at December 31	16,557,961		1,251,570							17,809,531
Depreciation	52,518		31,288							83,806
Net	16,505,443		1,220,282							17,725,725
Net carrying value	₱60,455,823	₱17,597,396	₱53,671,407	₱6,320,718	₱306,020,051	₱381,735,312	₱9,018,519	₱10,319,530	₱392,377,082	₱1,237,515,838

	2013									
	Land and improvements	Leasehold improvements	Buildings, condominium units and improvements	Furniture, furnishings and equipment for lease	Water utilities and distribution system	Power plant	Office furniture, fixtures and equipment	Transportation equipment	Construction in progress	Total
Cost:										
At January 1	₱3,799,039	₱18,197,840	₱78,759,266	₱258,344,817	₱305,201,434	₱254,288,089	₱25,508,857	₱26,512,464	₱77,850,333	₱1,048,462,139
Additions	40,000,000	1,522,895	8,870,518	9,627,248	3,315,056	73,199,318	5,258,033	3,620,845	–	145,413,913
Disposal	–	–	–	–	–	–	(14,000)	–	–	(14,000)
At December 31	43,799,039	19,720,735	87,629,784	267,972,065	308,516,490	327,487,407	30,752,890	30,133,309	77,850,333	1,193,862,052
Accumulated depreciation and amortization:										
At January 1	340,820	765,104	13,420,812	246,567,495	68,216,647	14,084,351	19,363,050	16,076,540		378,834,819
Depreciation and amortization	6,082	702,432	15,039,871	9,137,801	11,937,411	12,670,294	2,365,372	2,740,863		54,600,126
At December 31	346,902	1,467,536	28,460,683	255,705,296	80,154,058	26,754,645	21,728,422	18,817,403		433,434,945
Revaluation increment in land										
At January 1 and at December 31	13,536,000		–							1,536,000
Additions	3,021,961		1,251,570							4,273,531
Total	16,557,961		1,251,570							17,809,531
Net carrying value	₱60,010,098	₱18,253,199	₱60,420,671	₱12,314,831	₱228,362,432	₱300,732,762	₱8,976,406	₱11,315,906	₱77,850,333	₱778,236,638

Certain property, plant and equipment under “Land and improvements”, “Water utilities and distribution system” and “Power plant” accounts with a total carrying value of ₱261.7 million and ₱271.3 million as of December 31, 2014 and 2013, respectively, were mortgaged in favor of a creditor bank in connection with the Group’s loan availment (see Note 15).

JGMI’s transportation equipment with a net carrying value of ₱0.3 million as of December 31, 2013 was mortgaged as security for payment of loan obtained. Upon full payment of last monthly installment, the collateral documents will be released (see Note 15).

Depreciation and amortization expense was charged under the following accounts in the consolidated statements of comprehensive income:

	Note	**2014**	2013	2012
Costs of sales and services	19	**₱39,356,768**	₱36,524,811	₱36,552,737
Operating expenses	20	**13,550,348**	18,075,315	7,248,137
		₱52,907,116	₱54,600,126	₱43,800,874

In 2014 depreciation amounting to ₱85,774 was capitalized as part of development cost.

Furniture, furnishings and equipment for lease are generally for a period of one (1) year, renewable annually upon mutual agreement of the parties. Rental income generated on lease of furniture, furnishings and equipment amounted to ₱40.2 million in 2014, ₱45.2 million in 2013 and ₱44.2 million in 2012.

The Group's management had reviewed the carrying values of the property, plant and equipment as of December 31, 2014 and 2013 for any impairment. Based on the evaluation, there are no indications that the property and equipment might be impaired.

14. **Other Noncurrent Assets**

This account consists of:

	Note	**2014**	2013
Development cost		**₱25,696,395**	₱12,679,230
Special bank deposit	23	**9,351,398**	9,303,354
Reserve fund	15	**6,472,097**	7,338,606
Utilities and other deposits		**6,776,605**	5,664,748
Goodwill		**1,000,000**	–
		₱49,296,495	₱34,985,938

Special bank deposit pertains to performance security in the form of a bank guarantee in relation to the lease agreement of CWC with the local government of Tabuk (see Note 23).

Reserve fund pertains to hold-out requirement of the local bank creditors of OPI and CWC as security for their respective loans (see Note 15).

Development cost pertains to capitalized cost relating to the Inabasan project.

15. **Loans Payable**

Details of loans availed from local banks as follow:

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. Outstanding balance of the loan amounted to ₱184,067,651 and ₱213,130,965 as of December 31, 2014 and 2013, respectively.

Interest recognized as expense in 2014 and 2013 amounted to ₱12.3 million and ₱15.5 million, respectively.

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. OPI's assigned receivables and reserve fund amounted to ₱33.1 million and ₱3.6 million, respectively as of December 31, 2014 and ₱25.3 million and ₱4.5 million, respectively as of December 31, 2013 (see Notes 7 and 14).

Also, as a security for the loan, OPI mortgaged its 6.4 MW Bunker C-Fired Packaged Power Station in favor of the bank. The carrying book value of the power station mortgaged as of December 31, 2014 and 2013 amounted to ₱251.0 million and ₱260.3 million and is included under "Power plant" account under Property, Plant and Equipment (see Note 13).

As of December 31, 2014 and 2013, OPI is in compliance with the said covenants.

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.

   Interest expense incurred for these loans in 2014 and 2013 amounted to ₱4.8 million and ₱3.0 million, respectively (see Note 21).

   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 ₱279.5 million and ₱5.8, respectively, in 2014. Interest incurred in 2014 amounting to ₱6.4 million was capitalized as part of Power Plant – Construction in Progress (see Note 13).

c. 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.

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. CWC's reserve fund amounted to ₱2.9 million as of December 31, 2014 and 2013 (see Note 14).

Also, CWC, JOH and major stockholders mortgaged their real estate and other equipment situated in Calapan, Oriental Mindoro in favor of the bank. The aggregate carrying value of CWC's property and equipment mortgaged as of December 31, 2014 and 2013 amounted to ₱10.7 million and ₱11.0 million, respectively (see Note 13). The titles of the mortgaged property have already been delivered to the bank.

As of December 31, 2014 and 2013, CWC is in compliance with the said covenants.

In 2013, CWC availed a loan from a local bank amounting to ₱40.0 million for 180 days subject to renewal, for an annual interest rate of 3%. As of December 31, 2014, the loan balance amounted to ₱30.0 million.

Interest recognized as expense amounted to ₱5.8 million in 2014, ₱5.1 million in 2013 and ₱6.1 million in 2012 (see Note 21).

d. On August 30, 2013, a local bank granted ₱50.0 million loans to JOH with an interest of 3% per annum and will mature after 129 days. This loan was used to accommodate OPI's working capital needs. As of December 31, 2014 and 2013 loan balance amounted to ₱40.0 million and ₱50.0 million, respectively.

   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. As of December 31, 2014, the loan has been fully paid.

   Interest expense for the above loans in 2014, 2013 and 2012 amounted to ₱2.2 million, ₱1.7 million and ₱0.7 million, respectively (see Note 21).

e. In July 2009, ORDC entered into a loan agreement with a local bank for the acquisition of EGI Rufino Building located in Pasay City for ₱46.8 million payable in fifteen (15) years. Interest of 8.0% per annum is fixed for the first ten (10) years and 10.0% fixed for the next five years. This loan was fully paid in 2013.

   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.

   Interest expense incurred for the above loans amounted to ₱0.6 million, ₱3.1 million and ₱3.3 million in 2014, 2013 and 2012, respectively.

f. 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.

In relation to this loan agreement, the above property with a net carrying value of ₱0.3 million as of December 31, 2013, reported under "Transportation equipment" account was mortgaged as security for the payment of the loan. The loan was fully paid on August 2014.

The maturity profile of loans payable follows:

	Note	2014	2013
Due within 1 year		**₱261,098,384**	₱269,374,572
Due beyond 1 year, not later than 5 years		**259,210,735**	156,931,895
Due beyond 5 years		**320,060,225**	91,855,677
	26	**₱840,369,344**	₱518,162,144

16. Accounts Payable and Accrued Expenses

This account consists of:

	Note	2014	2013
Trade		**₱237,873,148**	₱110,148,046
Retention payable	23	**35,205,328**	1,674,851
Accrued expenses		**20,469,260**	17,818,601
Government payables		**12,471,257**	14,487,285
Payable to contractors	23	**4,955,178**	4,955,178
Others		**2,646,955**	1,385,082
	26	**₱313,621,126**	₱150,469,043

Trade payables are settled on 15 to 30 day terms.

Payable to contractors and retention payable arise from various contractor agreements. These are non-interest bearing and are normally settled on 15 to 30 day terms.

Carrying values of this account approximate the fair values at end of financial reporting period due to the short term nature of the transactions.

Accrued expenses include interest and payables to electrical and water utility providers.

17. 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. Details of related party balances follow:

	Note	**2014**	2013
Due from:			
Stockholders		**₱8,439,201**	₱265,321
Equity under common/shared ownership		**30,879,333**	30,310,962
Affiliates		**16,493,135**	16,434,518
	26	**₱55,811,669**	47,010,801
Due to:			
Stockholders		**₱61,069,989**	70,170,187
Equity under common/shared ownership		**1,000,000**	–
Affiliates		**656,823**	3,521,365
	26	**₱62,726,812**	₱73,691,552

The Group and its affiliates have common shareholders.

d. The rollforward analysis of related party accounts follow:

	2014	2013
Due from related parties		
Balance at beginning of year	**₱47,010,801**	₱57,127,473
Advances made during the year	**9,672,816**	4,298,249
Collection during the year	**(871,948)**	(14,414,921)
Balance at end of year	**₱55,811,669**	₱47,010,801
Due to related parties		
Balance at beginning of year	**₱73,691,552**	₱70,516,062
Advances received during the year	**38,068,798**	14,754,692
Payments made during the year	**(49,033,538)**	(11,579,202)
Balance at end of year	**₱62,726,812**	₱73,691,552

e. The summary of the above related party transactions follows:

	2014			
Category	Amount/Volume	Outstanding balance	Terms and condition	Guaranty/Settlement/ Provision
Affiliates				
1. Due from	Advances made: ₱401,878 Collections: 343,261	₱16,493,135	Payable on demand; no significant warranties and covenants	Unsecured; no impairment
2. Due to	Advances received: 250,192 Payments: 3,114,734	656,823	Payable on demand; no significant warranties and covenants	No guarantees
Stockholders				
3. Due from	Advances made: 8,173,880	8,439,201	Payable on demand; no significant warranties and covenants	Unsecured; no impairment

(Forward)

(Carryforward)

	2014			
Category	Amount/Volume	Outstanding balance	Terms and condition	Guaranty/Settlement/ Provision
4. Due to	Advances received: 36,818,606 Payments: 45,918,804	61,069,797	Payable on demand; no significant warranties and covenants	No guarantees
Equity under common/shared ownership				
5. Due from	Advances made: 1,097,058 Collections: 528,687	30,879,333	Payable on demand; no significant warranties and covenants	Unsecured; no impairment
6. Due to	Advances received: 1,000,000	1,000,0000	Payable on demand; no significant warranties and covenants	No guarantees

	2013			
Category	Amount/Volume	Outstanding balance	Terms and condition	Guaranty/Settlement/ Provision
Affiliates				
1. Due from	Advances: ₱346,640 Collections: 6,553,072	₱16,434,518	Payable on demand; no significant warranties and covenants	Unsecured; no impairment
2. Due to	Advances received: 3,228,891 Payments: 5,775,946	3,521,365	Payable on demand; no significant warranties and covenants	No guarantees
Stockholders				
3. Due from	Collections: ₱7,861,849	₱265,321	Payable on demand; no significant warranties and covenants	Unsecured; no impairment
4. Due to	Receipts: 11,525,801 Payments: 5,803,256	70,170,187	Payable on demand; no significant warranties and covenants	No guarantees
Equity under common/shared ownership				
5. Due from	Advances made: 3,951,609	30,310,962	Payable on demand; no significant warranties and covenants	Unsecured; no impairment

f. The Parent Company and its subsidiaries, in the normal course of their business, had transactions with each other as summarized below:

Nature	**2014**	2013
Rental	**₱8,801,149**	₱8,541,969
Management fee	**34,526,249**	20,567,661
	₱43,327,398	₱29,109,630

In 2013, the Parent Company extended to OPI and ORDC interest-bearing advances with a total amount of ₱109.1 million at 4% and 3% per annum, respectively for working capital purposes and payable in 119 and 90 days, respectively. Interest recognized in 2013 amounted to ₱1.7 million. As of December 31, 2013, the balance of advances amounted to ₱96.5 million.

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

g. The remuneration of directors and other members of key management personnel during the year are as follows:

	2014	2013	2012
Salaries	**₱13,183,912**	₱12,556,107	₱11,958,197
Bonuses	**3,092,402**	1,036,402	987,050
	₱16,276,314	₱13,592,509	₱12,945,247

18. Retirement Benefit Obligation

The Group operates a noncontributory retirement plan covering all qualifying employees. Under the current plan, the employees are entitled to retirement benefits of 60 percent of one month's pay per year on attainment of at least five years of their services with the Group.

The most recent actuarial valuations of present value of the defined benefit obligation were carried out at March 27, 2014 by independent actuaries. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

As of December 31, 2014, the plan has not been funded.

The principal assumptions used for the purposes of the actuarial valuation follow:

	2014	2013	2012
Discount rate	**5.3%**	6.6%	6.6%
Expected rate of salary increase	**5.0%**	5.0%	5.0%

Retirement expenses recognized in the consolidated statements of comprehensive income included under "Salaries and employee benefits" were determined as follows:

	2014	2013	2012
Current service cost	**₱1,912,539**	₱1,650,267	₱958,523
Interest cost	**1,307,606**	1,492,136	1,311,667
Transitional liability recognized	–	600,735	–
	₱3,220,145	₱3,743,138	₱2,270,190

The rollforward of retirement benefit obligation follows:

	Note	**2014**	2013
Balance at beginning of year		**₱24,371,606**	₱23,207,973
Retirement expense	20	**3,220,145**	3,743,138
Actuarial loss (gain)		–	(2,579,505)
Balance at end of year		**₱27,591,751**	₱24,371,606

The estimated average working lives of employees for 2013 is twelve (12) years.

19. Cost of Sales and Services

This account consists of:

	Notes	**2014**	2013	2012
Fuel cost		**₱368,121,664**	₱338,147,807	₱330,530,786
Depreciation and amortization	13	**39,356,768**	36,524,811	36,552,737
Salaries and employee benefits	17, 18	**33,906,695**	32,497,470	31,301,404
Utilities		**18,044,122**	17,084,066	13,855,048
Repairs and maintenance		**15,497,834**	26,537,257	22,773,600
Rental	23	**8,840,929**	21,832,395	8,870,383
Supervision and regulatory fees	23	**2,576,087**	1,617,997	1,335,243
Transportation and travel		**1,643,472**	1,777,342	2,185,175
Insurance		**1,476,428**	1,276,523	1,239,103
Communication		**559,002**	596,283	339,386
Office supplies		**308,121**	489,059	510,283
Security services		**360,161**	326,116	315,225
Others		**1,052,445**	2,876,945	380,531
		491,743,729	481,584,071	450,188,904
Outside services		**16,680,187**	14,880,345	18,494,351
		₱508,423,915	₱496,464,416	₱468,683,255

Others include professional fee, parking fees, toll, and training.

20. Operating Expenses

This account consists of:

	Notes	**2014**	2013	2012
Salaries and employee benefits	17, 18	**₱28,341,394**	₱24,541,825	₱20,679,318
Taxes and licenses		**19,216,664**	10,954,743	9,626,899
Depreciation and amortization	13	**13,550,348**	18,075,315	7,248,137
Professional services		**7,873,915**	12,917,115	6,223,375
Training and allowance		**6,790,934**	5,827,495	7,065,579
Representation		**5,548,226**	3,090,083	1,981,253
Transportation and travel		**3,699,064**	1,680,337	1,352,456
Office supplies		**3,393,748**	2,260,384	1,070,388
Communication		**2,898,336**	2,211,955	1,686,620
Repairs and maintenance		**2,860,052**	1,923,518	2,603,744
Security services		**1,895,443**	1,676,877	1,664,852
Association dues		**1,894,984**	1,948,867	2,115,305
Utilities		**1,818,678**	1,813,550	1,945,018
Rental	23	**1,515,015**	1,040,148	1,801,999
Provision for impairment losses	7, 9	**1,197,641**	936,290	310,418
Donation		**1,073,569**	492,318	1,250,510
Outside services		**804,000**	2,565,086	–
Insurance		**510,875**	233,974	162,141
Guarantee fee		**96,565**	171,923	230,521
Others		**4,896,868**	3,050,375	2,989,858
		₱109,876,319	₱97,412,178	₱72,008,391

Others include advertisement, allowances, materials, supplies, parking and toll fees.

21. Other Income (Charges)

This account consists of:

	Notes	**2014**	2013	2012
Interest expense	15	**(₱25,705,153)**	(₱27,120,417)	(₱35,692,461)
Increase in fair value of investment property	12	**14,243,120**	36,087,300	9,292,000
Interest income	6	**3,174,106**	2,989,472	4,808,947
Bank charges		**(1,095,174)**	(1,056,800)	(664,719)
Financial host expense	23	**(475,820)**	(432,977)	(398,588)
Net foreign exchange gain (loss)	6	**(52,372)**	(452,312)	379
Others		**352,833**	305,158	127,603
		(₱9,558,460)	₱10,319,424	(₱22,526,839)

22. Income Taxes

a. The Group's current income taxes for 2014 and 2013 pertain to regular corporate income tax.

b. The Group's deferred tax assets consist of the following:

	2014	2013
Tax effect of:		
Accrued retirement expense	**₱8,277,525**	₱7,311,482
NOLCO	**1,313,908**	1,280,481
Allowance for impairment losses of receivables	**1,065,758**	706,466
Carryforward benefit of MCIT	**58,623**	58,623
	₱10,715,814	₱9,357,052

The Group did not recognize the deferred tax asset on NOLCO amounting to ₱0.7 million since management believes this could not be realized prior to its expiration.

NOLCO amounting to ₱4.3 million as of December 31, 2014, can be carried forward and claimed as deduction against regular taxable income for the next three years as follows:

Date incurred	Amount	Expired	Balance	Expiry date
December 31, 2014	₱2,231,750	₱–	₱2,231,750	December 31, 2017
December 31, 2013	941,929	–	941,929	December 31, 2016
December 31, 2012	1,206,014	–	1,206,014	December 31, 2015
December 31, 2011	2,913,393	2,913,393	–	December 31, 2014
	₱7,293,086	₱2,913,393	₱4,379,693	

The carryforward benefit of MCIT that can be claimed as deduction from regular corporate income tax due for the next three years as follow:

Date incurred	Amount	Expired/Applied	Balance	Expiry date
December 31, 2013	₱58,623	₱–	₱58,623	December 31, 2016
December 31, 2011	385,596	385,596	–	December 31, 2014
	₱444,219	₱385,596	₱58,623	

c. The Group's deferred tax liabilities consist of the following:

	2014	2013
Tax effect of:		
Capitalized borrowing costs	**₱6,552,000**	₱6,804,000
Fair value adjustments and appraisal increase in investment property and property and equipment	**19,516,703**	19,910,516
	₱26,068,703	₱26,714,516

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.

d. Reconciliation between the statutory and the effective income tax rates follows:

	2014	2013	2012
Statutory income tax rate	**30.00%**	30.00%	30.00%
Additions to (reductions in) income tax resulting from:			
Income tax holiday incentives	**(5.30)**	(6.55)	(8.38)
Effect of change in fair value of investment property	**(2.99)**	(8.22)	(2.62)
Interest income taxed at lower rate	**(2.86)**	(0.63)	(1.34)
Applied NOLCO	**0.34**	0.02	0.31
Other unallowable expenses	**(1.70)**	0.41	0.19
Nontaxable income	**(9.20)**	–	–
Effective income tax rate	**19.00%**	15.03%	18.16%

e. The Parent Company and its subsidiaries opted for the itemized deduction scheme for its income tax reporting in 2014, 2013 and 2012.

23. **Significant Contracts and Commitments**

a. <u>Lease of Water Facilities</u>

In 2006, CWC entered into a lease agreement with the local government of Tabuk, in the province of Kalinga (local government). Items under lease are the water facilities developed and owned by the local government. Under the agreement, CWC will manage, operate and maintain this water system within a defined service area for 25 years from the day the facilities are turned-over by the local government. CWC shall pay lease to the local government based on agreed amounts and subject to adjustments depending on the average actual billed volumes. Also, CWC shall pay supervision fee of ₱5 per connection on a monthly basis subject to adjustment according to the change in general consumer price index of the region where the local government belongs.

CWC maintains a performance security in the form of a bank guarantee. If provided in the form of a bank guarantee or an irrevocable letter of credit, security shall be valid for an initial period of twelve (12) months and the Group shall ensure that the security shall be renewed annually, each renewal to take effect immediately on the expiration of the previous security. The amount of performance security is ₱9.0 million per annum from year one (1) to year ten (10) and ₱4.5 million per annum from year eleven (11) to year fifteen (15) of the lease. This is reported as "Special bank deposit" under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 14). The balance of special bank deposit amounted to ₱9.3 million as of December 31, 2014 and 2013.

The lease became effective in October 2006. On March 25, 2010, the lease term was extended for another ten (10) years.

The future aggregate minimum lease payments under lease are as follows:

	2014	2013	2012
Within one year	**₱8,832,000**	₱8,832,000	₱8,832,000
Over 1 year but not more than 5 years	**35,328,000**	35,328,000	35,328,000
More than five years	**15,456,000**	24,288,000	33,120,000
	₱59,616,000	₱68,448,000	₱77,280,000

Lease and supervision fees accrued amounted to ₱8.8 million and ₱2.5 million in 2014, respectively, ₱14.0 million and ₱1.6 million in 2013, respectively, and ₱8.8 million and ₱1.3 million in 2012, respectively (see Note 20).

The Group's water revenue from operating the water utilities in Tabuk amounted to ₱24.4 million in 2014, ₱24.7 million in 2013 and ₱20.5 million in 2012.

b. Subsidy Agreement between National Power Corporation (NPC), ORMECO, and OPI
In 2011, OPI, NPC and ORMECO have signed the subsidy agreement which governs the availment by OPI of the Missionary Electrification Subsidy (ME Subsidy) as a New Power Provider (NPP) in the province of Mindoro. The agreement shall take effect from the time of execution until expiration of the Power Supply Agreement (PSA) or termination of the Subsidy Agreement, as provided under Section 8 of the Subsidy Agreement, whichever comes earlier.

The ME Subsidy shall be computed as the difference between the True Cost of Generation computed under the PSA and the Socially Acceptable Generation Rate (SAGR) paid by ORMECO. The amount of the ME Subsidy shall be taken from the Universal Charge-Missionary Electrification (UC-ME) fund being maintained by NPC.

c. Power Supply Agreement (PSA)
Calapan Diesel Power Plant
On February 9, 2010, the OPI entered into a PSA with ORMECO wherein the OPI agreed to supply the power needs of ORMECO for a period of fifteen (15) years, subject to renewal for another fifteen (15) years by mutual agreement of the parties and to construct, operate and maintain the needed power generation plant on a Build-Own-Operate (BOO) basis. This agreement includes responsibilities of both parties on the construction, testing and operating the power station which will also be owned by the Company.

The OPI agrees to supply electricity generated by the power station to ORMECO more or less 3,800,000 kWh of energy per month or a maximum of 8 MW Power at any given time during the cooperation period for which electricity and other fees shall be paid by ORMECO per month. ORMECO agreed to buy such electricity up to the plant's production capacity.

Inabasan Mini-Hydro Power Plant
On July 18, 2012, OPI entered into a PSA with ORMECO wherein OPI agreed to supply the power needs of ORMECO for a period of twenty-five (25) years, subject to extension upon mutual agreement of the parties and to construct, operate and maintain the needed Renewable Energy Power Facility No. 2 on a BOO basis. Renewable Energy Power Facility No. 2 pertains to the Inabasan River Mini-Hydro Power Plant Project which will be constructed at the Municipality of San Teodoro, Oriental Mindoro. This agreement includes responsibilities of both parties on the construction, testing and operating the power facility which will also be owned by OPI.

OPI agrees to supply electricity generated by the power facility to ORMECO on a minimum of 4,083,000 kWh up to the maximum of 4,320,000 kWh of energy per month at any given time during the cooperation period for which the generation rate shall be paid by ORMECO per month.

d. Fuel Supply and Management Agreement (FSMA)
Pursuant to the PSA, OPI also entered into a FSMA with ORMECO. OPI shall own the storage tanks and dispensing pumps that will be installed at the power plant and all the structures, fixtures and equipment used in connection with the supply of fuel and lube oil. This agreement shall have the same duration as that of the PSA unless otherwise agreed by both parties.

e. Hydropower Service Contract
On March 25, 2010, OPI entered into a Hydropower Service Contract with the Department of Energy (DOE) pursuant to Section 2, Article XII of the 1987 Constitution and Republic Act No. 9513, otherwise known as the Renewable Energy Act of 2008. OPI was appointed and constituted by DOE as the exclusive party to explore, develop and utilize the hydropower resources within Inabasan River in the Municipality of San Teodoro, Oriental Mindoro. Technical and financial risk under the contract shall be assumed by OPI in case no hydropower resource in quantities of electricity is determined during the pre-development stage.

The pre-development stage of the hydropower contract shall be two (2) years from March 25, 2010 and renewable for another year if OPI has not been in default in its exploration, financial and other work commitments and obligations and has provided a work program for the extension period acceptable to DOE, after which this hydropower contract shall automatically terminate unless a declaration of commerciality has been submitted by OPI before the end of the third contract year and thereafter duly confirmed by DOE. Within this stage, OPI shall undertake exploration, assessment, harnessing, piloting and other studies of hydropower resources in the area.

The Company shall carry out the work commitments specified in the Work Program during the pre-development stage and a bond must be secured. This performance bond shall be secured from a DOE-accredited insurance or surety company.

f. Lease Agreement
Power Plant Site
The OPI leased a parcel of land owned by ORMECO for the Power Plant's site. The term of the lease is for 15 years starting on February 9, 2010 with an annual rental of ₱10,000 inclusive of VAT and may be renewed for another fifteen (15) years, under terms and conditions mutually agreed upon by the parties.

Rental expense related to the lease and reported in the Statements of comprehensive income amounted to ₱8,928 in 2014 and 2013.

Generator Set
In 2013, OPI rented 3 x 1.0MW generator sets. The lease shall be for a month, and renewable monthly. Rent expense related to this amounted to ₱7,848,395 in 2013.

g. Agreements for Power Plant
6-8MW Modular Bunker Power Plant
OPI entered into various contracts with the contractors for the electrical tie-line, mechanical and electrical works and construction of the power plant over a period of 120 to 180 calendar days. Retention payable amounting to ₱1.4 million as of December 31, 2012 is included in "Accounts payable and accrued expenses" account in the consolidated statements of financial position (see Note 16). This has been paid during 2013.

Construction of 2 x 1.7MW Hyundai Himsen 9H-21/32 Bunker-fired Power Plant
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 million. As of December 31, 2014, the Company already paid a total amount of ₱92.9 million with a retention payable of ₱9.2 million included in "Accounts payable and accrued expenses" account in the consolidated statements of financial position.

Construction of 10MW Hydro Electric Power Plant
In 2014, the Company entered into various contracts with the contractors for the civil works, electro mechanical works and supply of mechanical hydraulic and electrical equipment. Construction in Progress and retention payable amounted to ₱293,505,057 and 25,969,730 as of December 31 2014, respectively.

h. Memorandum of Agreements (MOA)
OPI entered into a MOA with the DOE for the granting of financial benefits to the host communities of the energy-generation company and/or energy resources for its 8 MW Modular Bunker Diesel Power Plant and 10 MW Inabasan Hydroelectric Power Plant. Based on the agreements, OPI shall provide financial benefits equivalent to one centavo per kilowatt-hour (₱0.01/kWh) of the total electricity sales of the generation facility to the region, province, city or municipality and barangay that host the generation facility.

Financial host expense amounted to ₱475,820 in 2014, ₱432,977 in 2013 and ₱398,588 in 2012 is included in "Other income (charges)" account in the consolidated statements of comprehensive income (see Note 21).

i. Power Generation Project and Operation and Maintenance Agreement
On July 2, 2014, the OPI entered into a Power Generation Project and Operation and Maintenance Agreement with a local service provider for the operation, maintenance and management services for Company's Modular Bunker Fuel-Fired Power Plant for a period of 34 months and may be extended for another 34 months upon mutual agreement of the parties. It also includes the hiring of contractors for repair services; sourcing and procuring of the required maintenance parts and other specific duties required by the Agreement. As compensation to the local service provider, the Company shall pay him ₱0.64 for every kwh generated and dispatched by the power plant based on the metering procedures specified by the Company's existing PSA with ORMECO. Total service fees incurred by the Company for the year ended December 31, 2014 amounted to ₱14,331,744.

As part of the Agreement, the Company's generators' spare parts' custody and management were transferred to the local service provider and will be returned to the Company upon the termination of the agreement. As of December 31, 2014, the Company's generators' spare parts inventory amounted to ₱4,187,167.

j. Technical Services Contracts
The Group has technical services contracts for a period of one year renewable upon such terms and conditions as may be mutually agreed upon by the parties. Total revenue from technical services amounted to in ₱54.0 million in 2014, ₱25.7 million in 2013 and ₱15.1 million in 2012.

k. Lease Agreements
Group as a Lessor
The Group leased its various properties and certain furniture, furnishings and equipment under operating lease with various lessees. The lease shall be for a period of one year and renewable upon mutual agreement of the parties. Rental income recognized in the consolidated statements of comprehensive income amounted to ₱59.8 million in 2014, ₱65.6 million in 2013 and ₱64.2 million in 2012.

Group as a Lessee
The Group leases several office spaces for a period of one year, renewable upon mutual agreement of the parties. Rental expense charged to operations and reported in the consolidated statements of comprehensive income amounted to ₱2.4 million in 2014, ₱1.0 million in 2013 and ₱1.8 million 2012 (see Note 20).

The Group also leased a parcel of land owned by ORMECO for the Calapan Bunker C Diesel Plant's site. The term of the lease is for 15 years with an annual rental of ₱10,000 and may be renewed for another fifteen (15) years, under terms and conditions mutually agreed upon by the parties.

In 2013, the Group rented 3 x 1.0MW generator sets. The lease shall be for a month, and renewable monthly. Rent expense related to this amounting to ₱7.8 million in 2013 is included in "Rental account" under cost of sales and services in the consolidated statements of comprehensive income.

The future aggregate minimum lease payments under operating lease as of December 31, 2014 and 2013 follow:

	2014	2013
Within one year	**₱10,000**	₱10,000
Over 1 year but not more than 5 years	**40,000**	40,000
More than five years	**60,000**	70,000
	₱110,000	₱120,000

24. Earnings Per Share (EPS)

Computation of EPS attributable to the equity holders of the Parent Company is as follows:

Computed based on Net Income

	2014	2013	2012
Net income	**₱98,800,471**	₱93,019,028	₱59,738,323
Divided by weighted average number of common shares	**281,500,000**	281,500,000	281,500,000
	₱0.3510	₱0.3304	₱0.2122

Computation based on Total Comprehensive Income

	2014	2013	2012
Net income	**₱99,287,957**	₱98,878,554	₱59,967,067
Divided by weighted average number of common shares	**281,500,000**	281,500,000	281,500,000
	₱0.3527	₱0.3513	₱0.2130

There were no potential dilutive shares in 2014, 2013 and 2012.

25. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, available-for-sale investments, special bank deposit, loans payable, accounts payable and accrued expenses, dividend payable and due from and to related parties. 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, credit risk and foreign exchange risk.

The main objectives of the Group's financial risk management 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 BOD 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 regular 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.

Table below summarizes the maturity profile of the Group's financial liabilities:

	2014				
	On demand	Within 1 year	Over 1 to 5 years	Over 5 years	Total
Loans payable	₱–	₱261,098,384	₱259,210,735	₱320,060,225	₱840,369,344
Accounts payable and accrued expenses*	301,149,869	–	–	–	301,149,869
Due to related parties	62,726,812	–	–	–	62,726,812
Customers' deposits	24,726,795	–	–	–	24,726,795
	₱388,603,476	₱261,098,384	₱259,210,735	₱320,060,225	₱1,228,972,820

	2013				
	On demand	Within 1 year	Over 1 to 5 years	Over 5 years	Total
Loans payable	₱–	₱269,374,572	₱156,931,895	₱91,855,677	₱518,162,144
Accounts payable and accrued expenses*	135,981,758	–	–	–	135,981,758
Due to related parties	73,691,552	–	–	–	73,691,552
Customers' deposits	19,095,674	–	–	–	19,095,674
	₱228,768,984	₱269,374,572	₱156,931,895	₱91,855,677	₱746,931,128

**excluding government payables*

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.

In 2014 and 2013, the Group was able to negotiate the interest rate at an average of 7% and 7.25%, respectively which is below the agreed minimum annual fixed rate of 15% in the loan agreement. The following table set forth the impact of the range of reasonably possible changes in the interest rates on the Group's income before income tax and equity for the years ended December 31, 2014 and 2013:

	Reasonably possible changes in interest rates	Effect on income before tax	Effect on equity
2014	+4.4%	(₱36,976,251)	(₱25,883,376)
	-4.4%	36,976,251	25,883,376
2013	+7.75%	(₱40,157,566)	(₱28,110,296)
	-7.75%	40,157,566	28,110,296

Credit risk
Credit 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 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 table below shows the gross maximum exposure to credit risk of the Group as of December 31, 2014 and 2013, without considering the effects of credit risk mitigation techniques.

	2014	2013
Cash in banks and short-term time deposits*	**₱314,992,394**	₱227,473,495
Receivables – gross of allowance**	**192,096,059**	98,213,229
Available-for-sale investments	**3,005,410**	2,887,074
Due from related parties	**55,811,669**	47,010,801
Other noncurrent assets:		
Special bank deposit	**9,351,398**	9,303,354
Reserve fund	**6,472,097**	7,338,606
Utilities and other deposits	**6,776,605**	5,664,748
	₱588,505,632	₱397,891,307

**excludes cash on hand*

***excludes advances to contractors and advances to suppliers*

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 base of customers, it is not exposed to large concentration of credit risk.

Below is the credit quality of financial assets:

	2014				
	Neither past due nor impaired		Past due but not		
	High grade	Standard grade	impaired	Impaired	Total
Cash in banks and					
short-term time deposits	₱314,992,394	₱–	₱–	₱–	₱314,992,394
Receivables	171,031,260	–	19,280,803	1,783,996	192,096,059
Available-for-sale investments	3,005,410	–	–	–	3,005,410
Due from related parties	55,811,669	–	–	–	55,811,669
Other noncurrent assets:					
Special bank deposit	9,351,398	–	–	–	9,351,398
Reserve fund	6,472,097	–	–	–	6,472,097
Utilities and other deposits	6,776,605	–	–	–	6,776,605
Total	₱567,440,833	₱–	₱19,280,803	₱1,783,996	₱588,505,632

	2013				
	Neither past due nor impaired		Past due but not		
	High grade	Standard grade	impaired	Impaired	Total
Cash in banks and					
short-term time deposits	₱227,473,495	₱–	₱–	₱–	₱227,473,495
Receivables	58,888,265	9,041	37,531,927	1,783,996	98,213,229
Available-for-sale investments	2,887,074	–	–	–	2,887,074
Due from related parties	47,010,801	–	–	–	47,010,801
Other noncurrent assets:					
Special bank deposit	9,303,354	–	–	–	9,303,354
Reserve fund	7,338,606	–	–	–	7,338,606
Utilities and other deposits	5,664,748	–	–	–	5,664,748
Total	₱358,566,343	₱9,041	₱37,531,927	₱1,783,996	₱397,891,307

High grade cash in banks and short-term time deposits are placed, invested, or deposited in local banks belonging to the top ten (10) banks in the Philippines in terms of resources and profitability.

High grade accounts, other than cash in banks and short-term time deposits, are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Standard grade accounts are accounts which have probability of impairment based on historical trend. Available-for-sale investments are assessed based on financial status of the counterparty and its current share price performance in the market. Substandard grade accounts are accounts which have probability of impairment based on historical trend.

Aging analysis of past due but not impaired receivables follows:

	2014	2013
Less than 30 days	**₱3,237,664**	₱18,196,652
30 to 60 days	**1,343,675**	642,199
61 to 90 days	**208,596**	2,402,748
More than 90 days	**14,490,868**	16,290,328
	₱19,280,803	₱37,531,927

Foreign exchange risk
Foreign exchange risk occurs due to currency differences in the Group's cash and cash equivalents in United States Dollar.

The Group does not have any foreign currency hedging arrangements.

The Group closely monitors the movements of the exchange rate and makes a regular assessment of future foreign exchange movements. The Group then manages the balance of its foreign currency denominated monetary assets based on this assessment.

The following table demonstrates the impact on the income before tax and on equity, of reasonable possible change in the US Dollar to Peso exchange rate, as a result of changes in fair value of monetary assets, in 2014 and 2013:

	USD Appreciate (Depreciate)	Effect on income before tax	Effect on equity
2014	+1.21%	₱4,674	₱3,272
	-1.21%	(4,674)	(3,272)

	USD Appreciate (Depreciate)	Effect on income before tax	Effect on equity
2013	+8%	₱62,918	₱44,043
	-8%	(62,918)	(44,043)

26. Financial Instruments

Set out below is a comparison by category of carrying values and estimated fair values of Group's financial instruments as of December 31, 2014 and 2013:

		2014				
	Note	Carrying value	Fair value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:						
Cash in bank and short term	6					
time deposits		₱314,992,394	₱314,992,394	₱314,992,394	₱–	₱–
Receivables	7	190,312,063	190,312,063	–	–	190,312,063
Available-for-sale investments	8	3,005,410	3,005,410	3,005,410	–	–
Due from related parties	17	55,811,669	55,811,669	–	–	55,811,669
Other noncurrent assets:	14			–	–	–
Special bank deposit		9,351,398	9,351,398	–	–	9,351,398
Reserve fund		6,472,097	6,472,097	–	–	6,472,097
Utilities and other deposits		6,776,605	6,776,605	–	–	6,776,605
		₱586,721,636	₱586,721,636	317,997,804	–	268,723,832
Financial liabilities:						
Loans payable	15	₱840,369,344	₱840,369,344	₱–	₱840,369,344	₱–
Accounts payable and						
accrued expenses*	16	301,149,869	301,149,869	–	–	301,149,869
Due to related parties	17	62,726,812	62,726,812	–	–	62,726,812
Customers' deposits		24,726,795	24,726,795	–	–	24,726,795
		₱1,228,972,820	₱1,228,972,820	₱–	₱840,369,344	₱388,603,476

**Exclusive of government payables*

		2013				
	Note	Carrying value	Fair value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:						
Cash deposits	6	₱227,473,495	₱227,473,495	₱227,473,495	₱–	₱–
Receivables	7	96,429,233	96,429,233	–	–	96,429,233
Available-for-sale investments	8	2,887,074	2,887,074	2,887,074	–	–
Due from related parties	17	47,010,801	47,010,801	–	–	47,010,801
Other noncurrent assets:	14					
Special bank deposit		9,303,354	9,303,354	–	–	9,303,354
Reserve fund		7,338,606	7,338,606	–	–	7,338,606
Utilities and other deposits		5,644,748	5,644,748	–	–	5,644,748
		₱396,087,311	₱396,400,703	₱230,360,569	₱–	₱165,726,742
Financial liabilities:						
Loans payable	15	₱518,162,144	₱518,162,144	₱–	₱518,162,144	₱–
Accounts payable and						
accrued expenses*	16	135,981,758	135,981,758	–	–	135,981,758
Due to related parties	17	73,691,552	73,691,552	–	–	73,691,552
Customers' deposits		19,095,674	19,095,674	–	–	19,095,674
		₱746,931,128	₱746,931,128	₱–	₱518,162,144	₱228,768,984

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The carrying value of cash in banks and short-term deposits, receivables, due from and to related parties and accounts payable and accrued expenses approximate their fair values due to the short-term nature of the transactions and are considered due and demandable.

Other noncurrent assets approximate their fair values as this is subject to insignificant risk of change in value. Special bank deposit approximates its fair value as this is subject to insignificant risk of change in value. This account was only classified under noncurrent due to restriction attached to it by a third party. Reserve fund is classified under noncurrent due to the restriction attached to it by a third party. The fair value of utilities and other deposits could not be readily determined and reasonably measured as the actual timing of receipt which is linked to the cessation of the service cannot be reasonably predicted. Accordingly, refundable deposits are carried at costs less any impairment.

The carrying value of loans payable approximates its fair value because interest rate on the debt closely coincides with the market rate at financial reporting period.

The fair value of customer's deposits could not be practically determined since they are attached to the underlying service and that the cessation of services and the possibility of refund are not determinable. Moreover, the individual balances of this account are insignificant.

As of December 31, 2014 and 2013, the Group has available-for-sale investments valued under Level 1 amounting to ₱3.0 million and ₱2.9 million, respectively pertaining to managed fund in an insurance company which is invested in fixed income securities and money market instruments and shares listed in the PSE. The fair value of available-for-sale investments was determined using Level 1 in 2014, 2013 and 2012. Price of the investment is posted on a daily basis in the insurance company's website.

The fair value of the Group's land and building and building improvements classified under Investment Property (see Note 12) are determined on the basis of the appraisals performed by Royal Asia Appraisal Corporation, an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's non-financial assets indicated above is their current use.

The fair value of these non-financial assets was determined based on the following approaches:

Fair Value Measurement for Land

The Level 2 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2. On the other hand, if the observable recent prices of the reference properties were adjusted for differences in key attributes such as property size, zoning, and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value.

Fair Value Measurement for Building and Improvements

The Level 3 fair value of the buildings and improvements under Investment Property account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees.

These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

27. Capital Management

The Group's objective in managing capital is to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance and to sustain future development of the business.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group considers the following accounts as its capital:

	2014	2013
Capital stock	**₱281,500,000**	₱281,500,000
Additional paid-in capital	**812,108**	812,108
Retained earnings	**450,270,091**	355,521,854
	₱732,582,199	₱637,833,962

The Group manages capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to all components of liability excluding deferred tax liabilities and retirement benefit obligation.

The debt-to-equity ratios as at December 31, 2014 and 2013 follow:

	2014	2013
Total debt (excluding retirement benefit obligation and deferred tax liabilities)	**₱1,353,561,237**	**₱867,499,317**
Total equity	**1,220,470,455**	**1,091,014,407**
Debt-to-equity ratio	**1.11:1.00**	**0.80:1.00**

28. **Contingencies**

a. The Parent Company is not involved in any tax cases under preliminary investigation, litigation and prosecution in courts or outside the BIR for the years ended December 31, 2014 and 2013. However, there is a pending case between the Parent Company and the Jollibee Foods Corporation. The details follow:

   Jolliville Holdings Corporation versus Jollibee Foods Corporation; IPC No. 14-2013-00076, Office of the Director General, Intellectual Property Office, Makati City.

   The Company received a copy of the Bureau of Legal Affairs ("BLA") of the Philippine Intellectual Property Office ("IPO") Decision No. 2014-226 dated 16 September 2014 ("Decision") sustaining the opposition of Jollibee Foods Corporation and denying the registration of the Jolliville Holdings Corporation's name and logo application with the IPO Office. The decision was made in connection to a case filed by Jollibee Foods Corporation vs. Jolliville Holdings Corporation ("the Company") against the mark "JOLLIVILLE HOLDINGS CORPORATION & LOGO.

   The Company maintains its position that it has the lawful right to use its name and logo and has filed an appeal with the IPO Office. The Memorandum of Appeal filed by the Company within the reglementary period has been referred back by IPO to the mediation proceeding that was scheduled last 20 February 2015. However, IPO has scheduled another mediation to give ample time to find ways to coordinate with the higher ups of the Appellee for the possible settlement of the subject case. Accordingly and with conformity of both Counsels, the mediator reset the mediation conference to 19 March 2015.

b. The Group is a party to other lawsuits or claims arising from the ordinary course of business. The Group's management and legal counsels believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the Group's consolidated financial statements, and thus, no provision has been made for these contingent liabilities.

CG&Co

an independent member of
BAKER TILLY
INTERNATIONAL

Constantino Guadalquiver & Co.
Certified Public Accountants

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

SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Jolliville Holdings Corporation
4th Floor, 20 Lansbergh Place
170 Tomas Morato corner Scout Castor Street
Quezon City

We have audited in accordance with Philippine Standards on Auditing the consolidated financial statements of Jolliville Holdings Corporation and Subsidiaries as of December 31, 2014 and 2013, and for each of the three years in the period ended December 31, 2014 and have issued our report thereon dated April 8, 2015. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Retained Earnings Available for Dividend Declaration is presented for purpose of complying with SEC Memorandum Circular No. 11, Series of 2008 and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respect the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

CONSTANTINO GUADALQUIVER & CO.
BOA Registration No. 0213, valid until December 31, 2016
SEC Accreditation No. (A.N.) 0003-FR-3, valid until November 10, 2017 (Group A)
BIR A.N. 08-001507-0-2014, valid until January 4, 2017

By:

Ramos

Edwin F. Ramos
Partner
CPA Certificate No. 0091293
SEC A.N. 0432-AR-2, valid until February 13, 2016 (Group A)
TIN 134-885-074-000
BIR A.N. 08-001507-8-2014, valid until January 4, 2018
PTR No 4755984, issued on January 14, 2015, Makati City

Makati City, Philippines
April 8, 2015

JOLLIVILLE HOLDINGS CORPORATION
SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2014

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	₱	75,747,752
Net income during the period closed to Retained Earnings		100,016,332
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture		–
Unrealized foreign exchange gain - net		–
Unrealized actuarial gain		–
Fair value adjustment (M2M gains)		–
Fair value adjustment of Investment Property resulting to gain		–
Adjustment due to deviation from PFRS/GAAP - gain		–
Other unrealized gains or adjustments to the retained earnings		–
as a result of certain transactions accounted for under the PFRS		–
Add: Non-actual losses		–
Depreciation on revaluation increment (after tax)		–
Adjustment due to deviation from PFRS/GAAP - loss		–
Loss on fair value adjustment of investment property (after tax)		–
Net income actually earned during the period		100,016,332
Add (Less):		
Dividend declarations during the period		–
Appropriations of Retained Earnings during the period		–
Reversals of appropriations		–
Effects of prior period adjustments		–
Treasury shares		–
		–
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND	₱	175,764,084

CG&Co

an independent member of
BAKER TILLY
INTERNATIONAL

Constantino Guadalquiver & Co.
Certified Public Accountants

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

SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
Jolliville Holdings Corporation
4th Floor, 20 Lansbergh Place
170 Tomas Morato corner Scout Castor Street
Quezon City

We have audited in accordance with Philippine Standards on Auditing the consolidated financial statements of Jolliville Holdings Corporation and Subsidiaries as of December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014 and have issued our report thereon dated April 8, 2015. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Summary of effective standards and interpretations under Philippine Financial Reporting Standards are the responsibility of the Company's management. This summary is presented for the purpose of complying with Securities Regulation Code Rule 68, As Amended (2011) and is not part of the basic financial statements. This summary has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

CONSTANTINO GUADALQUIVER & CO.
BOA Registration No. 0213, valid until December 31, 2016
SEC Accreditation No. (A.N.) 0003-FR-3, valid until November 10, 2017 (Group A)
BIR A.N. 08-001507-0-2014, valid until January 4, 2017

By:

ERamos
Edwin F. Ramos
Partner
CPA Certificate No. 0091293
SEC A.N. 0432-AR-2, valid until February 13, 2016 (Group A)
TIN 134-885-074-000
BIR A.N. 08-001507-8-2014, valid until January 4, 2018
PTR No 4755984, issued on January 14, 2015, Makati City

Makati City, Philippines
April 8, 2015

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

SUMMARY OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS

DECEMBER 31, 2014

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		✓	

*These are effective subsequent to December 31, 2014.

**Adopted but no significant impact

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Exceptions for joining Arrangements*			
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓**
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*		✓	

*These are effective subsequent to December 31, 2014.
**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	✓		

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

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amendment: Net Investment in a Foreign Operation			✓**
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements (2010-2012 Cycle): Key Management Personnel*		✓	
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments in Investment Entities		✓	
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			

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

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amortization*		✓	
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓**
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓**
	Amendments to PAS 39: The Fair Value Option			✓**
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓**
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓**
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✓**
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓**
	Amendment to PAS 39: Eligible Hedged Items			✓**
	Amendment to PAS 39: Novations of Derivatives and Continuation of Hedge Accounting		✓	
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	✓		

*These are effective subsequent to December 31, 2014.
**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			✓**

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

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓**
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓**
SIC-29	Service Concession Arrangements: Disclosures.			✓**
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓**
SIC-32	Intangible Assets - Web Site Costs			✓**

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

CG&Co

an independent member of
BAKER TILLY
INTERNATIONAL

Constantino Guadalquiver & Co.
Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and Board of Directors
Jolliville Holdings Corporation
4th Floor, 20 Lansbergh Place
170 Tomas Morato corner Scout Castor Street
Quezon City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Jolliville Holdings Corporation and subsidiaries as of December 31, 2014 and 2013, and for each of the three years in the period ended December 31, 2014, included in this Form 17-A and have issued our report thereon dated April 8, 2015. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purpose of complying with the Securities Regulation Code Rule 68 As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respect the information required to be set forth therein in relation to the basic financial statements taken as a whole.

CONSTANTINO GUADALQUIVER & CO.
BOA Registration No. 0213, valid until December 31, 2016
SEC Accreditation No. (A.N.) 0003-FR-3, valid until November 10, 2017 (Group A)
BIR A.N. 08-001507-0-2014, valid until January 4, 2017

By:

Edwin F. Ramos
Partner
CPA Certificate No. 0091293
SEC A.N. 0432-AR-2, valid until February 13, 2016 (Group A)
TIN 134-885-074-000
BIR A.N. 08-001507-8-2014, valid until January 4, 2018
PTR No 4755984, issued on January 14, 2015, Makati City

Makati City, Philippines
April 8, 2015

JOLLIVILLE HOLDINGS CORPORATION

Group Corporate Structure